



The global economic downturn, migration and labour market flexibility

Ronald Skeldon

University of Sussex

Outline

1. Overview of economic downturn
2. Impact on migration
3. Impact on remittances
4. Policy implications

UK labour market – key features (1)

- Less restrictive product and labour market regulations compared with EU average
- Prolonged period of economic buoyancy
- strong productivity and employment growth – until **current economic downturn** – UK remains in severe recession

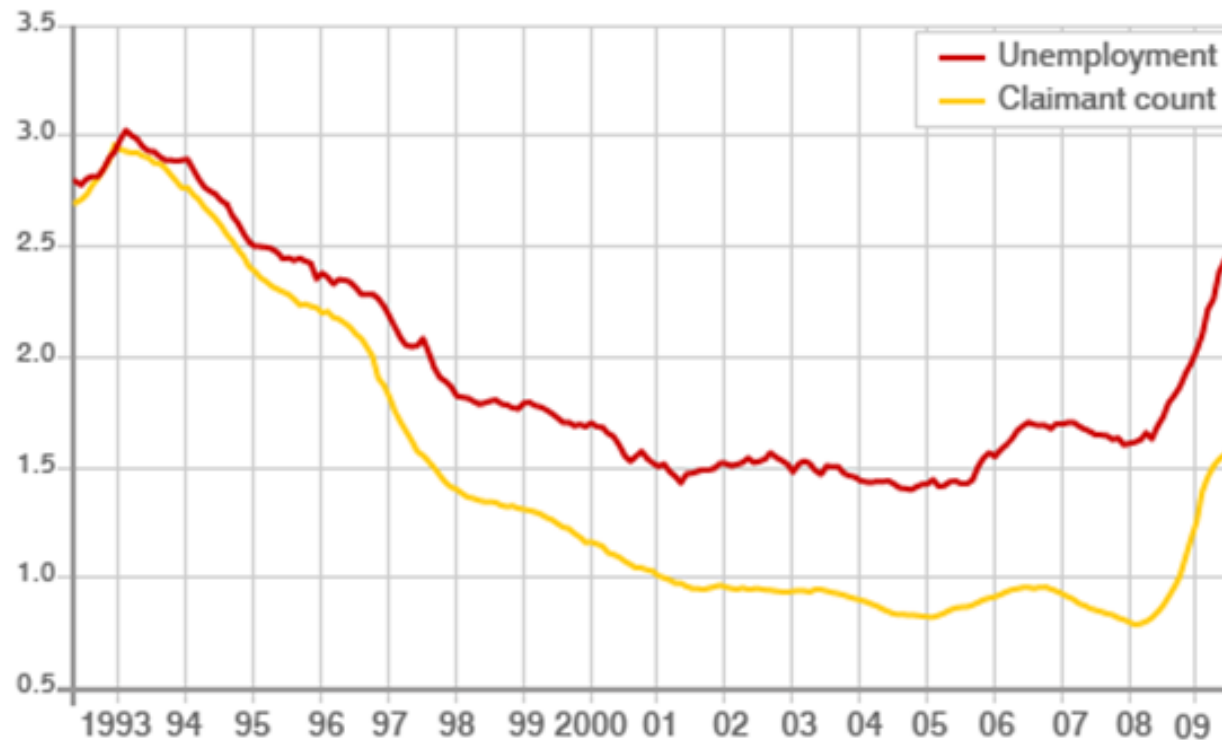


UK labour market – key features (2)

