In or out? Tracking migration trends in Europe during recession and recovery
London, 7 July 2009

Seminar report

This seminar marked the launch of Policy Network’s project on “managing migration in times of economic turbulence,” kindly supported by the Barrow Cadbury Trust. The overall objective of this twelve month project is to trace the impact of the recession on international migration, determine the policy implications of the resulting change and support centre-left parties across Europe in the formulation of a progressive political narrative on migration during these politically and economically challenging times.

This first seminar, called “In or out? Tracking migration trends in Europe during recession and recovery,” was set against the background of the changing political discourse on migration that has emerged since the start of the economic downturn. Until recently, European governments competed to attract the most talented and highly skilled migrants to their labour markets. Yet, current policy and political debates suggest that, under conditions of recession, immigrants are no longer necessarily seen as economically beneficial. The meeting looked at what we actually know about migration patterns during the recession, and what the likely implications are for the labour market, policy and politics.

Session one: keeping track of migration

The first question to be addressed was what we actually know about migration flows and to what extent they change as the economic tide turns. Gathering reliable information on migration flows is a notoriously difficult issue, making changes in patterns hard to understand, let alone predict, as emeritus professor John Salt of University College London acknowledged. Yet, rigorous data analysis can produce useful insights, and lessons from the past can be drawn. In a Policy Network paper\(^1\) comparing data on migration flows during past recessions, Salt and co-authors Alan

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\(^1\) [http://tinyurl.com/mzh7zf]
Latham and Janet Dobson reveal a relatively consistent pattern, aspects of which might be repeated in the current downturn.

As Salt explained in his presentation\(^2\), the paper casts doubt on “buffer theory,” which underlies a lot of government thinking about managing migration. Buffer theory is based on the assumption that migrant workers will go home when they lose their job, allowing native workers to take up or keep jobs. Migration in this scenario thus provides a buffer for changes in the labour market, enabling the export of unemployment as outward migration increases and inward migration falls during a recession. However, the data compared by Salt indicate that during periods of economic downturn in the UK’s recent history, inflows of migrants decrease initially but quickly pick up again, well before unemployment rates start going down, and overall migration stocks tend to rise. The most recent statistics on the current situation are consistent with this pattern.

According to Salt, one of the principal reasons for the inadequacy of “buffer theory” is that trends in unemployment on their own have only a modest impact on migration as several other factors besides employment and economic growth influence inward and outward migration flows. These include changes in the structure of the labour market, with certain jobs becoming “migrant jobs” rejected by the native population, and the “self-feeding process” that takes place once migrant communities build up and a denser network exists in the receiving country, leading for example to family settlement. Another important factor that might be particularly valid in the current context of economic recession on a global scale is that immigrants are not necessarily better off by going home and therefore choose to stay instead.

To conclude, Salt pointed to a number of issues that must be borne in mind when formulating policy aimed at managing migration vis-à-vis the labour market. Firstly, many migrant jobs will not disappear during an economic downturn and even though some migrants will leave, many will end up staying and immigration might well decrease rather less than some expect. Moreover, a substantial part of the migrant inflow does not enter through the Points Based System, e.g. migration from within the EU, and will continue to do so. Finally, it must be remembered that the UK is part of an international network of mobility which will continue to move. Any policy proposal for the period of recession and recovery will have to be assessed within this context.

**Discussion**
The discussion focused primarily on the extent to which policy has the ability to influence migrant flows and how data gathering feeds into the policy-making process. Reference was made to the implications of the various Immigration Acts in the UK of the 1960s, and the later wave of policy revisions in the 1980s and 1990s. There was general agreement that, while policy does influence numbers, the exact impact remains difficult to measure. This is primarily due to the variety in migrant categories

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\(^2\) [http://tinyurl.com/mkvlhe](http://tinyurl.com/mkvlhe)
(EU/non-EU, primary or secondary migration, self-employed/employee), each of which is likely to respond differently to policy changes. For example, more restrictive policies aimed at a particular group of migrants may lead to an increase in irregular migration which is by definition harder to quantify.

Session 2: Shaping migration policies for economic recovery

Rainer Münz, head of research and development at the Erste Bank in Vienna and senior research fellow at the Hamburg Institute of International Economics, elaborated further on the economic and labour market implications of changing migration flows, and what this implies for policy making. Starting his presentation\(^3\) with an overview of Europe’s transition from an emigration to an immigration continent in the past decades, Münz pointed out that today 80% of population growth in Europe comes from immigration. Yet, numbers and employment rates of third country nationals vary considerably from country to country and do not necessarily show a linear pattern to that of economic growth in a country. For example, many eastern European countries have been characterised by large GDP growth rates while employment does not increase at the same rate or sometimes even decreases. It is because of this “jobless growth” in many eastern European countries that part of their population has moved to other parts of Europe to work. Another observation is that in older immigration countries such as Germany and France, the employment rate of third country nationals is much lower than in newer ones like Spain and Greece. This has to do with the migration life cycle (migrants settling in a receiving country and starting/bringing over a family of which not all members are active in the labour market), but also with the openness and flexibility of the labour markets, and with not making full use of the potential available in migrant stock. According to Münz, all of these should be important considerations for policymakers.

