Migration in a Time of Crisis: A Simple Conceptual Framework Applied to East Asian Migrations

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Tony Fielding
Sussex Centre for Migration Research, University of Sussex

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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 time, the effects of two other sets of economic processes, which operate over time-scales that are very different from the business cycle? I refer here, firstly, to economic restructuring—the medium-term restructuring of production—accompanied by changes in the spatial division of labour, which is typically periodised into phases that last between two and four times the length of a business cycle. Secondly, we have the deep structural processes which are reflected in long-term shifts in the underlying geographies of wealth and power—typically played out over the period of a person’s lifespan (see Castles and Miller 2010; OECD 2009).

This complicates matters. It means that any single migration flow might be visualised as composed of (at least) three sub-flows, each driven by a different set of economic processes. It is also likely that the composition of flows will vary one from another, even perhaps within a single dyadic pair of regions/nations (i.e. the flow from i to j will have a different composition of time-specific processes than that from j to i). I illustrate these arguments by referring to the case of interregional migration flows between the London city-region (the old ‘South-East Region’) and the rest of England and Wales during the period 1970–90 (see Fielding 1993a: 140). The flows from the South East varied greatly through the business cycle, with high flows during boom years and low flows during recession. The flows to the South East varied much less; they went up a little during boom years but dipped only slightly during recession. This resulted in something of a paradox: even when it was the high performance of the London economy that produced the high national economic growth, during boom years the South East was a significant net loser by migration; conversely, during recession it was a slight net gainer by migration (note how much this situation is at odds with the schema set out below). The paradox is resolved when we take into account who was moving and what processes were driving their migration. Those moving to the South East tended to be young, well-educated adults starting out on their middle-class careers. Their migration to the South East was seemingly almost unaffected by the ups and downs of the region’s labour and property markets. They can be seen as participants in the long-term ‘deep structural’ escalator-region process, shaping their middle-class careers by
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 
way to describe key processes and trends.

Level 1

At this level are economic processes that 
involve fairly sudden changes, typically 
those associated with the business cycle.

Stage 1: within a matter of months, 
business confidence can shift from 
pessimism to optimism; investment 
suddenly increases, workers are recruited, 
unemployment falls, house prices start to 
rise, the building sector is busy, and 
consumer confidence returns. In a region or 
country where this is happening, it is likely 
that in-migration or immigration will start 
rising from a low level, as migrants begin to 
arrive to take advantage of the good 
employment opportunities. At the same 
time, those who would otherwise have left, 
decide to stay. So net in-migration or 
immigration would be the expected result.

Stage 2: at the peak of the business cycle, 
in-migration or immigration is at a high 
level, and out-migration or emigration at a 
low. So high net migration gain occurs. This 
is typically accompanied by labour 
shortages, wage rate increases, high labour 
Mobility between firms and sectors, and low 
unemployment—in short, a fluid, dynamic 
labour market. This is matched, in turn, by a 
fluid, dynamic housing and property market, 
as individual home-owners trade up, new 
houses are built, and new entrants to the 
housing market abound. Both social and 
spatial mobility are high.

Stage 3: it does not last. Profits begin to 
fall, workers are laid off, business and 
consumer confidence disappears, houses 
do not sell, and unemployment begins to 
rise. Suddenly the region or country is no 
longer so attractive as a migration 
destination and, perhaps fearing worse to 
come, some of its residents consider the 
possibility of looking for a better life 
elsewhere. As in-migration or immigration 
stalls and out-migration or emigration rises, 
the region or country shifts from being a net 
gainer by migration to become a net loser.

Stage 4: at the trough of the business cycle, 
in-migration or immigration is at a low level, 
and out-migration or emigration high. So net 
migration loss occurs. Typically, this is 
accompanied by very low turnover in both 
the labour and the housing markets. 
Individuals tend to retrench—hold on to the 
job they have; hold on to the house they live
in—and wait for better times. Firms also retrench—they hold back from investing, and close down loss-making parts of their businesses. Unemployment is high and consumer confidence reaches rock bottom. The housing market seizes up as new entrants disappear, house prices dip, and existing owners find few potential buyers. Both social and spatial mobility are low.

