

Globalization Backlash? The Influence of Global Governance in Trade and Immigration

Lucie Cerna, James Hollifield and William Hynes

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Abstract: The recent economic crisis accentuated a globalization backlash bringing anti-globalization sentiments to the surface. The spectre of the crisis lingers on with low growth and high unemployment across the OECD countries. Tensions there have been building for years, partly due to the distributional consequences of globalization and the ways these are perceived. However, global governance architecture of trade resisted these impulses whereas policies where the primacy of national institutions prevails such as migration policy were affected. In migration, international coordination is absent and this partly explains the differing responses to trade and migration. In some circumstances, policy-making has been myopic and while doing little to protect jobs and native workers, threatens the future competitiveness of economies by ceding ground in the contest for the best and the brightest. This paper investigates the crisis policy developments in the context of strong multilateral institutions in trade, but not in immigration.

Keywords: Economic crisis, globalization, migration, policy response, regime, trade

1. Introduction

The recent economic crisis represented a global shock, the reverberations of which are still felt today.¹ Unemployment has increased, growth remains anemic and deficits continue to deepen (ILO 2009a). Governments continue to face pressure to protect jobs and create new opportunities. A crisis of globalization has been building in recent years but the economic shock had unpredictable impacts on these trends. In particular the context and urgency around immigration policy, high-skilled or not, have changed, while the high-level political support for trade has remained resilient.

Overall the shock has put pressure on governments to act. From emergency provisions, such as bailouts and stimulus packages, governments have scrambled to find solutions. One political response has been calls for more restrictive immigration policies. The scale of the problem and the policy responses vary from country to country, and from region to region. We argue that, on the whole, there has been a backlash against globalization², very different to that in the 1930s. The world is more integrated and the nature of trade and commerce makes nations interdependent; with global supply chains, and fragmentation of production processes, unilateral protectionism makes little sense. But trade and immigration are often blamed for declining opportunities, wages and even sectors. Though technology progress, automation, changing demographics and shifting patterns of economic progress all play a role – an anti-trade and immigration approach can be a potent political response. Immigration policy and to a lesser extent trade have become highly politicized in recent years.³ The crisis further exacerbates this trend. International regime arrangements mediate the response from policymakers.

There are different definitions of regimes⁴, but most of them apply to the international level. Krasner (1982: 185) defines regimes as sets of ‘principles, norms,

rules, and decision-making procedures around which actor expectations converge in a given issue-area'. While a multilateral regime exists in trade, there are only seeds of a regime in (labor) migration especially related to high-skilled immigration (HSI thereafter). For instance, there is no World Migration Organization, even though a number of international organisations (inside and outside the United Nations system) deal with migration to some degree. Besides a few consultation groups, dialogues, initiatives and regional attempts (mostly loose networks and non-binding agreements), states – with different goals regarding migration - cannot agree on an institutional arrangement for cooperation (Newland 2005). Therefore, a similar arrangement to the World Trade Organization (WTO) is unlikely to exist.

The WTO mechanism commits members to legal obligations and the recourse of dispute settlement, helping to lock-in trade openness. In addition, there has been a high level political commitment at the G20 and in international agencies to keep trade open, despite significant declines in trade volumes and rising unemployment. International coordination has mostly averted protectionism (see section 3). However, this has not been the case in immigration, which has been the main focus of a protectionist backlash (sections 5 and 6). Our aim is not to explain why there is an international regime in trade and not in (labor) migration. Rather, we seek to consider the role of international regimes in order to explain different responses to the economic crisis. This paper looks at the impact of institutions by comparing two regimes, one where multilateral rules are strong and another where they are weak. We argue that multilateral frameworks can effectively short-circuit political nativist backlash caused by the crisis. This prevents short term myopic policymaking and protects openness.

A number of countries have implemented more restrictive HSI policies. The paper examines what factors have played an important role in influencing the openness/closure of countries' policies. Governments have implemented short-term policies to deal with the economic crisis and to appeal to their voters. However, labor shortages in certain high-skilled sectors (e.g. engineering, health care) persist despite the economic downturn. Therefore, some countries have considered HSI as a stimulus during the crisis. The paper seeks to analyze how migration and trade policies have changed in terms of openness/closure due to the economic crisis. What impact has the globalization backlash had on these two policies? The paper proceeds as follows: Part 2 discusses previous crises and their impact on labor immigration, while Part 3 turns to trade policies. Migration and anti-globalization sentiment is examined in Part 4. Examples of policy changes across countries are presented in Part 5 that analyze the impact of the economic crisis. Part 6 examines the extent to which countries have attempted to use HSI as a stimulus to counteract the crisis. Some conclusions on the topic are offered in Part 7. The findings are based on reports from international organizations, such as the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD) and World Trade Organization (WTO), the analysis of media coverage and academic literature on the international political economy of immigration and trade.

2. Previous Crises in Labor Immigration Policy

This is the first globally synchronized economic crisis since the end of WWII, which impacts all countries around the world. This crisis also has important effects on HSI. Part 3 discusses the implications of the 1930s crisis, while this section concentrates on

the 1970s crisis and labor immigration.⁵ Labor immigration was affected the most in Western Europe and the Middle East.

Countries in Western Europe, such as Germany and Switzerland, experienced labor immigration in 1950s and 1960s through guest-worker programs in order to spur their industries after the war.⁶ The particular governments negotiated bilateral agreements with several countries, such as Italy, Turkey, Greece or Portugal. As Hollifield (2008b: 208) succinctly summarizes, ‘liberal states had little incentive to cooperate or to build regimes for managing labor migration because there was an unlimited supply of (unskilled) labor available, which could be recruited through bilateral agreements’.