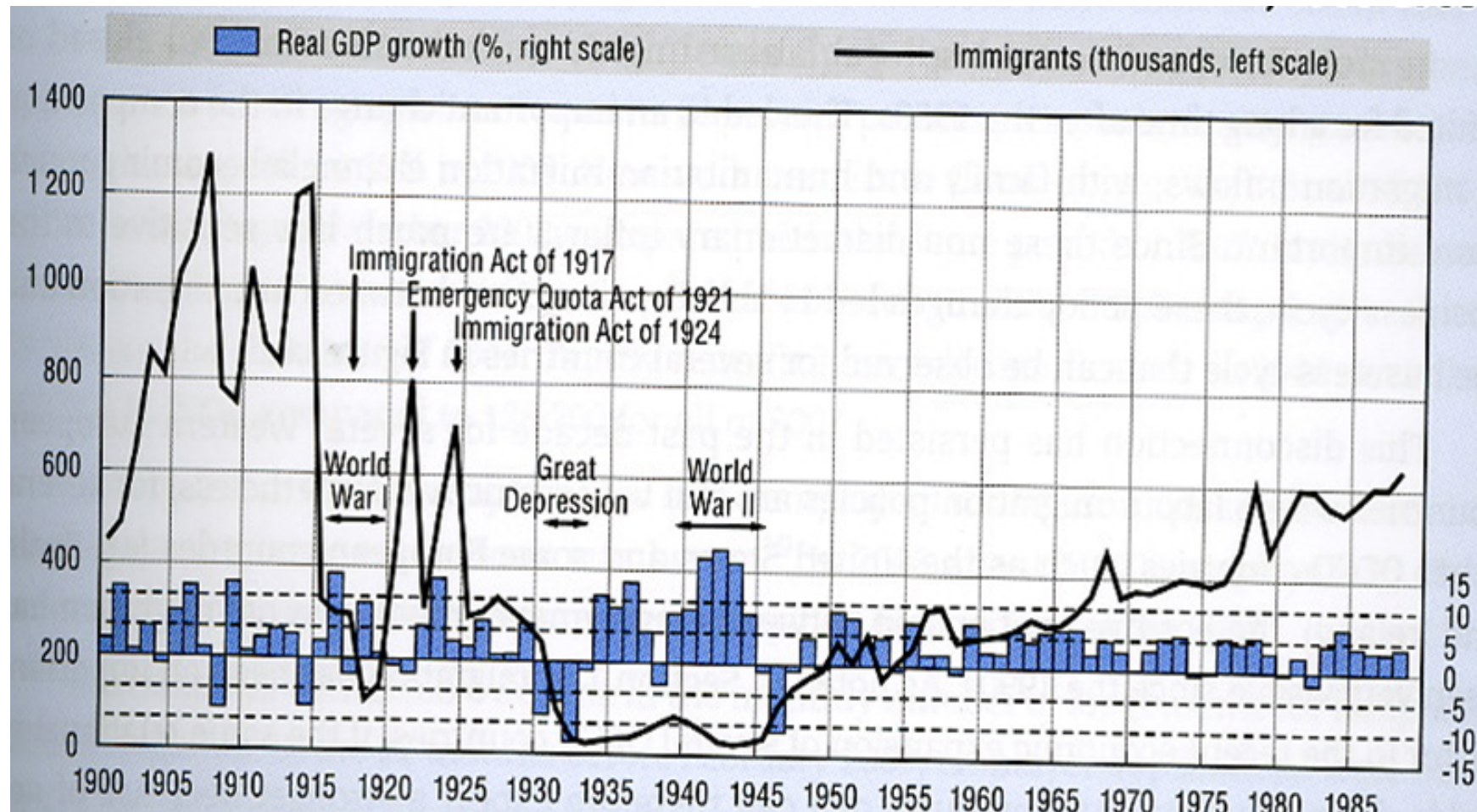
- Rising unemployment - unemployment in the UK is at 2.47 million, with the jobless rate at 7.9%, the highest level since mid-1995

Unemployment in the UK 1992 - 2009

Number (millions)



Immigration and economic growth in the US, 1900-1988



Employment by broad sector, UK (thousands)

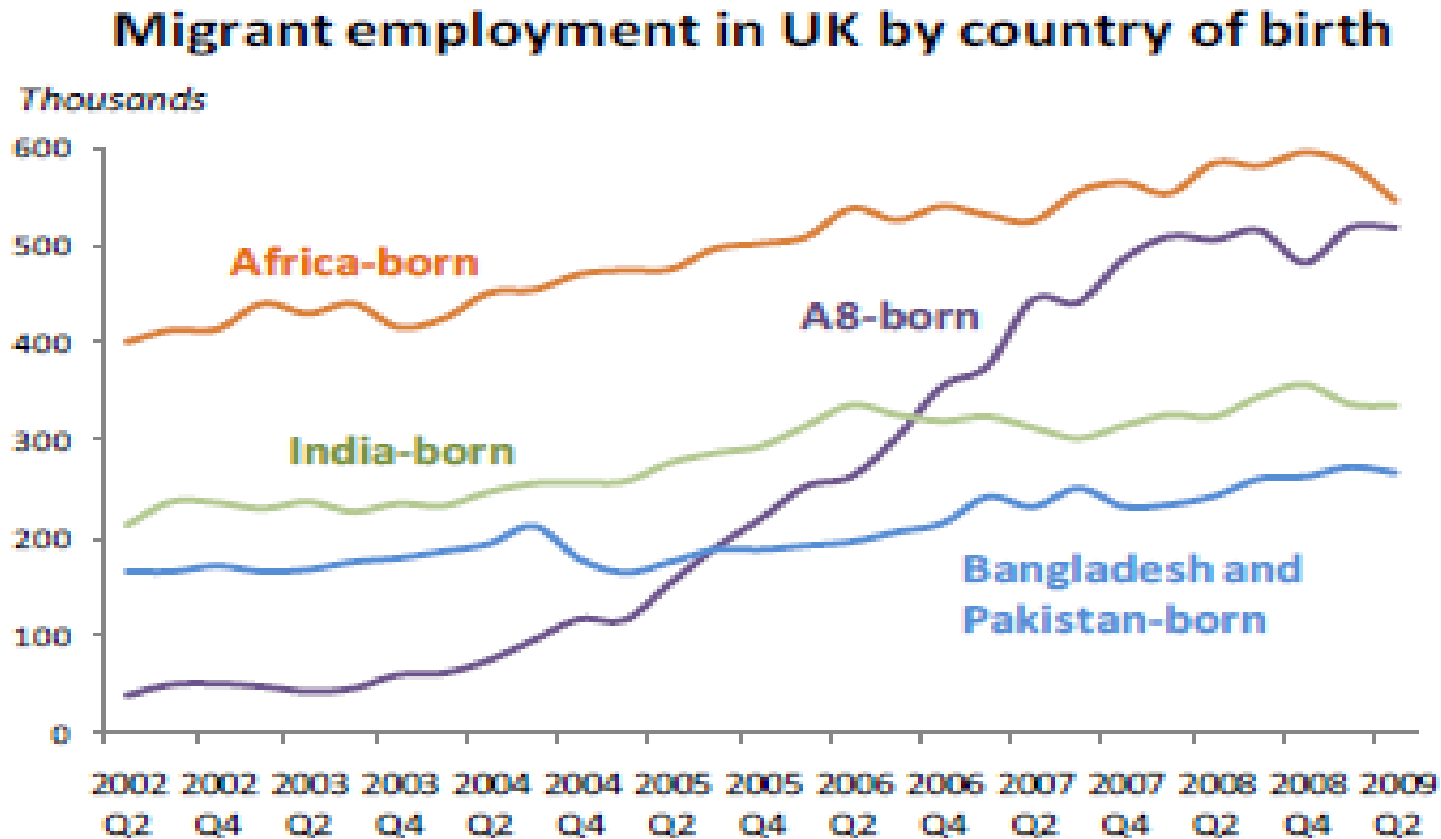
	1987	1997	2007
Levels (000s)			
Primary sector & utilities	1,106	814	633
Manufacturing	5,165	4,473	3,181
Construction	1,990	1,730	2,187
Distribution & transport	7,419	8,203	8,881
Business & other services	5,102	6,604	8,573
Non-marketed services	5,859	6,404	7,780
 Total	 26,642	 28,227	 31,234
Shares (%)			
Primary sector & utilities	4.2	2.9	2.0
Manufacturing	19.4	15.8	10.2
Construction	7.5	6.1	7.0
Distribution & transport	27.8	29.1	28.4
Business & other services	19.2	23.4	27.4
Non-marketed services	22.0	22.7	24.9
 Total	 100.0	 100.0	 100.0