Regarding the specific impact of economic turbulence on migrants and their position in the labour market, Münz notes – much in line with recent ONS statistics\(^4\) – that in certain sectors more native-born than non-native born workers lose their jobs. Further to John Salt’s explanation that “migrant jobs” are usually not the first to go during a recession, Münz offered rigidities in labour markets and rigidities in housing markets as two additional reasons for this phenomenon. Generally speaking, flexible labour markets with low levels of segmentation are more likely to make efficiency gains from migration and allow employers and employees to fill gaps in the labour market without displacing native-born workers. The same applies to flexible housing markets; universal home ownership which is the standard for example in the UK can contribute to labour market rigidities. Consequently, a demand for labour in London and a surplus of labour in Scotland will still not lead to people moving to where the jobs are, thus maintaining the demand for migrant labour even if natives are out of work.

\(^3\) [http://tinyurl.com/mkvlhe](http://tinyurl.com/mkvlhe)

\(^4\) [http://tinyurl.com/m7a72d](http://tinyurl.com/m7a72d) For a comment piece on the implications of the ONS statistics for policy and politics by Elena Jurado, head of research at Policy Network, click here [http://tinyurl.com/lqz64z](http://tinyurl.com/lqz64z)
Finally, Europe is facing a demographic challenge and migration is likely to play an important role in ensuring the size of the labour force keeps pace with the level of old age dependency that will continue to rise over the next few decades. In a separate Policy Network article, Münz elaborates on this issue and its policy implications.

The conclusion according to Rainer Münz can only be that European countries are in need of smart policies that are capable of attracting the best mix of skills and talent, modelled along the policies implemented in the UK and Sweden. More broadly, what is needed is a truly open single European labour market and a common EU labour market policy, a better housing market, better integration, and for policymakers to take the demographic perspective.

Discussion
During the discussion, Münz elaborated on his proposed “smarter policies,” in particular the idea of a common European labour market which was supported by several participants. Other questions focused on how realistic “balanced migration” and other proposals targeted at putting a cap on migrant numbers would be. Both Salt and Münz emphasised that quantitatively based policies are neither achievable, nor desirable. Finally, the developmental implications of attracting skilled migrants were debated. Münz made a case for a forward looking strategy in both sending and receiving countries to mitigate the effects of “brain drain” and used the Philippines, where a surplus of nurses is trained deliberately for export, as an example.

Keynote speech: Phil Woolas
Minister of state for borders and immigration Phil Woolas delivered a keynote speech at the seminar, elaborating on EU migration and non-EU migration and the respective policies applied. On the EU front, Woolas emphasised the great benefits the UK has derived from EU membership. The founding principle of free movement of people and the large numbers of migrants that have contributed to the UK labour market as a result, has been a significant part of this. Migration has shown to be hugely beneficial for both sending and receiving countries and it is on the basis of this notion of mutual benefit that policy should be shaped. Woolas explained the recent work permit restrictions for workers from A2 and even A8 countries were necessary to manage pressure on public services and the labour market, and were taken following the advice of the Migration Advisory Committee.

The UK has also benefited from migration from outside the EU, and certain sectors like the health sector depend on migrant labour. Woolas therefore explicitly rejected the findings of the House of Lords economic affairs committee, which argues it found no evidence that economic benefit has been generated through immigration. However, he stressed the government does not want to deny immigration puts pressure on public services and increasingly raises concern over job availability as unemployment
rises. The Points Based System (PBS) was introduced because Parliament wanted to have the ability to manage migration in order to respond to public concern, by identifying skills shortages and adjusting criteria according to existing gaps in the labour market, also during times of economic turbulence. The tightening of the PBS at the end of March was decided in this context and showed the government now has an instrument to manage migration better, and prove to the public that those migrant workers that are in the UK are here legally and with a purpose and contribute to the economy. According to Woolas, this provides a convincing position from which to start countering public concern about migration.

Finally, Woolas shared his latest ideas on how to bring about a more ethical migration policy, aimed at reducing brain drain from developing countries and allowing the principle of mutual benefit mentioned earlier to apply also to non-EU migration. Many developing country governments are faced with the dilemma that they profit from increased mobility in terms of trade, investment, and remittances, but lose human capital equally needed for the development of their economies. Although cooperation between the UK government and some developing countries’ governments already exists to reduce the effects of skills shortages in developing countries, caused for example by emigration of health workers, Woolas announced he is currently considering more ways of making migration policy more ethical. This could be achieved by adjusting the PBS so as to develop new forms of “circular migration” and by enabling migrants to gain more points when they can show experience of developing human capital or applying the skills they have acquired to the benefit of their home country. These types of proposals are also currently being considered in the context of consultations on “earned citizenship” laid out in the “Borders, Citizenship and Immigration Act,” which became law on 21 July 2009.