European countries had quite liberal labor immigration policies until the early 1970s when the worldwide economic downturn increased the number of unemployed native workers and led to loud outcries for more restrictive policy (mainly by unions and Social Democrats). These changes took place amid a more general shift from social democracy to market liberalism. The guest-worker program promised to bring temporary workers instead of permanent citizens, as well as economic benefits instead of social costs (Plewa 2007). Employers ‘were reluctant to lose their valuable human investment in a nearly full-employment economy’ and often permitted guest workers to stay after the expiry of their work permit, as well as to bring their family to Germany (Messina 2007: 125). Unions’ support was won with securing the ‘primacy of domestic workers in filling of job openings and by guaranteeing equal wages and social benefits to the recruited foreign workers’ (Joppke 1999: 65). Misled by a number of surveys with migrants, the government lived under the ‘illusion of return’ that guest workers would return home after some years, so it did not ‘exercise the

administrative prerogative of non-renewal of permits in any systematic way' (Miller & Martin 1982: 86).

In the early 1970s, Germany entered a period of economic recession, encouraged in part by the oil shock. The government declared a ban on the recruitment of immigrant workers and began to deal with the increasing number of immigrants in the country. The main union confederation, DGB, was very supportive of the ban due to the developments on the labor market. Despite immense lobbying by the employers' association, BDA, for lifting the recruitment ban as labor shortages, mainly in low-skilled sectors, were increasing, it remained in place (Joppke 1999). Even though many guest workers were leaving Germany, the immigration level remained more or less constant in the 1980s (between 4 and 4.5 million) due to family reunification of the remaining workers. However, their labor force participation decreased (Oezcan 2004). The period between 1975 and 1985 is often considered 'the decade in which many European countries became reluctant countries of immigration' (Martin 2009). The European economy eventually recovered in the late 1980s.

In recent decades, labor market shortages have emerged in OECD countries in both the high and low-skill sectors. Skill-biased technological change has raised the productivity of high-skilled relative to unskilled labor. To fill labor shortages, high-skilled immigrants have been increasingly recruited. We can describe country actions using two models: 1) the human capital model and 2) the labor shortages model. Under the human capital model, endogenous growth theory suggests that increasing human capital stock leads to dynamic growth and spill-over effects (Romer 1994). 'Settlement countries' have used immigration for increasing their human capital stock and thus considered this type of immigration as permanent. In more recent years, however, they have implemented some temporary labor immigration policies to fill

labor market shortages. This second model of HSI has been predominantly used in the United States, Japan and European countries. But one model does not exclude the other one. The focus on HSI grew at times when labor shortages intensified because of changes in the global demand for labor in high-skilled industries. Most European countries have been latecomers to compete for ‘the best and brightest’. It was not until the late 1990s that they changed their legislation to facilitate the recruitment of high-skilled immigrants. These countries have been paying attention to HSI due to perceived labor market shortages in sectors, which require certain skills. They have been interested in recruiting high-skilled immigrants on a temporary basis to give them some time to train/educate their own workers.

A link can be established between the type of model adopted and the type of immigration systems in place. For instance, the human capital model often goes hand in hand with supply-led systems, whereas the labor shortage model is connected with demand-led systems. As we will show later, these models and systems thus impact crisis responses in migration policy.

3. Impact on Trade Policies

The last equivalent economic shock of this magnitude took place during the 1930s. It precipitated a backlash against globalization forces which were being renewed after the shock of World War One (Hynes, Jacks & O’Rourke 2012). Protectionism emerged and acted to prolong the recession and delay the recovery. This was heralded by the Smoot-Hawley Act in 1931 and the abandonment of Free Trade by the British in 1932. However as serious a shock as war and then the Great Depression were, a backlash against trade in Europe had been evident for decades following the grain

invasion in the late 19th century (O'Rourke, 1997). The distributional consequences of trade, the perception and the political power of interests opposed to trade plus democratization itself led to a backlash. Nevertheless after the war, markets were reintegrating, trade flows recovered and international financial flows grew once more. Reglobalization following these calamities was not automatic and Taylor (2010) points out that trade openness did not recover till the 1970s.⁷

Eichengreen and O'Rourke have compared the 1930s depression with that of today and find many similarities in the scale and scope of the decline in output and trade (Eichengreen & O'Rourke 2009). The one major difference between the two cases has been the policy response. International coordination, absent in the 1930s has proved resilient in the face of the deepening crisis (this was also the case for the 1970s crisis when an international regime for trade was already in place through GATT). Despite many concerns about increasing trade barriers, the WTO is in fact optimistic that the crisis may stimulate the long delayed Doha Round negotiations, further lifting trade restrictions.⁸ While in June 2010, the WTO talked of a new dynamic in the negotiations. As Director-General Lamy has said, 'we are witnessing the renewal of high-level engagement in the DDA (Doha Development Agenda) negotiations' (Lamy 2009). It is clear that WTO disciplines played a positive role in constraining protectionism (Evenett 2009). The G20 agreed to keep markets open referencing the 1930s and the need to prevent history repeating itself. However there was some misunderstanding among G20 members about what the commitment meant – just honoring WTO obligations being one interpretation. There is considerable flexibility through WTO agreements and other international obligations, which some members took advantage of. Under WTO rules, 'countries can "legally" impose a wide range of protectionist measures via antidumping and safeguard provisions; moreover, in areas