This picture of the business cycle/migration nexus is simple and straightforward. The real world is rather more complicated. First, as globalisation has proceeded and economies have become increasingly connected, the business cycles of different regions and countries have become ever more synchronised. Thus it is no longer generally the case that, as one region or country enters a downturn (Stage 3), others will offer new opportunities as they enter an upturn (Stage 1). They tend now to go up and down together (Castles and Miller 2010). This means that a laid-off worker in one place is less likely than before to out-migrate or emigrate, because lay-offs are now also occurring in the places to which he or she might potentially migrate (Abella and Ducanes 2009; Awad 2009; Fix et al. 2009; Ghosh 2009; Green and Winters 2009; Jha et al. 2009; Koser 2009; Martin 2009; Papademetriou et al. 2009; but see also Ivlevs et al. 2009).

Secondly, until now, this analysis has ignored the differences between internal migration and international migration. But national borders matter enormously. Internal migrants can migrate to their home region when times are bad, confident in the knowledge that, when times improve, they can return again to the high-income region. International migrants (or more accurately, migrants across the boundaries of free-movement areas), on the other hand, may well decide not to leave the high-income country they live in now, for fear that they will not be allowed to enter again in future (a point given great emphasis in Bastia 2011; see also Beets and Willekens 2009; Boccagni and Lagomarsino 2009; Castles and Miller 2010; Fix et al. 2009; Green and Winters 2009; Koser 2009; Papademetriou et al. 2009). Since high-income countries have increasingly established immigration control regimes that permit the entry/re-entry of those who are wealthy and/or highly skilled, but ban the entry/re-entry of those who are poor and/or unskilled, this problem of a de facto entrapment in the high-income country is restricted to working-class migrants.

Level 2

At this level of Figure 1 are economic processes that involve slower changes, typically those associated with restructuring.

Period 1 (lasting until about 1970): in the early postwar period, national economies were very largely bounded by national territories. In Western Europe and North America (later joined by Japan), a Fordist mode of production or regime of accumulation dominated. The term ‘Fordist’ is used because the economies were characterised by leading sectors that mass-produced standardised products for mass markets (for example, cars, ‘white’ goods and ‘brown’ goods). These leading sectors were predominantly located in the largest city-regions of the most economically advanced countries. Their rapid growth attracted manual workers from the regions where industries were in decline, or at least were shedding labour. Thus mass migrations occurred from rural agricultural and ‘old industrial regions’ towards the expanding metropolitan city-regions. Urbanisation was especially rapid in Japan where, in the early 1960s, the three largest metropolitan city-regions (Tokyo, Osaka, Nagoya) were experiencing jointly a net migration gain from internal migration of over 600,000 persons per annum (Fielding 2002). There was an international dimension to this process as well. Migrants left the mainly agricultural countries of peripheral Europe (Ireland, Spain, Portugal, Italy, Greece, Yugoslavia and Turkey) for the largely industrial countries of North-West Europe (West Germany, France, the United Kingdom, and Benelux). The spatial division of labour during this period is described as
regional sectoral specialisation’. This is because each region specialised in producing those goods and services for which it had particular natural resources, locational advantages, technical skills or product-specific cultural capital. Theoretically speaking, this spatial division of labour equated with the social division of labour; that is, the division of labour that is brought about through market exchange.

Period 2 (from about 1955 to 1990): superimposed upon this production system, partially replacing it, but also coexisting with it, emerged a ‘new spatial division of labour’. As companies grew into multi-plant, multi-product and increasingly multinational corporations, they began to separate out their activities to take advantage of the areal differentiation (geography) of the territories over which they operated. Their head offices gravitated to the largest metropolitan cities (and especially to the emerging global cities of London, New York and Tokyo). Their research and development activities were located in nearby or easily accessible high-amenity regions—environments that would attract highly paid technical and scientific personnel; and their routine production was developed in those places, typically peripheral regions, rural areas and old industrial regions, where large reserves of cheap, ‘raw’ labour existed. Since this process brought work to the workers through the spatial decentralisation of productive investment, manual-worker migrations tended to decline, while the migration of ‘functionaries’—the professional, managerial and technical staff required to coordinate and operationalise this complex, spatially extended system—tended to increase. And as this new spatial division of labour spilled over international borders, and began to involve far-flung countries as locations of routine production (attracted by very low labour costs and the low levels or absence of taxation and regulation), it became the ‘new international division of labour’ (Castles 2009). A major driver of this restructuring of production was the high costs of production in advanced industrial countries, above all in their metropolitan regions. This led to a de-industrialisation of, and disinvestment from, those cities, and then to a ‘hollowing out’ of the economies of those countries, resulting in a counterurbanisation net migration trend within national territories, and to the end of guestworker migrations of manual workers to the leading sectors of the core economies internationally. This spatial division of labour equated with the technical division of labour—that is, the planned division of labour within the organisation.