Unemployment rate (%)

	AUT	BEL	CZE	DNK	ESP	FIN	FRA	GRC	HUN	ITA	LUX	NLD	NOR	POL	PTR	SWE	SVK	GBR	USA
Native born	3.2	6.0	4.4	3.3	12.5	5.8	7.3	8.0	8.1	6.9	3.4	2.2	2.2	6.8	8.1	5.2	8.7	6.1	6.6
Foreign born	8.1	14.1	6.4	6.8	20.3	13.4	12.1	8.7	7.4	8.9	7.7	5.7	5.7	5.9	9.9	12.2	6.8	7.4	6.8

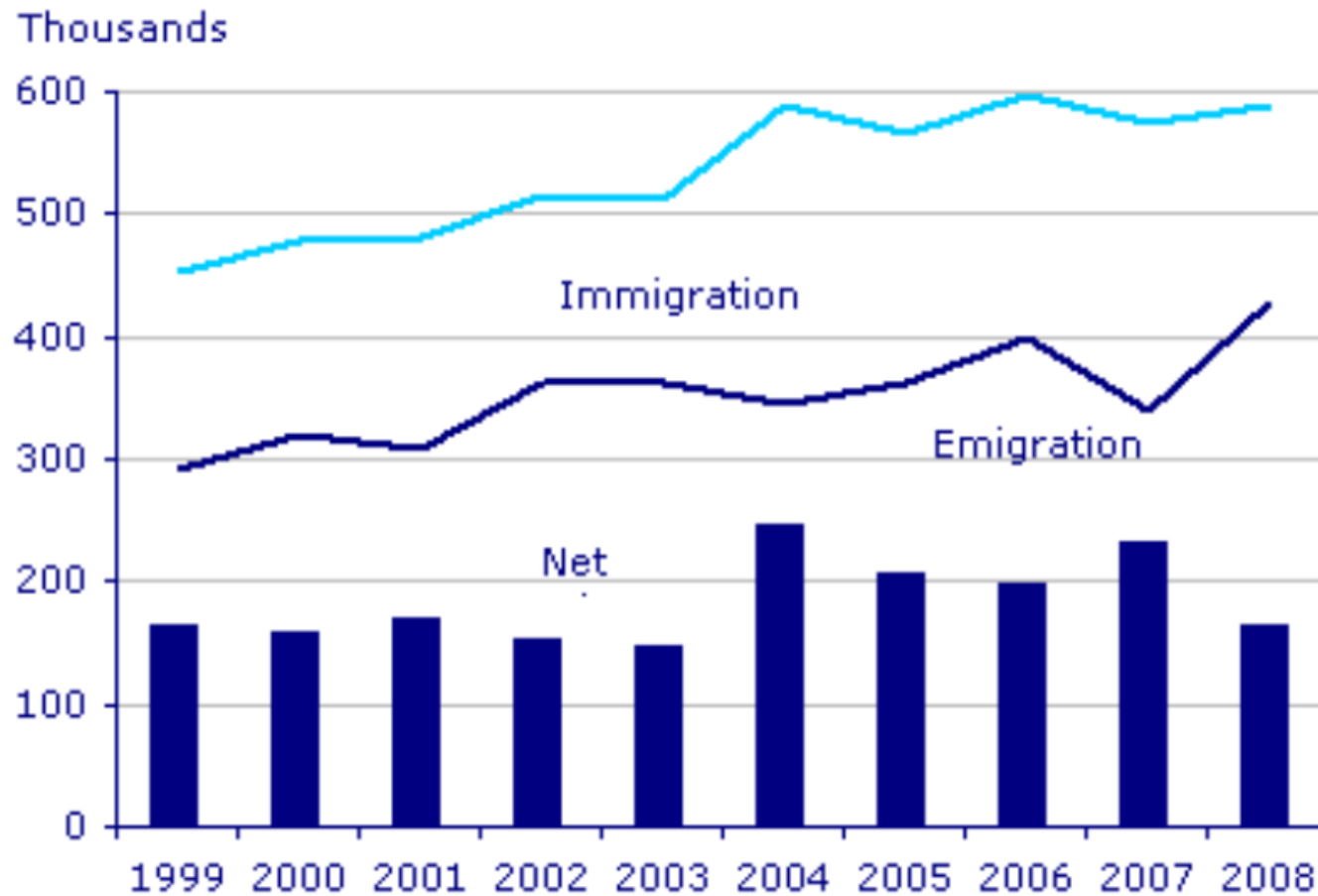
By place of birth
Q4 2008

Migrant employment in UK increased between 2003 and 2007, but has since plateaued



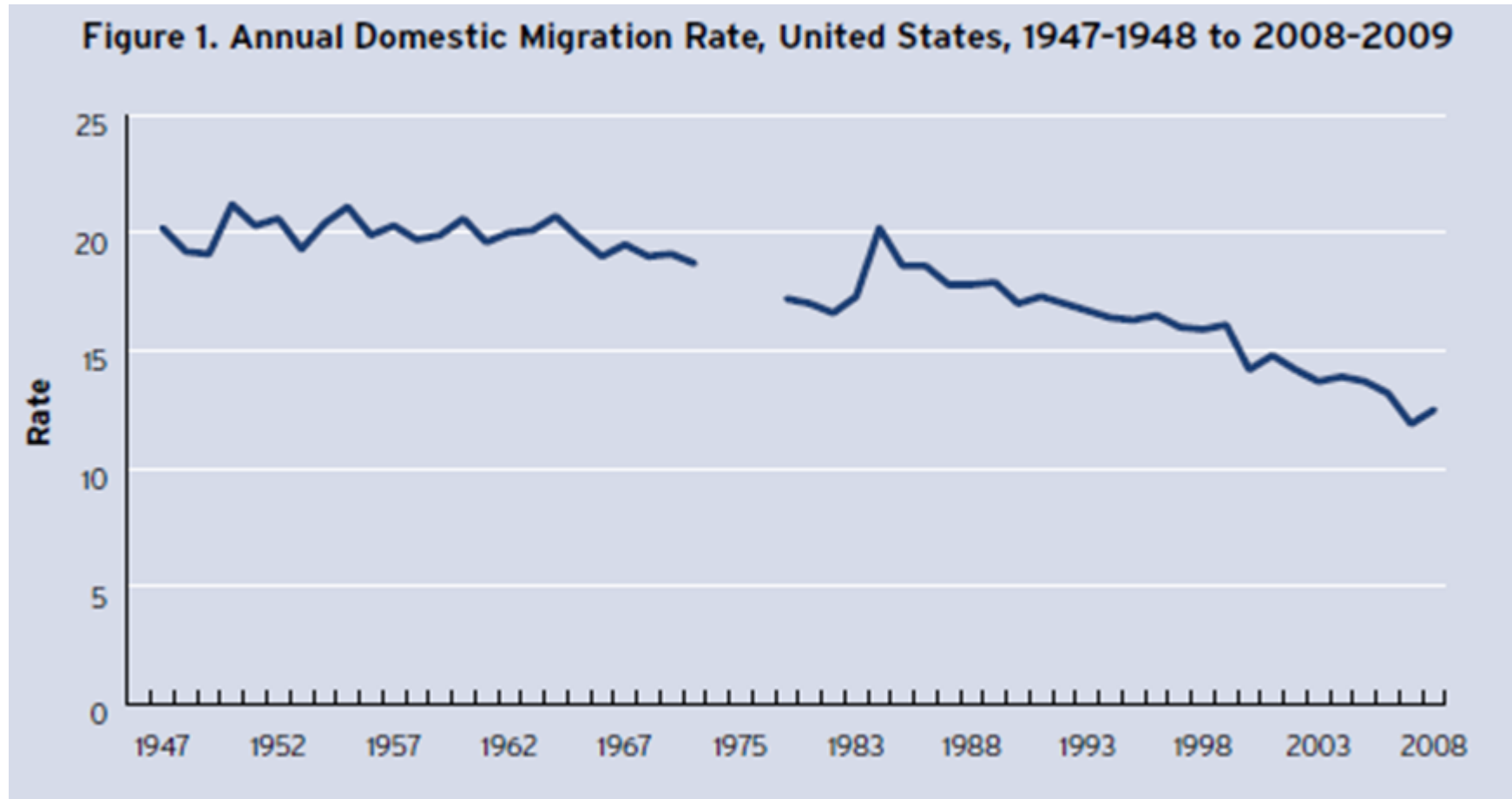
A8 includes Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, and Slovenia