Discussion
During the question and answer session, the issue was raised why politicians and policymakers place so much emphasis on showing the public that the government is actively managing migration, instead of countering the many fallacious assumptions which shape public animosity towards migrants. Woolas responded that until the PBS was introduced, the UK did not have a managed migration and this is what caused public concern. He expects the unease will be mitigated when it is clear that there is a system in place that will only allow migrants who contribute to the economy into the country. Further discussion focused on Woolas’ proposal to add an ethical dimension to the PBS, also incorporating the suggestion on countering “brain drain” made by Rainer Münz in the previous session.

Session 3: Navigating through the politics of migration
The final session continued the discussion on some of the political aspects raised already briefly by Phil Woolas in his presentation, and focused on the question of how
centre-left parties can formulate a progressive narrative on migration despite the economic downturn and recent electoral gains by right-wing populist parties.

**René Cuperus**, senior research fellow at the Amsterdam-based Wiardi Beckman Foundation spoke about increasing resistance to immigration and the political cost of this based on his experience in the Netherlands. According to Cuperus, the country is still suffering from an immigration trauma, partly due to ineffective integration policies in the past. At the moment, this ruins the chances for all debate hinting at an increase in immigration. The media plays an important role in the difficulties all centre-left parties face when attempting to formulate a coherent narrative on migration and has an enormous impact on the public mood in a country. These same parties are currently losing votes across Europe to right-wing populist parties. This is due in large part to the fact that the questions voters struggle with, are of a different kind than the answers they receive. While the European elections were about fear, anger and a general sense of insecurity and injustice, the answers formulated in response are based on economics. Formulating credible answers to the deep populist sense of injustice that is felt in present societies must be a priority for centre-left parties.

**Malek Boutih**, member of the Bureau Nationale of the French Parti Socialiste, also argued for a different course. There is a need to define the role migrants play in present-day societies, and not to get stuck in the past. Today, migrants are not merely workers coming to a country because there is a demand for labour, but rather migrant labour has become an integral part of international competition. As a result, according to Boutih, it is not so much governments that lead the policymaking process but employers and the economy. The subsequent downward pressure on wages is what causes public concern, and governments should take control of immigration especially in times of crisis when competition for jobs rises, lower wages tend to win out, and exploitation is likely to increase. The perception that right-wing parties just represent racism is flawed. In effect, they resist globalisation and the European Union, and at the core of it all is national identity. Adopting a harder line on the issue of migration will not provide a solution. Instead, when the Parti Socialiste tried this tactic in response to the Front National, it backfired and only gave right-wing parties more credibility. What is needed according to Boutih, is a European-wide policy framework governed by governments and not by companies. A joint European effort will allow governments to control numbers, skills, and integration efforts. It could be more generous to migrants and actively address public fears, instead of ignoring them which is still the case too often.

**Charles Clarke**, Member of Parliament and former home secretary, agreed that it is necessary to engage with the topic of immigration in an open and direct way and that the central issues are more about people’s insecurity and uncertainty than about racism. Clarke offered four suggestions on how to move forward on the issue of migration. First of all, the government should be uncompromising in fighting racism and false information, stand up for truths and facts and refrain from adopting right-wing rhetoric. Furthermore, special emphasis should be put on policies of community
cohesion which should be pursued vigorously. In the future, a system of immigration should be created in which people have confidence and which entails a set of rules that are properly carried out. Finally, we need to deal with the consequences of a past in which there was no migration policy and many irregular migrants entered the country.

In line with Rainer Münz's recommendations, Clarke argued for a common European labour market, and asserted we are not moving there as fast as we could or should. In this context, securing the EU's external borders and the implementation of a UK identity card system are of particular importance. Finally, Clarke pointed at the critical importance of making sure people are not so tempted to leave their country by investing in the development of sending countries. All in all, migration will increase. Right-wing parties may claim that we can return to a pre-immigration stage, but they are wrong. Centre-left parties should take this understanding as a starting point.

**Discussion**

During the discussion a variety of issues were addressed, including the danger of generalisation when speaking about the integration of minorities, the role of the media and academia in shaping public debate, and the ability of politics to lead rather than simply react to public opinion. It was noted that the persistence of migration myths presents many difficulties. Scientists should be encouraged to take a more active part in the political debate, and attempt to rectify the false information on migration which is omnipresent in the media and in public perceptions. Although there are no easy answers, all panellists agreed that the only way forward is for centre-left politicians to address the voters' concerns in an open and honest fashion, without avoiding thorny issues as this would deny their presence in society and give free reign to populist parties.

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