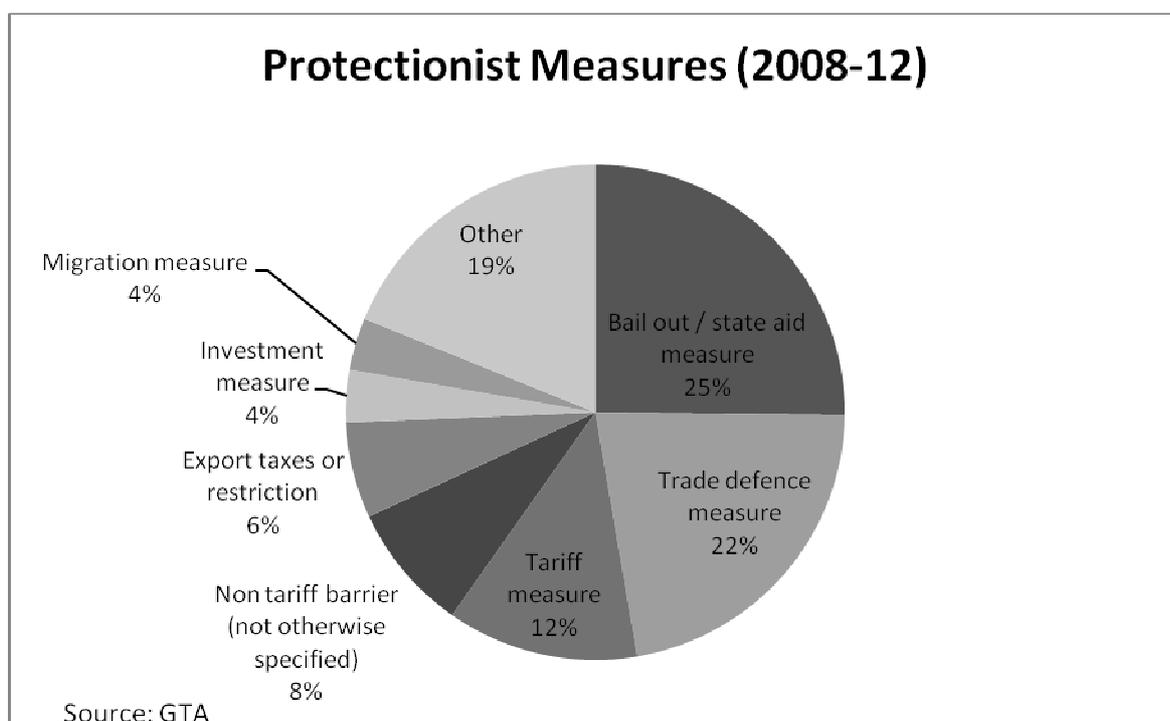
where WTO disciplines are incomplete or absent (e.g. government procurement), countries can discriminate against foreign suppliers without worry about WTO censure. In fact, many of the standstill violations fall into this latter category' (Schott 2009). While these steps were legal, they defied the spirit of the G-20 proclamation. Still the WTO and the multilateral trading system has not been effective in furthering trade liberalization through the Doha Round, but it has succeeded in acting as a bulwark against protectionism during the crisis.

The spectre of encroaching protectionism has been talked up by analysts and academics. Evenett documents many examples of increasing protectionism and details of approximately 70 initiatives containing measures that 'almost certainly discriminate against foreign commercial interests' (Evenett 2009). Further examples of the policy measures taken during the crisis are available on the Global Trade Alert (GTA) website which provides information on state measures taken during the global downturn that were likely to affect foreign commerce. 'It goes beyond other monitoring initiatives by identifying the trading partners likely to be harmed by these measures.'⁹ The figures in 2009 indicated a spike in protectionist measures. In 2012, the GTA report sounded the alert on protectionism once more suggesting that the amount of protectionism in 2010 and 2011 was considerably higher than previously thought. The total number of measures introduced since 2008 stands at over 2700, about half of which have a supposed negative beggar-thy-neighbor policy component. Though it should be noted that over 800 of these measures have not yet been implemented.

The obvious problem with the policy measures described in the GTA is that they capture unilateral actions, but not multilateral, regional or bilateral ones - like implementing agreements. It also treats bailouts and subsidies as protectionism -

which made up the majority of the numbers in the 2009 spike. And it does not provide any historical perspective - so for example, anti-dumping is actually way down from its high-water mark in 2001. Figure 1 illustrates the main protectionist measures or more accurately 'measures which almost certainly discriminate against foreign commercial interests'. The numbers are dominated by bail-outs, trade-defense measures and tariff and non-tariff measures. Of tariff measures introduced since 2008, there have been more which have been liberalizing or at least non-discriminatory in nature (265 versus 178). Of trade defense measures, only half were discriminatory.

Figure 1: Protectionist Measures, 2008-2012¹⁰

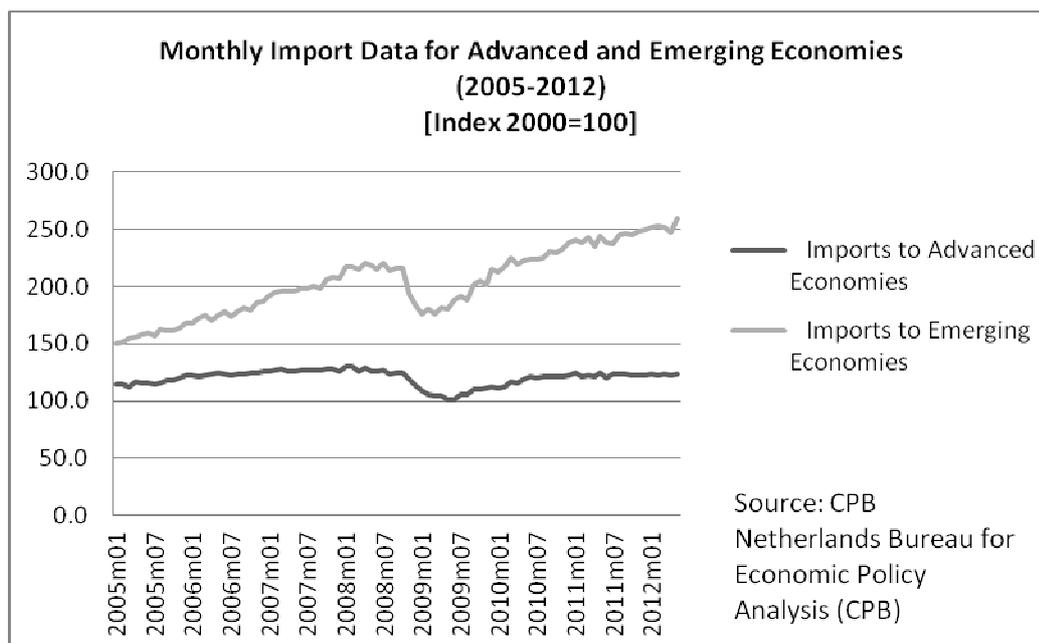


Rodrik called the measures more of a nuisance than anything else and described protectionism as the dog that didn't bark during the financial crisis (Rodrik 2009). The rhetoric of protectionism has not materialized in actual policy changes, though international agencies and the GTA have tended to over emphasize the extent of protectionism. Increasing resort to protectionist measures does not imply that WTO rules are useless, 'rather so long as they remain incomplete, circumvention is to be