Period 3 (1975 to 2010): how can one characterise the more recent period of economic restructuring? At the sub-national level, the dominant feature of the earlier periods was that, in very different ways, the production activities were intimately linked to one another through market exchange (regional sectoral specialisation) or through the planned separation of tasks (new spatial division of labour). After the mid-1970s, however, the relationships between regional economies within a national territory could probably best be described as ‘regional functional disconnection’. At the local level this resulted in the (seemingly) chance co-location of functionally unrelated economic activities; at the regional level it produced what were, to many commentators, disconcerting degrees of disconnection (as, for example, in the case of the London/South-East economy, where its dominant role as a global financial centre marked it out as almost a ‘different country’ from the rest of the UK). The key to all this was a new level of globalisation—a neo-liberal globalisation.

Four quite remarkable migration events occurred during this period, each of them closely linked to the political economy of globalisation. First, the further integration and enlargement of the EU was associated with new migration flows from outside Europe (for example, from Latin America), leading to a significant diversification of ethnic minority populations in the EU (for Spain see Lopez-Sala and Ferrero-Turrión
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 successor states to Russia, transforming eventually into the emergence of a new ‘Eurasian migration system’ (King et al. 2010: 52–3). Thirdly, following key reforms in 1978, the opening up of the Chinese economy and its transition (albeit partial) to capitalism, helped to unleash a massive internal migration flow from the rural interior to the coastal regions. These coastal provinces were undergoing rapid export-oriented economic growth (under a ‘peripheral Fordist’ mode of production), accompanied by very rapid industrialisation and urbanisation (Fielding 2010a).

Finally, and perhaps most remarkable of all, a significant number of countries, that had previously been countries of net emigration, experienced a ‘migration turnaround’ to become countries of net immigration. One of the reasons why this turnaround was surprising was that, in many cases, the increase in immigration occurred at a time when levels of unemployment were high. Why should some employers be recruiting foreign workers when others were laying off domestic workers? To explain this paradox we need the ‘new immigration model’; this was first developed to explain the migration turnaround in Southern Europe (King et al. 1997) and then the migration turnaround in Japan (Fielding 2005, 2010b). The distinguishing features of the new immigration model, set out in Figure 2, are that it links profitability, labour market conditions, and both internal and international migration flows, within a two-sector (high-productivity/low-productivity) national economy. The model has three stages.

- **Stage 1**: due to a surplus rural population (which was still encouraging emigration) and high levels of rural-urban migration, wage levels were kept to a low level—low enough to allow profitable employment in the low-productivity sector as well as high profits and very rapid capital accumulation in the high-productivity sector. By the early 1970s, reduced regional income inequality and an effective end to rural labour surpluses altered the conditions for capital accumulation, and we enter Stage 2 of the model.

- **Stage 2**: now the shortage of indigenous labour resulting from past heavy investments (due to high profitability in the high-productivity sector) is forcing wages up to levels close to those in the dominant high-income countries (the United States, Germany etc.). This has the immediate effect of making the low-productivity sector unprofitable, and the longer-term effect of reducing the profitability of the high-productivity sector. The result is that, by 1990, we reach Stage 3 of the model.