Long-Term International Migration, UK, 1999-2008



Source: Office for National Statistics

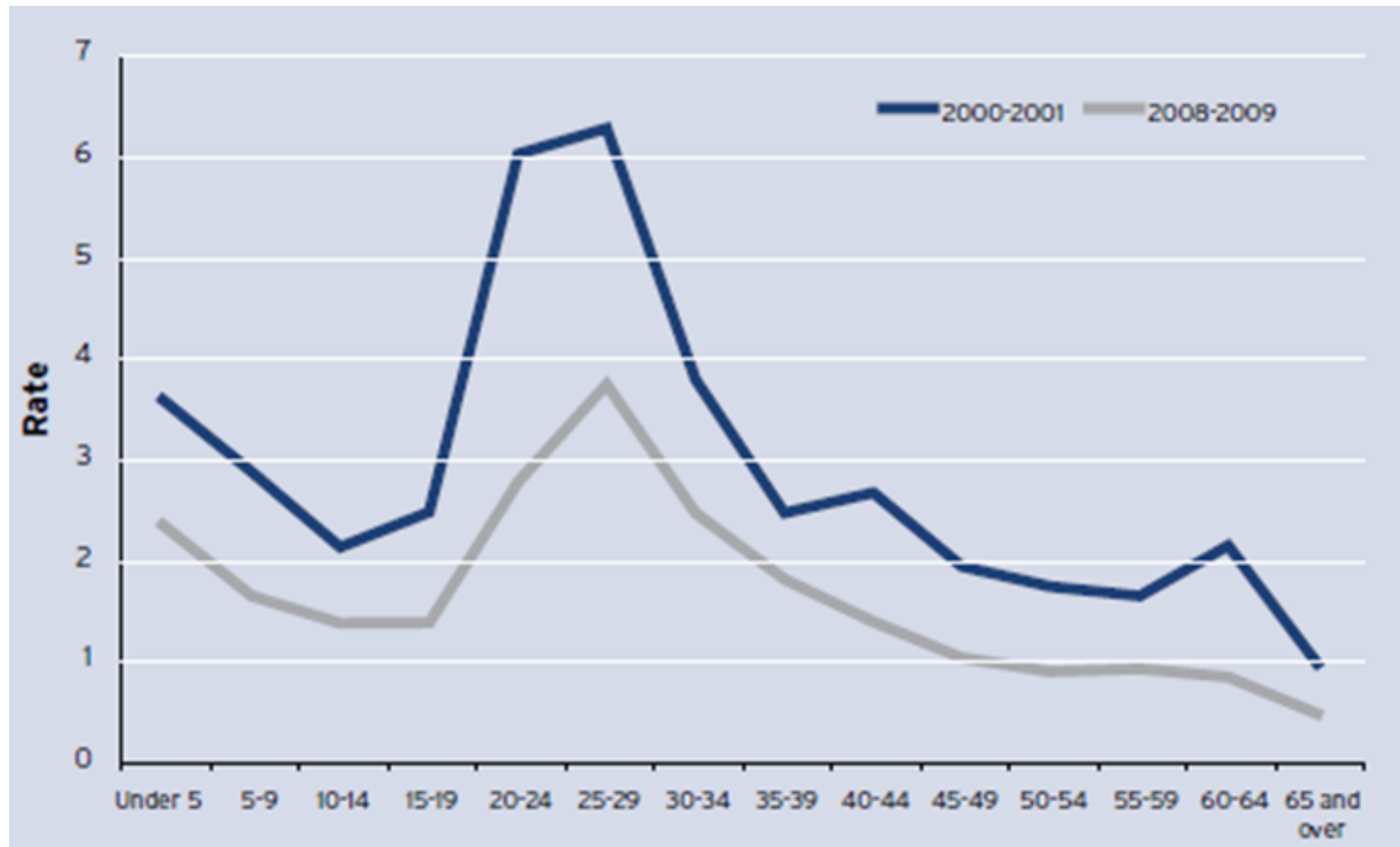
Annual Domestic Migration Rate, US, 1947-1948 to 2008-2009