expected. If anything, the policy implication is that more far-reaching WTO rules are ultimately needed, even if there is little apparent appetite among governments for expanding the remit of multilateral trade rules at this time' (Evenett, 2012:2).

Figure 2 shows the large decline in imports in both advanced and emerging economies, though emerging economies rebounded quickly while advanced economies remain stagnant. The large declines in trade during the economic crisis cannot be attributed to changing trade policies. In fact the World Bank has stated that despite a rise in use of tariffs and anti-dumping duties, protectionism accounted for no more than 2 percent of the decline in world trade in 2009 (Looi Kee, Neagu and Nicita, 2010). Much more important reasons include the credit crunch, the nature of global production chains, a generalised loss of confidence and the interaction between these factors. Borchert & Mattoo (2009) also points out that trade in goods has declined whereas services trade has not. Much discussion about trade deficits refer to merchandise trade and services are often left out or ignored. A trade war precipitated by perceptions about the primacy of goods would be extremely harmful to the US and Europe in lost services trade. In addition a 'retreat from openness in services in industrial countries could undermine reform efforts in developing countries, and even trigger a costly spiral of retaliatory protection' (Borchert & Mattoo 2009).

Figure 2: Monthly Import Data, 2005-12



Developing countries have made impressive progress in stimulating economic growth in recent years and trade is an important part of this story. A movement against trade would no doubt hurt these countries the most. So far the crisis has had a relatively light effect but threats remain.¹¹ Where multilateral disciplines exist, recourse to protectionism has been limited (Evenett & Hoekman 2009). The architecture of modern trade agreements and the interconnected nature of the global economy¹² means that this was never really in doubt. That is not to say that the crisis has not provoked a backlash, but the political response has been focused at the national level - in particular on immigration policy – where the primacy of national policy-making remains and international coordination is absent.

4. Migration and Anti-Globalization Sentiment

This section examines how immigration bears the brunt of anti-globalization sentiment. An evolving literature takes a historical perspective on trade (e.g. Garrett

1998, Lipson 1982, Milner 1988, Ruggie 1982) or immigration restrictions and considers the impact of globalization (Goldin 1993, Hatton & Williamson 2008 & 2009, Timmer & Williamson 1998). There is also some literature analyzing differences in trade and immigration (Hatton 2007, Hatton & Williamson 2005, Mayda & Rodrik 2001). A number of these authors focus on global governance and regimes (Ghosh 2000, Hollifield 2008a, Koslowski 2004, Straubhaar 2000). We seek to consider the role of regimes in order to explain different responses to the economic crisis.

Helen Milner (1988) has demonstrated ‘how advanced industrial states in the 1970s were able to resist the kind of beggar-thy-neighbor policies that were adopted in the 1920s and 1930s. She argues that growing interdependence helped to solidify free trade coalitions among the OECD states in the post-war period, thus preventing a retreat into protectionism following the economic downturns of the 1970s and 1980s’ (Hollifield 2008b: 208). While preferences for trade can be largely explained by material interests, migration is much more complicated. It can be partly captured by economic interests (Freeman 1995, 2002, 2006), but there are also powerful rights-based dynamics at play (see, for example, Hollifield 1992, 1998). Ideas and institutions play an important role in determining migration openness and closure (Hollifield 1998: 598).

‘Migration affects societies and their cultures in ways that trade does not; migration is typically more permanent than trade, it is a stock rather than a flow, and migrants eventually get the vote’ (Hatton 2007: 373). None of the [existing international] agreements have achieved the status of a full international migration regime, which is capable of changing state behavior (Hollifield 2008a: 12). Instead of international organizations (e.g. ILO, IOM or UN), nation-states are mainly in charge

of the rules for entry and exit of labor migrants. The main exception is the EU with its prominent regime, which was fairly easy to put in place due to the ‘symmetry (of interests and power) within the region and the existence of an institutional framework (the EC or EU)’ (Hollifield 2008a: 16). However, the EU’s regime for international labor migration works solely for nationals of the member states, and not so far for third-country nationals (TCNs) (Hollifield 2008a: 13). The ‘regime’ for international labor migration is based on weak institutions without a central norm, and its principal actors, the ILO and the IOM, have limited regulatory and institutional capacity. Especially for receiving countries, the costs of participating in a regime for international migration seems to outweigh the benefits, so a short-term strategy of unilateral or bilateral regulation of migration is preferred to a long-term, multilateral strategy (Hollifield 2008a: 14).

The General Agreement on Tariffs and Trade (GATT)/WTO regime was constructed through a multilateral process and based on principles, such as most favored nation status (MFN), non-discrimination and reciprocity. Multilateralism and international institutions and regimes were meant to solve collective action and international cooperation problems (Hollifield 2008a: 14). However, ‘there has been little effort to regulate international labor migration on a multilateral basis. Even the insertion of a clause in the GATS dealing with the movement of natural persons (Mode 4) has done little to promote cooperation in the area of migration’ (Hollifield 2008a: 14).