- **Stage 3**: employers in the low-productivity sector seek out new sources of low-wage labour (i.e. immigrant workers) while, at the same time, the employers in the high-productivity sector disinvest and lay workers off because the margins between labour costs and market price are too tight for profitability. The outcome is inevitable: a ‘hollowing-out’ of the economy occurs; the number of unemployed among the indigenous workforce goes up; and, at the same time, the number of immigrant workers goes up. So the paradox is resolved.

As I show below, this model can help to anticipate the effects of the present downturn on migration flows to and from the new immigration countries in East Asia.

**Period 4** (since about 1995): it is more difficult to characterise the present than the past, but there are a number of things that can be said about the economic restructuring trends of the last 15 years. First, it is clear that, until the crisis came to a head in 2008, neo-liberal globalisation proceeded apace. It is also clear, however, that the basis of profitability came to be located much less in material production
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 exchange), so that much of what was previously free and was provided by individuals and collectivities—in a spirit of mutuality, as part of what it meant to live in a civilised society—is now subject to private (often corporate) ownership, the forces of the market and the profit motive. The second constituent argument which I take seriously is the renewed importance of rent and rent-seeking behaviour (see below). The geography of successful financialisation—e.g. the development of risky innovative financial products, hence casino capitalism—and of rent-seeking systems of profit-making is highly specific; it is concentrated in a relatively small number of global or world cities such as New York and London. And the potential gains to individuals who succeed in these activities are astounding. It is not surprising, therefore, that these cities have become migration magnets for the bright, the ambitious, the cunning and the unscrupulous. With such concentrations of easily won wealth, cities such as these, along with ‘gateway’ cities (major ‘ports of entry’ into high-income countries), have also become attractive locations for those who ‘work’ in organised crime syndicates. The migration effects of this latest stage of capitalist development are not, however, confined to the big financial centres. The spatial separation of the ‘earning’ of unearned income from the spending of it allows the development of high-amenity areas and their significant net immigration/immigration rates—despite the (relative) absence of locally based economic activity. Hence the high immigrations of the Arizonas, Floridas, Cornwalls, Côtes d’Azur and Dubais of this world.

**Level 3**

At this final level of Figure 1 are economic processes that involve changes so slow that they are almost imperceptible, typically those associated with the underlying geography of wealth and power.

In the early post-World War II period, patterns of international migration were still greatly channelled by colonial and quasi-colonial links between the wealthy countries of Europe and North America and their respective ‘spheres of influence’ in Africa, South Asia and Latin America. Over time these connections have weakened. There are now communities of Congolese in London, Sri Lankans in Copenhagen and Filipinos in Rome. But, more important than this, the massive incentive to migrate from risky, low-income countries to safe, high-income ones is increasingly matched by immigration controls in the latter—which allow the rich and highly skilled migrants in, but keep the poor and ‘unskilled’ migrants out. As was hinted at in my earlier discussion of the new immigration model, such efforts to create ‘fortresses’ of wealth and privilege have only been partially successful—there are just too many secondary and black economy, dirty, boring and generally unpleasant jobs to be done!

Throughout the 60-year period since 1950, however, there has been one migration constant—the strong determination of the ‘brightest and the best’ to attach themselves to those places that can ensure their upward social mobility. There is a kind of circulatory system that links social and geographical mobility during an individual’s life-course, encapsulated in the concept of the ‘escalator region’ (Fielding 2007). Escalator regions are regions and/or countries that usually contain large metropolitan cities (for example, global cities such as London, New York and Tokyo), and that act as ‘engines’ of promotion into middle- and upper-class
jobs. They do this by (i) attracting, from other regions or countries through immigration, a large number of educated and ambitious young adults at the start of their working lives (akin to stepping on the escalator); (ii) promoting these young people at rates that are higher than those found in other regions of the country/other countries (akin to being taken up by the escalator); (iii) losing through out-migration (sometimes back to the region or country of origin) a significant proportion of these upwardly mobile people at later stages of their working lives or at, or close to, retirement (akin to stepping off the escalator).