Note: annual data not collected from 1971-1975 and 1976-1980

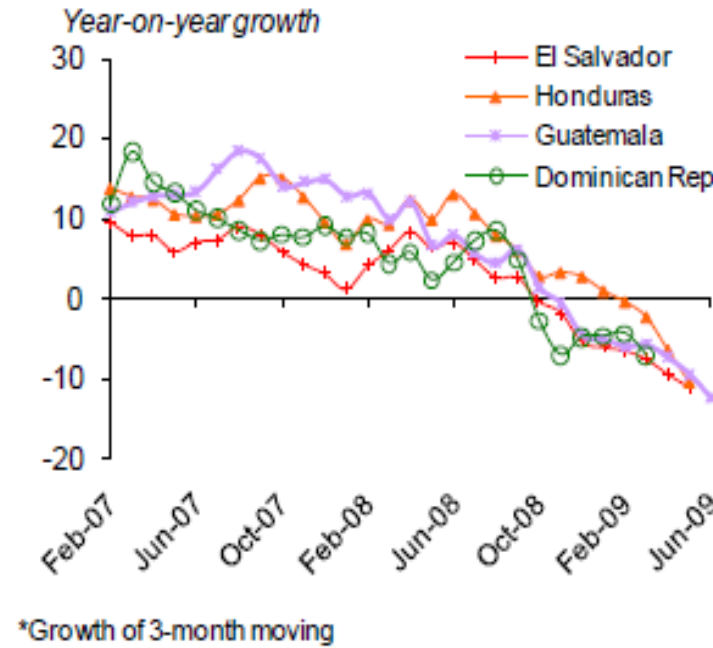
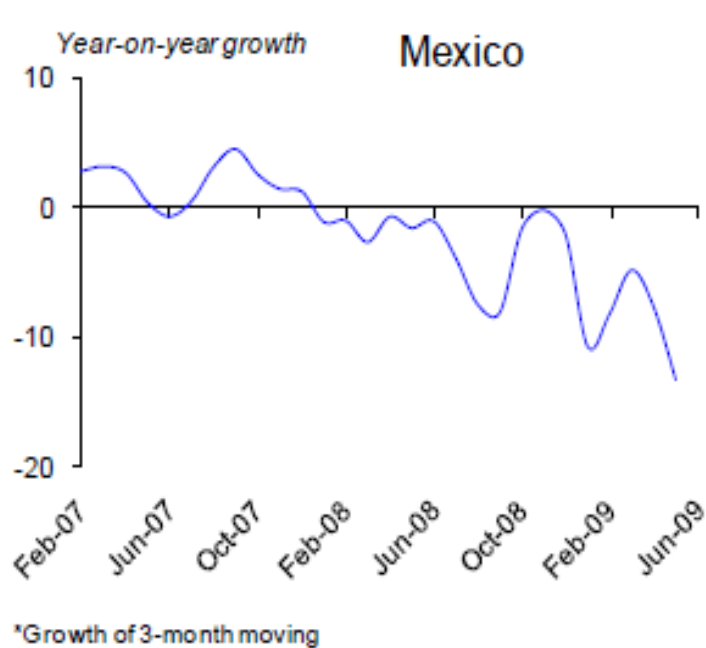
Source: Brookings analysis of Current Population Survey data