Most international regimes have had a long period of development, and they begin as bilateral or regional agreements. The multilateralism prerequisites (i.e. indivisibility, generalized principles of conduct and diffuse reciprocity)¹³ are too difficult to be fulfilled in the case of migration. The non-discrimination norm is non-

existent, no mechanisms for the punishment of free-riders and ways for dispute resolution exist (Hollifield 2008a: 14). As Hatton argues, ‘the reciprocity principle, significant in trade, is missing in the case of migration, which is driven largely by absolute advantage rather than by comparative advantage’ (Hatton 2007: 373).

In recent years, the international competition for the ‘best and brightest’ has intensified (Mahroum 2001). Since labor market shortages threatened economic growth and progress, governments needed to respond to the demands for more open HSI. They also had to react to the preferences of high-skilled workers for more restrictive policies. The number of high-skilled immigrants has increased. This may heighten tensions within countries between labor and capital. It will be up to the political parties in government to reconcile these. Labor market institutions can also play a larger role in the representation of affected groups. If an increasing number of high-skilled workers organize in professional unions/associations (e.g. medical, engineering, law or IT sectors), they may become more powerful actors in lobbying the government. This can happen when labor market competition between native and migrant workers intensifies.

In times of economic crisis and increasing unemployment rates, the restrictiveness of HSI policies has appeared on governments’ agenda. In cyclical immigration policies, governments should admit more immigrants when labor demand is strong and fewer when it is weak. In reality, however, this simple recommendation is more complex (Papademetriou, Sumption & Somerville 2009). The relationship between net migration and the business cycle is not a straightforward one (Hollifield, Hunt & Tichenor 2006). It depends on the nature and the scope of the crisis, the actions taken by different stakeholders, including the migrants (OECD 2009). Sectors and occupations can also be affected to a varying extent.

As some authors have claimed, labor market competition intensifies when unemployment rates increase and economic growth decreases because native and immigration labor forces are placed ‘in more direct competition than in periods of economic prosperity’ (Money 1997: 693). Worsened economic conditions can lead to more negative attitudes of survey respondents towards immigration (Esses et al. 2001). Esses and co-authors suggest that even immigration policies designed to ‘ensure the economic prosperity of immigrants, such as employment-based policies favoring highly skilled occupations may also increase the likelihood that immigrants will be seen as competing with non-immigrants for resources and thereby increase resource stress and bias’ (Esses et al. 2001: 395). This finding is rather surprising since previous research has shown that immigrants, especially those requiring social services, were perceived negatively by the native population, although few immigrants had entitlements to these provisions. It seems that the negative perception can also occur in the case of (successful) high-skilled immigrants (Esses et al. 2001).

In Germany, some politicians justified more restrictive HSI policies by pointing to the high unemployment rate in the country. Based on author’s interviews, a number of political parties (FDP, Union) always had some unemployed voters in the audience when giving a speech on migration. Voters and politicians do not always understand the mismatch of labor demand and supply and think that (high-skilled) immigrants can be blamed for taking their jobs away. For instance, most labor market shortages in Germany in engineering were entry-level, relatively low-pay jobs, whereas the unemployed German engineers were mostly in managerial, well-paid positions.¹⁴

Research shows that voters’ perceptions of labor migrants can be negative, even if native workers are employed. According to Gallya Lahav (2004: 1169), ‘the

fear of losing one's job in a declining national labor market (societal conditions) appears to be a much more important factor than personal unemployment itself'. These findings follow US trends that personal economic circumstances play a smaller part for public opposition to immigrants than beliefs about the national economy (Citrin, Green & Muste 1997).

Milner and Keohane analyze the effects of internationalization (i.e. processes generated by underlying shifts in transaction costs that produce observable flows of goods, services and capital) and argue that 'governments will have to be concerned about threats of exit and hence non-investment by mobile capital' since they benefit electorally from prosperity (Milner & Keohane 1996: 250). Owners of mobile factors of production (i.e. financial capital) and firms who are able to shift their production abroad, gain bargaining power over immobile factors of production (e.g. most low-skilled labor) and firms relying on locally specific assets. These actors may then be able to threaten an 'exit' in order to increase their influence (voice) in national politics (Hirschman 1970). In times of economic prosperity, multinational companies such as Microsoft have repeatedly threatened to relocate their operations and services outside of the US. Microsoft demonstrated credibility when it opened a subsidiary in Canada, a country with a more liberal HSI policy.¹⁵ According to Shugart et al., as a country's economy goes through the business cycle, its policy mix shifts – workers receive greater leverage in economic downturns, whereas capitalists/owners are more influential during economic growth (Shugart, Tollison & Kimenyi 1986). The power of actors thus varies according to economic conditions. The question remains how governments deal with these economic challenges.

5. Case Studies of Implemented Policies

According to the OECD, labor migration policies are ‘tending to become restrictive, partly in response to the economic downturn, through tightening existing administrative mechanisms’ (OECD 2010: 81). Restrictive policy changes across countries have included giving preferential treatment to native workers, omitting sectors from shortage occupation lists, reinforcing labor market tests, decreasing numbers of quotas/numerical limits, limiting non-discretionary flows (e.g. family reunification, work permits for spouses) and halting certain immigration programs (OECD 2009). However, there are differences among countries’ responses. The following section provides a qualitative look at recent developments in the HSI policy area, based on a review of secondary sources,¹⁶ and seeks to test a proposed typology of openness/closure on different cases.

First, policy responses to the economic crisis vary according to the type of labor immigration in countries, as mentioned in previous sections. Permanent labor immigration (‘human capital model’) has been ‘less affected by the economic crisis but has declined as well’ (OECD 2010: 33). Temporary labor migration (‘labor shortage model’) has been more reactive to changing labor market conditions and thus more affected by the crisis.