Finally, in a grotesquely unequal world, one of the near-constants of migration is the pressure to escape poverty, ill-health and the risk of violence. In the recent period, however, this pressure has been added to by the desperate circumstances faced by people living in so-called ‘failed states’ (for example, Somalia), and by those living in countries undergoing foreign occupation or civil war (for example, Iraq and Afghanistan). In general, however, these constancies suppress the impact of recession. The following two authoritative quotes support this contention:

Global economic inequality and the demographic imbalances between the ageing populations of the North and the large cohorts of working-age persons in the South will remain important factors in generating future migration (Castles 2009).

(The push factors that operated to cause international migration in search of work remain as strong as ever (Ghosh 2009: 2).

At the same time, there has been a marked switch of economic fortunes towards the East. So, to the well-known presence of Latin Americans in the United States, and of South Asians in the United Kingdom, must be added the far from well-known (and as yet still numerically small) presence of West Africans living in China! (Le Bail 2009; Li et al. 2009).

As with all conceptual frameworks, the strengths of this system also result in some weaknesses. By separating out, in a rather rigid way, the differences between the economic processes operating over different time periods, the impression might have been given that no interaction between them is possible. But,

(wh)ilst migration trends are largely driven by long-term determinants, crises could perhaps have long-term effects if they trigger changes in government policies, structural economic change, or short-run migrations that become long-term due to network effects (Green and Winters 2009: 15; see also Papademetriou et al. 2009: 6).

The Nature of the Downturn (A Speculative Diversion)

The response of Western governments to the collapse of confidence in the Western banking system in September 2008 was (very much at the insistence of Gordon Brown, the then UK Prime Minister) to raise levels of government spending. This was designed to counteract the effects of a recession. This response was based on the conviction that we were in the downturn of a business cycle, and that, within a year or two, asset values would rise again, debts would be paid off, and old habits of spending would resume.

But what if the UK government (and most of the rest of us) got it wrong? What if we are witnessing a semi-permanent downturn in the performance of Western capitalist economies, perhaps even a meltdown not very different in scale from the implosion of Soviet communism in 1989–90? In order to satisfy the skeptics, I now put forward some good reasons for taking such an argument seriously.

Firstly, and stated very crudely, there are two ways to produce an economic crisis. The first is through individuals, companies and governments borrowing and consuming more than they should; the second is through individuals, companies and governments investing and producing less than they should. But no one seems to be looking at the production side of this dualism! I argue below that our economic problems are not ‘conjunctural’ or ‘of the moment’, i.e. due to the ups and downs of the business cycle (in which case trying to increase spending might be an appropriate
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 was not 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 even very-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 thinking that 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 services 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 powerful connections they have. With so much powerlessness and poverty around in an increasingly globalised world, it was inevitable that rent-seeking behaviour would flourish, and that the benefits of unearned privilege would sediment in the world’s global cities like London and New York and, more generally, in Western capitalist countries. Hence, I would argue, the growth of the British economy in the last 10–15 years—despite falling productivity.

‘Despite falling productivity?’ It could be argued that stagnating or declining productivity is precisely what has happened in Western capitalist economies in the recent period. (What was it, after all, that made the Soviet system fail? It was, above all, and in the context of economic and military competition with the US, the inability to maintain the growth in productivity that had accompanied the
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 Asia. At 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. Immigration 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 turnaround: 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 layoffs because they often lacked secure employment contracts; since they had no social insurance and lived in company-owned housing, they could quickly become destitute (Castles and Miller 2010).

Very similar results are to be found for South Korea, which was especially vulnerable to the global crisis (Son 2009). The Seoul Metropolitan Area gained greatly through internal migration in the early–mid 2000s but, by 2007, that had already dropped from a peak of 210,000 in 2002 to 83,000; this then decreased further to 52,000 in 2008 and 44,000 in 2009 (Statistics Korea 2010). The same source provides data on international migration: a small net emigration of Korean nationals is usually very considerably out-matched by a large net immigration of foreign nationals; thus, in 2007, a net loss of 77,000 Koreans was opposed by a net gain of 154,000 foreigners. This changed to −36,000 and +96,000 in 2008, and to +17,000 and +6,000 in 2009—an amazing change in such a short time. The decrease in the net loss of Korean nationals is probably partly explained by ‘a return of expatriates to developed economies … as global business opportunities contract overseas’ (Skeldon 2010). The decrease in the net immigration of foreigners between 2008 and 2009 resulted from both a large drop in the number of entries (−69,000), and a small rise in the number of exits (+21,000). As in Japan, the South Korean government is playing a role in this turnaround; it has stopped issuing new visas through its Employment Permit System, has subsidised the recruitment of Korean nationals, and intensified its crackdown on undocumented foreigners (Abella and Ducanes 2009).