Interstate Migration Rate by Age, US, 2000-2001 and 2008-2009

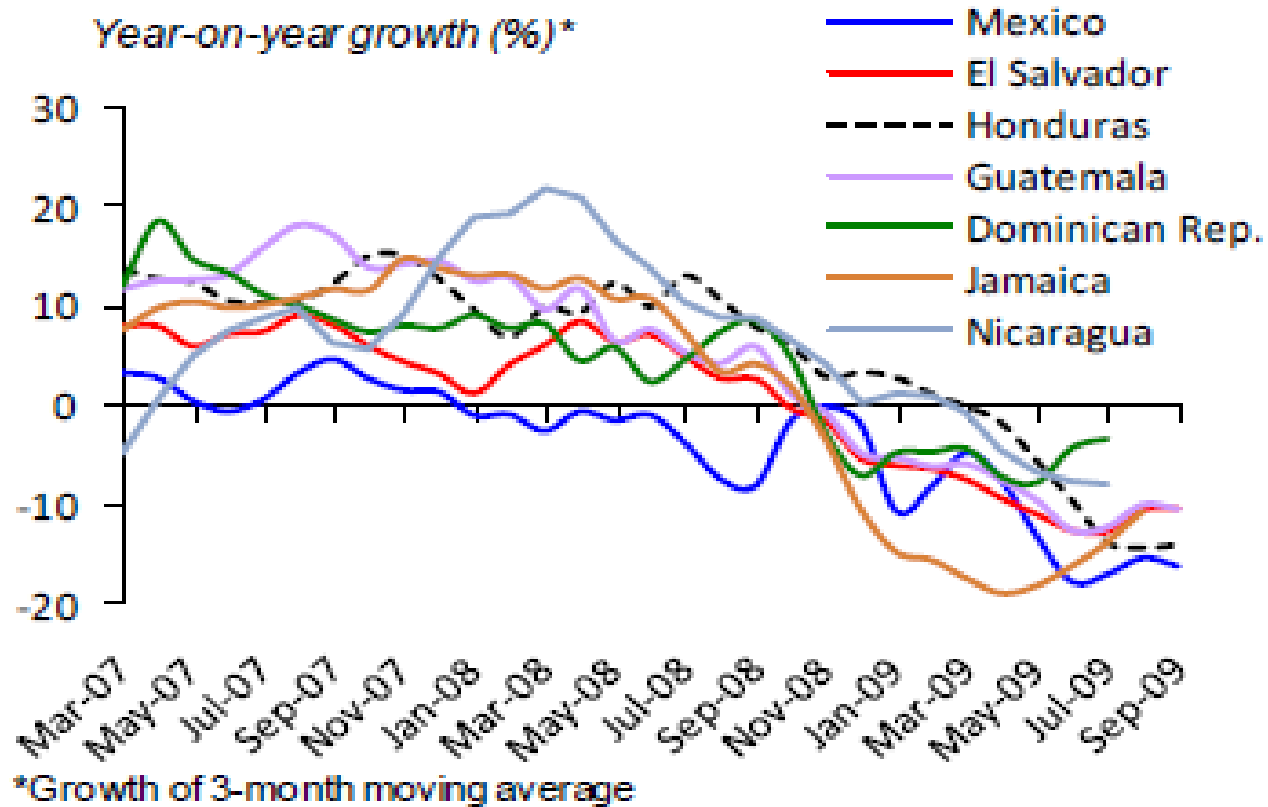


Source: Brookings analysis of Current Population Survey data

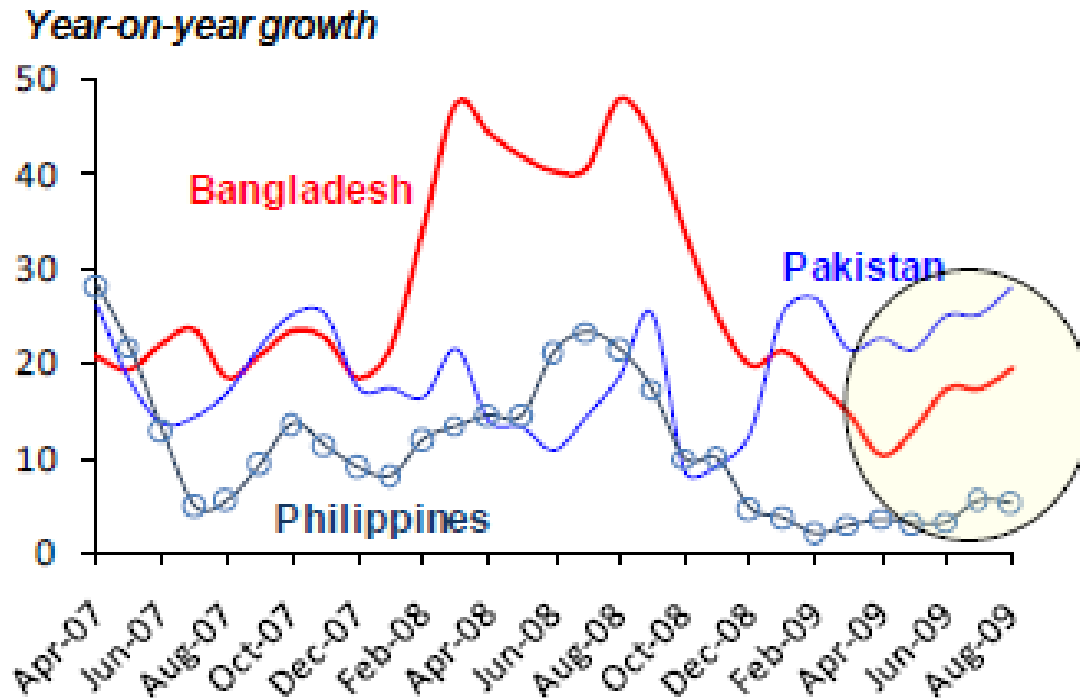
Remittances to Mexico had been declining since early 2008, and also started declining in other Latin American countries in the first half of 2009