Second, responses to the crisis also differ between demand driven and supply-driven labor migration. Policy restrictions were visible in countries with demand-driven systems (such as the United States). Targets or caps for permanent migration are supply-driven and did not change in Canada, New Zealand and the United States. But Australia responded to the economic crisis by decreasing its target level (OECD 2010: 32).

Two additional factors are relevant for this discussion on openness/closure of immigration policies. The extent of the impact of the crisis on countries (measured for instance by GDP growth or unemployment rate) as well as immigration inflows prior to the crisis play an important role in influencing countries' policy responses. It is evident from Table 1 that the largest decreases in economic output in 2009 took place in Ireland (-7%), followed by Denmark, Italy and Germany. Countries such as Australia and Canada experienced positive growth, but this did not stop them from implementing more restrictive immigration policies in some instances.

Table 1: World economic output in selected countries

	2008	2009	2010
Australia	2.5	1.4	2.5
Austria	1.4	-3.8	2.3
Canada	0.7	-2.8	3.2
Czech Republic	3.1	-4.7	2.7
Denmark	-0.8	-5.8	1.3
France	-0.2	-2.6	1.4
Germany	0.8	-5.1	3.6
Ireland	-3.0	-7.0	-0.4
Italy	-1.2	-5.5	1.8
Korea	2.3	0.3	6.3
Netherlands	1.8	-3.6	1.6
New Zealand	-0.1	-2.1	1.2
Spain	0.9	-3.7	-0.1
Sweden	-0.8	-4.8	5.8
United Kingdom	-1.1	-4.1	2.1
United States	0.3	-3.5	3.0

Source: IMF, World Economic Outlook 2012: 191.

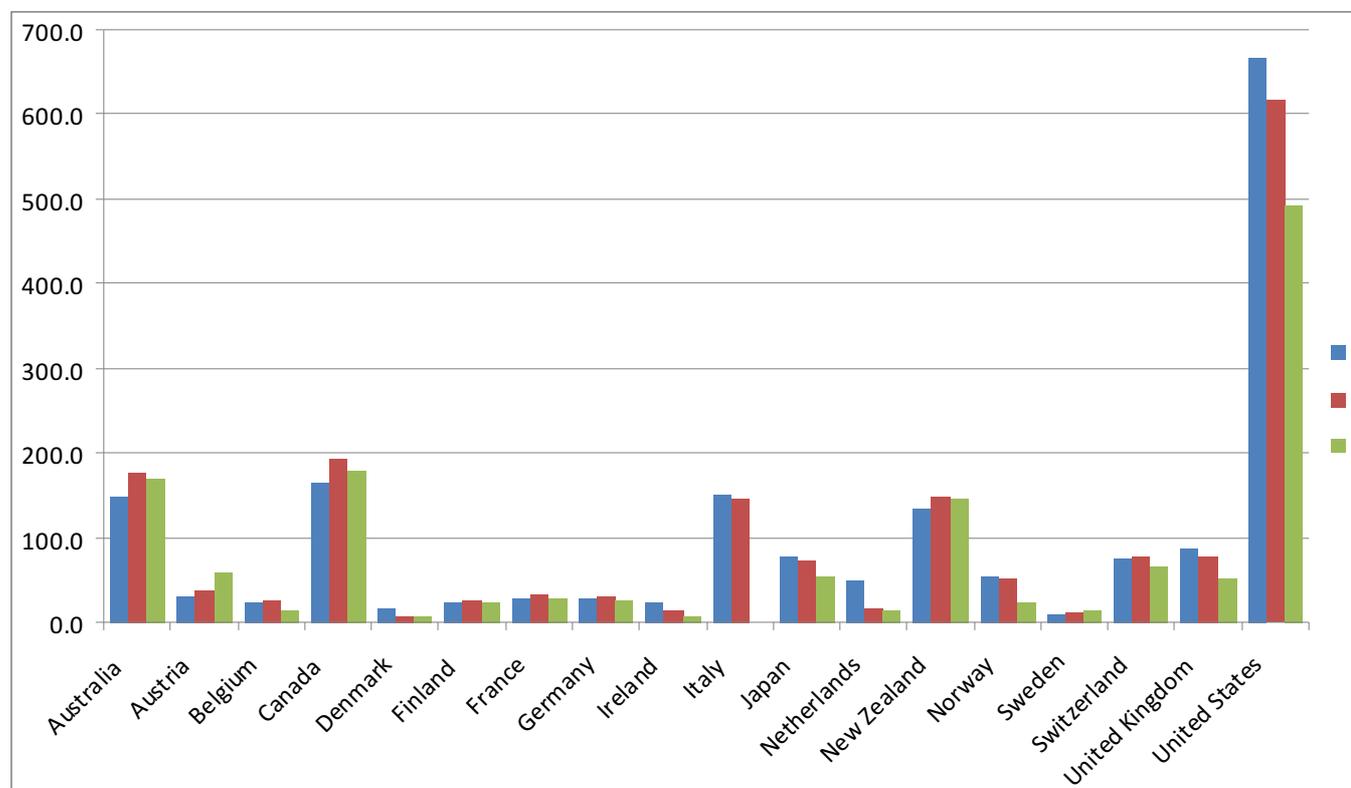
Unemployment rate also indicates the extent of the economic crisis – most countries below have experienced an increase in their unemployment rates especially in 2009. Again, countries such as Ireland and Spain stand out with significant change from 2008 to 2009.

Table 2: Unemployment rates in selected countries

	2008	2009	2010
Australia	4.3	5.7	5.3
Austria	3.9	4.8	4.5
Canada	6.2	8.4	6.2
Czech Republic	4.4	6.8	7.4
Denmark	3.5	6.1	7.6
France	7.4	9.2	9.4
Germany	7.6	7.8	7.2
Ireland	5.8	12.2	13.9
Italy	6.8	7.9	8.5
Korea	3.3	3.8	3.8
Netherlands	3.0	3.7	4.5
New Zealand	4.3	6.3	6.7
Spain	11.4	18.1	20.2
Sweden	6.1	8.5	8.5
United Kingdom	5.4	7.8	7.9
United States	5.8	9.4	9.8

Source: OECD statistics.