In general, the effects on immigration in the two high-income countries of North-East Asia are in line with expectations but the increase in out-migration/emigration (e.g. return migration) is rather more muted than expected (though in line with the findings of Dobson et al. 2009; see also Fix et al. 2009; Green and Winters 2009; Krings et al. 2009). More generally, there tends to be
a broad decline in labour mobility within, and to and from, high-income countries during recession (Castles 2009; Fix et al. 2009; Sobotka 2009).

The general pattern of slowed movement may, in many ways, be seen as a testament to the often noticed resilience of migrants worldwide. Though they have been particularly hard hit by recession-driven unemployment, growing poverty, and in some cases discrimination—they have, by and large, stayed put to weather the storm (Fix et al. 2009: 110).

By far the largest migration effect of the downturn (not just in East Asia but in the whole world) has been observed in China. Many of these [140 million internal migrant] workers have settled in the eastern provinces where they work in export-driven, labour-intensive industries—a sector that has been particularly hard hit by the recession. These migrant workers have experienced high relative unemployment rates as a result of the global financial slowdown and those who are employed suffer from low wages and poorer working conditions than other Chinese workers. In what amounts to the world’s largest annual movement of people, tens of millions of rural migrant workers return home each year from the cities where they work, to reunite and celebrate the Chinese New Year with their families. About 70 million people—or half of all rural migrant workers—returned to their home provinces during the 2009 Chinese New Year. … But during this recessionary year, more workers went back (home) than in previous years, the annual ritual started earlier than usual, and, at least initially, [14 million people] people did not return to the cities (Fix et al. 2009: 4, based on a published version by Chan 2010).

As a major exporter of manufactured goods, Taiwan was also greatly affected by the global economic crisis. It experienced a 40 per cent drop in exports in the first quarter of 2009 compared with a year earlier, and the government quickly stepped in by cutting work permits for migrant workers. According to Fix et al. (2009: 53), ‘33,000 jobs could be released for Taiwanese under the plan, which could affect almost 9% of the estimated 370,000 foreign workers employed on the island’. In July 2008, there were 374,000 migrant workers but, by April 2009, largely as a result of a decline in manufacturing, this had fallen to 344,000. By now, caregivers outnumbered those in manufacturing. Migrant layoffs were concentrated in electronics and garment manufacturing, affecting primarily Filipina and Thai women, while the number of Indonesian caregivers rose slightly (Fix et al. 2009: 54).

Ironically, the Philippines seem to have been rather less vulnerable to the crisis due to their ‘historically underperforming economy’ (Son 2009: 20). Up until January 2009 only 4,000 displacements and return were recorded, almost all due to Taiwanese bankruptcy and slowdown (Abella and Ducanes 2009).

From October 2008 to March 2009, 4,857 Filipino workers, mainly women in electronics, lost their jobs in Taiwan but, during the same period, 5,597 Filipino domestic workers were newly hired in the same country (Awad 2009: 48). Female migrant workers’ incomes are more stable over the cycle … (which) means that source countries that have a disproportionately higher share of women emigrants (such as the Philippines…) would tend to experience less adverse impact in terms of falling remittances (Ghosh 2009).

‘In fact, during early 2009, remittances to the Philippines continued to rise’ (Fix et al. 2009). ‘In the first quarter of 2009, deployments [by the Philippine Overseas Employment Administration] increased by more than 25% compared to the same period of the previous year’ (Riester 2009: 4). There is still a high demand abroad for Filipino health workers and engineers.