Remittances to Latin American Countries, 2007-2009

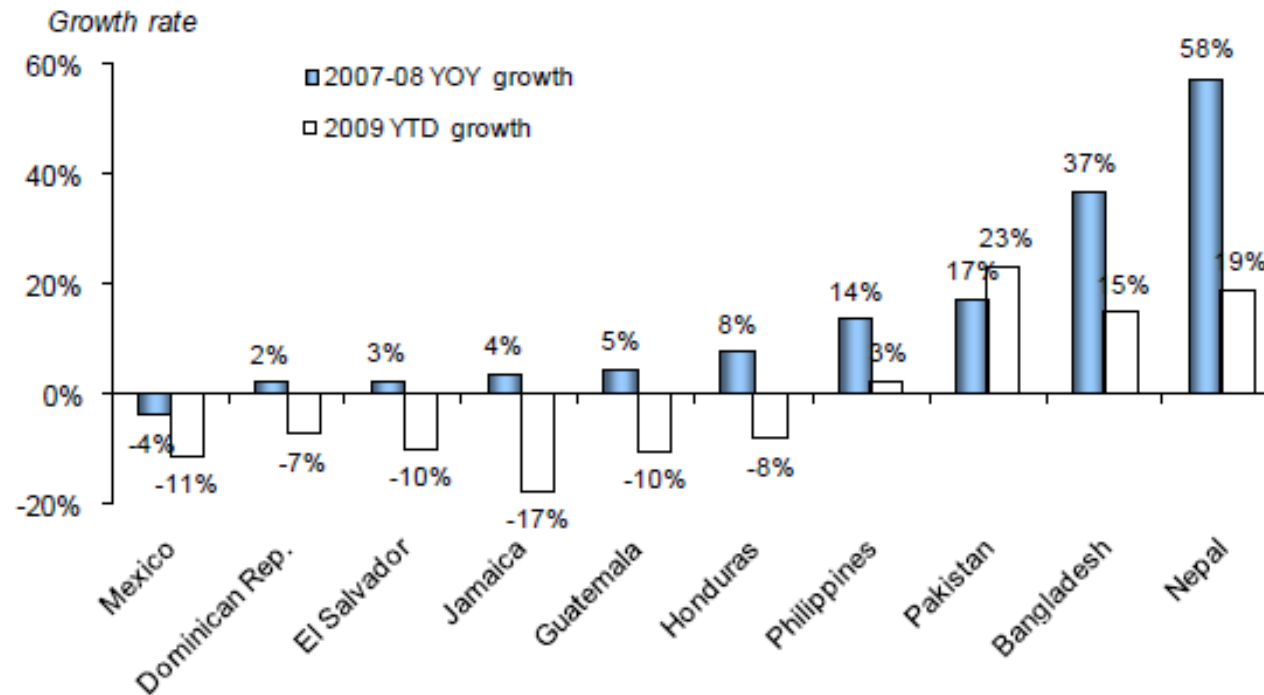


Remittances to Asian Countries, 2007-2009



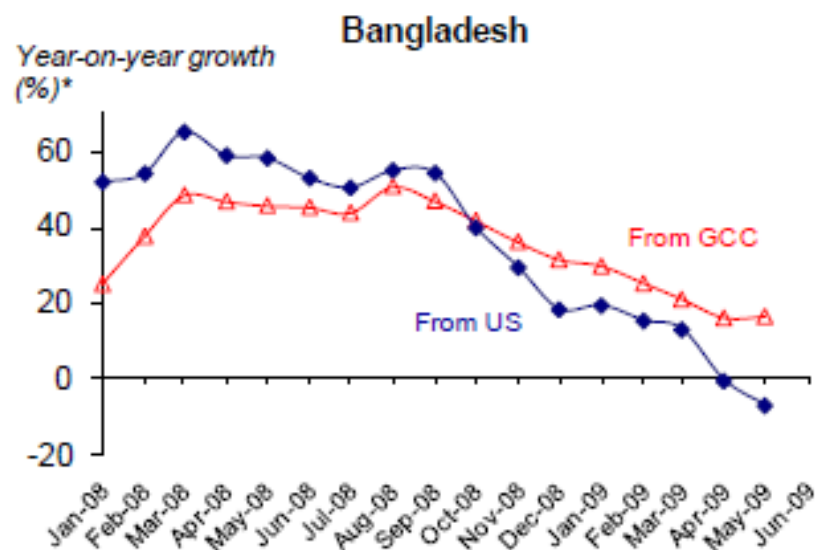
*Growth of 3-month moving average

In contrast to a decline in Latin America, flows to some countries in South and East Asia are still growing but the rate of increase has slowed

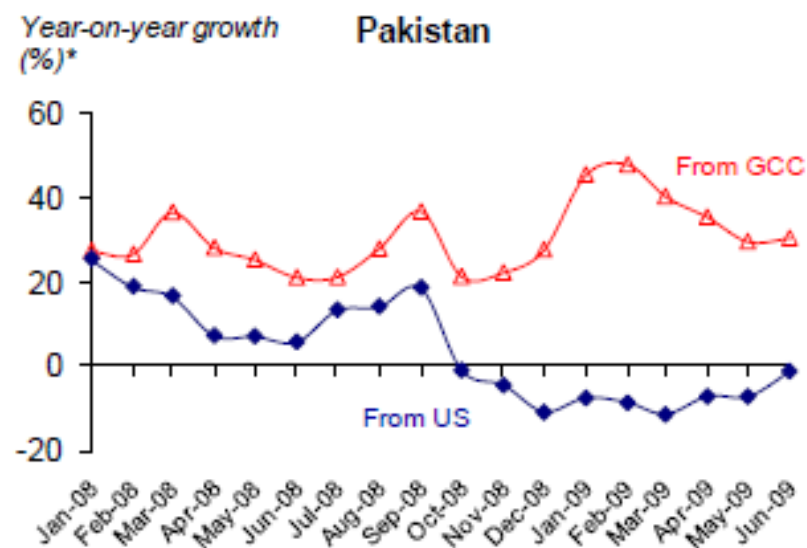


*Year to date (YTD) growth refers to growth of remittances up to the latest available month in 2009 compared to the same period the previous year. Latest available monthly data for 2009 are January-June for El Salvador, Guatemala and Pakistan, January-May for Bangladesh, Honduras and Mexico, and January-March for Dominican Republic.

The rate of increase from Gulf countries is still slowing but positive, while those from the US have become negative



*Growth of 3-month moving average



*Growth of 3-month moving average

Discussion

- How should governments respond?
 1. In terms of labour market flexibility
 2. In terms of migration “management”
 3. In terms of other social policies

Discussion

“70 Million’s too many,
I’ll cut immigration by 75
per cent”



David Cameron has been quoted as advocating for a cap on immigration. What would be the likely benefits, drawbacks and results of trying to introduce such a policy. Consider multiple aspects including economic, social, intended and unintended consequences.