Figure 3: Inflows of foreign workers into selected OECD countries (permanent and temporary migration combined)

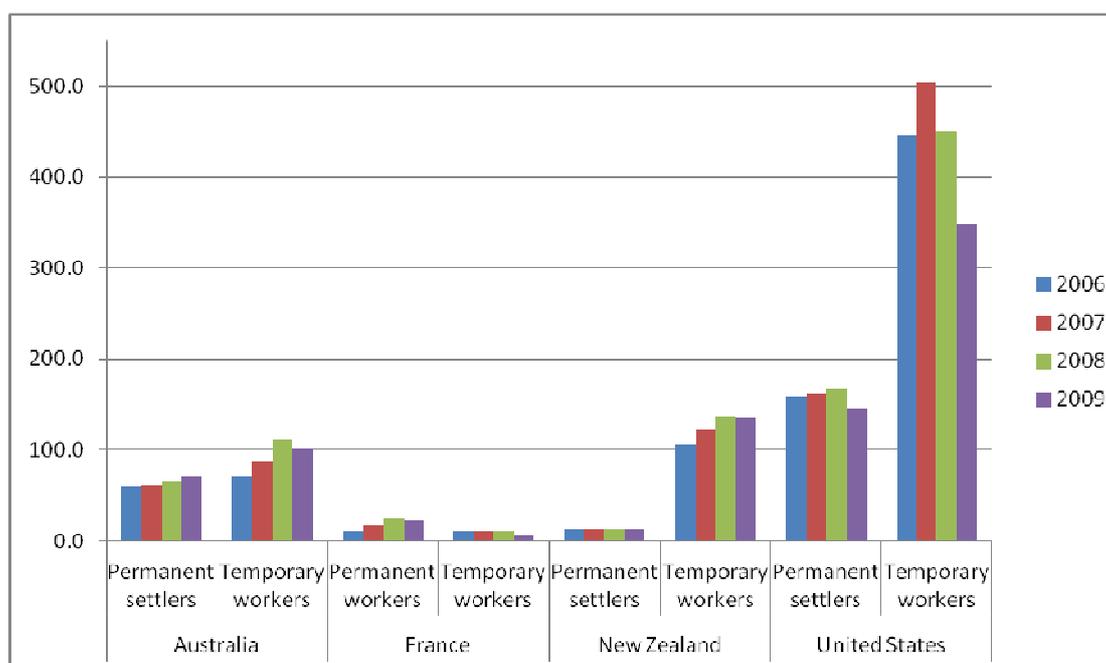


Source: OECD statistics. www.oecd.org/migration/immo

Note: Spain was excluded from the figure since only 2007 data is available (102,500 workers). Unfortunately the data does not differentiate between high- and low-skilled immigration.

Interestingly, the inflows of migrants increased only in a few countries in 2008: Australia, Canada and New Zealand ('settlement countries'). Considering the division into permanent and temporary migration, flows remained fairly similar for permanent migration in New Zealand and increased for Australia from 2008 to 2009. This could be linked to a backlog in applications. It is possible to differentiate four countries by permanent/temporary migration. The figure below indicates that there were not dramatic changes in inflows of permanent settlers in Australia, France, New Zealand and the US. Inflows into New Zealand even remained almost constant.

Figure 4: Inflows of foreign workers into four OECD countries (2006-2009)



Source: OECD statistics.

Note: Data is unfortunately not available for Canada.

Permanent migration has declined (except for some settlement countries such as Australia, Canada, the UK and the US), also during 2010 (OECD 2012). Temporary labour migration was one of the first migration channels to be affected by the economic downturn (OECD 2010: 20). To simplify the typology, we assume that supply-led systems correspond with permanent migration, whereas demand-led systems go hand in hand with temporary migration (of course some exceptions exist).

Table 3: Demand vs. supply-led systems (with specific programs)¹⁷

Demand-led systems	Supply-led systems
France Germany Ireland Italy Korea New Zealand (temporary) Sweden Spain UK (Tier 2) United States (H-1B)	Australia Canada Denmark Netherlands New Zealand (permanent) UK (Tier 1 until 2011) United States (permanent)

Closure is defined in the following way: when one of the elements described earlier is altered to make the policy more restrictive (i.e. give preferential treatment to native workers, omit sectors from shortage occupation lists, reinforce labor market tests, decrease number of quotas/numerical limits, limit non-discretionary flows, halt certain immigration programs). Openness is the opposite but can also refer to no change in the status quo.

The typology in Table 4 links the previously described factors in a systematic way – here focusing on inflows of immigrants and demand vs supply-led systems. Of

course countries have been affected by the economic crisis to varying extent, as discussed above.

Table 4: Typology of HSI policy outputs and openness/closure during economic crisis

Inflows of labor immigrants (prior to crisis)	Demand-led system	Supply-led system
High	Australia Ireland Italy Korea New Zealand Spain UK US CLOSURE	Australia Canada? UK CLOSURE
Low	France Germany Sweden OPENNESS	Austria Denmark? OPENNESS

Note: Some countries such as Italy and Spain did not have a specific HSI policy at that time – high-skilled immigrants have come through a general quota system (though Spain adopted the EU Blue Card in 2011).

The following sections will analyze some selected cases in detail, drawing on the linkage between important factors, such as inflows of immigrants, demand vs supply-led systems and the impact of the economic crisis. Many countries have responded to the economic crisis by tightening access to labor migration channels, such as cutting quotas (e.g. Italy, Korea, Spain), changing the labor market test (e.g. the UK, Canada) and redrawing shortage lists (e.g. Australia, New Zealand, the UK) (OECD 2010: 79).