Unlike the Philippines, the recession had a major impact in Vietnam. Foreign direct investment fell by 70 per cent, exports by 31 per cent and remittances by 35 per cent between 2008 and 2009 (Dang 2009). This resulted in many bankruptcies and factory closures, with their accompanying job losses. Un- and underemployment increased. There were some unemployed returnees from abroad but, at least initially, the numbers were small (8,000). Inflation rose, and poverty increased, in a country where the poor lack social protection. Migrant workers in agriculture were the least affected, while those in export manufacturing were hit the hardest. Female and low-skilled migrants were the most vulnerable. Some return to home villages took place (rural areas are popularly
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 are much less likely to return home in a recession. Those who planned for a temporary stay, on the other hand, may decide to cut their trip short (Papademetriou et al. 2009: 2).

There are a number of good reasons for expecting the effects of a global economic crisis to be greater in East Asia than elsewhere. Since East Asian countries do not allow family reunification, migrants tend to have such low ties in their destination countries that they are generally less embedded than migrants elsewhere (Seol
and Skrentny 2009). Closely related to this, there is a long tradition of sojourn rather than settlement in East Asia (so there is a minimal build-up of social capital at the destination).

Migrants who are part of a social network (for example, a diaspora social network) are more likely to be able to confront external shocks such as an economic recession than migrants who do not have that social capital. Migrants who invest and integrate in their host society ... are not likely to return during an economic downturn (Beets and Willekens 2009: 22; see also Fix et al. 2009; Ghosh 2009; Papademetriou et al. 2009).

Generally, in East Asia, there is a low level of human rights or social-security protection for migrant workers. This is true even when countries are signatories to international conventions—for example, refugees in Japan (see Flowers 2009).

Workers who are not eligible for benefits, cannot find employment, and do not have family or friends to support them [plus lose their housing when they are laid-off due to living in company-owned accommodation] may decide to go home (Papademetriou et al. 2009: 3).

Finally, there is a heavy dependence of East Asian economies on exports, so they are especially vulnerable to declines in trade.

Conversely, there are some reasons for expecting the effects of a global economic crisis to be less in East Asia than elsewhere:

- East Asian countries generally have higher rates of economic growth than elsewhere;
- so massive is the Chinese economy and so high its growth rate—even in 2009 its GDP increased by 8.5 per cent—that the whole region benefits;
- the importance of domestic and care-workers in migration flows dampens the effects of recession on migration in East Asia because these sectors are still recruiting new migrants; and
- the importance of marriage migrants in East Asian migration flows has a similar effect.

At Level 2, the new immigration model can greatly assist us when we attempt to anticipate the likely migration effects of the crisis. It is very clear that most working-class migrant workers to East Asian countries are ‘gap fillers’—they are doing the jobs that members of the host population will not, or cannot, do (Abella and Ducanes 2009). Therefore, when an economic downturn occurs, it is not at all likely that domestic workers will replace foreign workers, despite the fact that several East Asian countries—notably Malaysia and Singapore—have overt policies favouring the laying-off of foreigners first (Koser 2009). This is, perhaps, particularly the case with care and domestic workers, and workers in those sectors the least affected by the downturn—such as agriculture and fishing (Ghosh 2009). More vulnerable will be the workers in construction, tourism and manufacturing industries (Martin 2009), where sudden decreases in demand can lead to lay-offs, but so dependent have many small and medium-sized companies become on foreign labour (Awad 2009) that they are likely to oppose expulsion policies (Castles 2009; University of Sussex 2009) and resort, at least initially, to short-time working, casualisation, and wage reductions rather than to redundancy.

This argument sits uncomfortably with the widespread expectation that ‘the brunt of the adjustment to the economic crisis will fall hardest on the shoulders of migrant workers’ because they often do not enjoy the same rights and protection as nationals of destination countries and therefore are in ‘the weakest bargaining position’ (Abella and Ducanes 2009: 6; see also OECD 2009). In addition, they often lack ‘local language skills and [carry] limited educational credentials; ... concentrate in boom–bust sectors such as construction; ... and they face discrimination that can be exacerbated in times of recession’ (Fix et al. 2009: 2; OECD 2009). And yet—very importantly—‘(n)o massive returns to countries of origin have been observed’ (Awad 2009: 62; Fix et al. 2009).
Furthermore, in recession the nationals of high-income countries tend to return to their home countries and fewer leave, thus counteracting the effects of fewer non-national immigrants and more numerous non-national emigrants (Dobson et al. 2009). This all "casts doubt on the validity of "buffer theory", which posits that migrants return home when the economy of a country contracts, thereby freeing up jobs for the non-immigrant population' (Dobson et al. 2009: 2). There is a possibility, however, that buffer theory and the notion of a ‘reserve army of labour’ are more appropriate to South-East Asia plus Taiwan than to Japan, South Korea and Singapore. The former are still engaged in a ‘peripheral Fordist’ mode of production, while the latter are subject much more to the logic of the new immigration model. This would imply that the former would be expected to see a significant return of manual migrant workers, whereas the latter would not.

Relevant to the argument above—that in the last 15 years or so we have entered the financialisation phase of neoliberal globalisation—is the fact that both the Tokyo Metropolitan Region for internal migration and Singapore for international migration (two of the four major centres of East Asian financial and business services employment—the others being Hong Kong and Shanghai) were still experiencing net migration gains in 2009.

At Level 3, East Asian migration flows conform closely to those expected on the basis of the ‘escalator region’ model (Fielding 2007, 2010b), and already show the effects of a major shift of wealth and power towards the East. In particular, China is becoming a significant immigration country. It is attracting back many of the young, well-educated people it lost at an earlier stage to the United States and other high-income countries, and it has growing immigrant communities of foreign nationals in Beijing-Tianjin, Shanghai (especially from Japan and Taiwan) and Guangzhou (including the West Africans mentioned earlier). As China’s economy matures, and its living standards improve, it is hard to conceive that this trend will do other than continue.

Concluding Remarks

‘What history tells us is that an initial response [to recession] in international migration is likely to be followed relatively soon by a situation (of) "back to normal"' (Beets and Willekens 2009: 28; Fix et al. 2009: 110; see also Koser 2009; OECD 2009; Papademetriou et al. 2009; Skeldon 2010). Certainly this was the experience in East Asia during the crisis in 1997/98, when the impact on migration was less than expected, and things returned to ‘normal’ very quickly. But if, on the other hand, we are now witnessing a new phase of economic restructuring, accompanied by, and coincident with, global shifts in the geography of wealth and power (in a climatically changing world), maybe this crisis will turn out to be the exception, and the ‘normal’—far from returning soon—will have gone forever. Perhaps we are located on the cusp of one of those historical turning points when ‘all that is solid melts into air’.

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Figure 1: The simple conceptual framework

### Level
- **Conjuncture**
  - Business cycle/housing market boom and bust
  - Almost instantaneous change
- **Restructuring**
  - Spatial divisions of labour/nationalism
  - Moderate rate of change
- **Deep structural**
  - Global cities as escalator regions
  - Rise of China
  - Almost imperceptible change

### Economic Processes over a Sixty Year Period
- 1950: Decline of the West, European/US imperialism
- 1970: Rise of the East, global inequality
- 1990: Rise of the East, global inequality, network globalization, 'casino capitalism'
- 2010: Rent-seeking financialization

### Migration Effects for High Income Regions/Countries
1. Internal/International migration of manual workers as one branch of economy (eg cars, radio/lv) grows and another (eg agriculture) declines; rapid urbanization
2. Internal/International migration of managers/professionals; de-industrialization of metropolitan city-regions; reduced manual worker migration; counterurbanization
3. New immigration model: rising diversity of migrant origins; migrants as 'gap-fillers' in secondary labour markets; 'fly-by-night' migrations; marriage migration
4. Separation of 'earning' and spending allows net in-migration/emigration in high amenity regions; Mafia migrations to global cities and immigration gateways

Source: Fielding 1993 (modified)
Figure 2: The new immigration model

STAGE 1
- Rural depopulation and out-migration
- Rural-urban migration
- Productivity in high productivity sectors

STAGE 2
- End of rural depopulation
- Arrival of migrants from developing countries
- Low capital accumulation
- Wages in low productivity sectors

STAGE 3
- "New" immigration
- Wages increase for indigenous workers
- Productivity in low productivity sectors

Timeframe:
- 1900
- 1970
- 1990
- 2000