For example, some countries (e.g. the UK and the US) have made it harder for employers to hire migrant workers by imposing stricter conditions on job advertisements and work permit renewals. These steps should encourage employers to hire native workers. However, they can risk pushing migrant workers into irregular

situations (The Economist 2009b). Other countries have decreased the number of migrants allowed to enter – these concern especially low-skilled workers, although the high-skilled have also been affected. Spain let in 15,731 migrant recruits under its ‘contingente’ scheme in 2008, but decreased the quota to only 901 in 2009. In the same country, the shortages occupations list from October 2008 had nearly a third less professions listed than the previous version (The Economist 2009b). The Italian government announced that no non-seasonal workers would be admitted in 2009, in contrast to the 70,000 in 2008. South Korea set this 2009’s limit of the Employment Permit Scheme to 17,000, down from 72,000 in 2008 (it further restored the quota as the economy improved – OECD 2011). Australia has lowered the limit to 108,100 from 133,500 skilled migrants (The Economist 2009b).

Immigration policy restrictions have taken place in a number of regions. Both Ireland and the UK are EU members, they fully adhere to the free movement of EU workers (even to the new EU member states, except Romania and Bulgaria), but they have opted out from other EU directives and labor immigration policies. Therefore, labor immigration of TCNs has remained in their own hands. Overall, a number of countries in have restricted immigration policy towards the high-skilled. Nevertheless, some countries (e.g. Canada) have not implemented new restrictions to HSI, at least so far.

Considering Australasia, the response there has varied. Australia has restricted its policy towards high-skilled workers and adjusted immigration levels downwards. Due to the crisis, the permanent skilled migration program was cut by 14 percent to 115,000 places for 2008-2009, and further reduced to 108,100 in 2009-2010. A new

demand-driven system from January 2009 prioritized applicants sponsored by employers and those with shortage occupations (OECD 2010: 188).

The government reduced the list of skills in short supply which is the basis for employer requests for 457-visas (Temporary Business - Long Stay). Construction trades have been dropped, but nurses, engineers and IT workers are still on the list. Unions called for a halt to all 457 entries (Migration News 2009a). On 1 April 2009, Chris Evans, the former Immigration Minister, announced a 4.1 per cent increase to the Minimum Salary Level (MSL). The Government thus tightened the 457 program, requiring that all 457-visa holders earn at least A\$45,221 (\$31,400) after 1 July 2009, and after 15 September 2009, 457-visa holders were required to earn local prevailing wages if they were electricians and plumbers (Australian Government 2009). The number of 457-visa applications fell from about 700 a week in December 2008 to 400 a week in March 2009 (Migration News 2009a). As a result of the reforms, employers had to give priority to native workers and pay 457-visa holders the same wages and benefits as Australian workers (Migration News 2009a). Nonetheless, the demand for high-skilled workers continued, especially in the health care sector (Workpermit 2009). Employers used the 457 program to bring in needed migrant workers on a temporary basis.

According to our expectations, New Zealand has kept its targets for permanent migration to date in order to stimulate the economy. But a review of shortage lists (for temporary migration) took place due to the economic crisis. Eight occupations were removed from the Long Term Skills Shortage List (temporary migration can result in residency) and 44 from the Immediate Skill Shortage List (for temporary migration) in July 2009 (OECD 2010: 58).

In the European Union, member states have dealt differently with the economic crisis, although the majority of states have restricted immigration policies towards the high-skilled. For instance, Ireland tightened up its immigrant work permit system in response to growing unemployment. The stricter rules, involving a revision of the qualifying conditions for new permits, came into effect from 1 June 2009. Mary Coughlan, the former Minister for Enterprise, Trade and Employment, said a ‘labor-market needs test for all future applications and renewals would allow “maximum opportunity” for any available job vacancies to be filled by Irish people and those from the European Economic Area’ (Agence France Press, 17 April 2009).

From 1 June 2009, employers who wanted to hire non-EU foreigners had to pay them at least EUR 30,000 a year. Occupations such as truck drivers were closed to them, and the spouses of non-EU migrant workers had to qualify separately for work permits. Employers only made 625 requests to hire non-EU foreigners in March 2009, down from a peak 3,700 in July 2007. The number of Green Cards for skilled migrants dropped by around 1,000 to 2,200 in 2008 (OECD 2010: 212). Instead of seeking local workers for four weeks, Irish employers had to recruit locally for eight weeks before host permission to hire non-EU foreigners (Migration News 2009b).

‘A June 2009 poll found that two-thirds of Irish respondents wanted the migration of labor from Eastern Europe restricted. Poles and other nationals from the accession countries (i.e. A8) are EU citizens and cannot be expelled. However, the 30,000 non-EU foreigners among Ireland’s two million workers have no such protections’ (Migration News 2009b). Irish workers have called for more immigration restrictions.

Similarly in the UK, as the crisis has deepened, former Prime Minister Gordon Brown in autumn 2008 promised ‘British workers for British jobs’, and former

Borders and Immigration minister Phil Woolas commented: 'Migration only works if it benefits the British people, and we are determined to make sure that is what happens' (Migration News 2009a). Several changes took place in regard to the income thresholds, qualifications, occupation shortage lists and labor market tests of the points based system (OECD 2010).

From April 2009, the government strengthened the resident labor market tests for Tier 2 skilled jobs: employers had to advertise jobs to native workers through the national Job Centre Plus (Labor Employment Agency) offices and in the EU, before advertising vacancies in non-EU countries (OECD 2010: 55). A £50 fee was also introduced in March 2009 on non-EU migrant workers and students to raise £15 million a year to help local communities cover costs associated with migrants (Migration News 2009a).

The government considered a proposal that would significantly decrease the number of high-skilled immigrants. 'During these economic times when people are losing jobs it is crucial that British workers and people already here have the first crack of the whip at getting back in to work' (Contractor 2009). Former Home Secretary, Jacqui Smith, announced plans that non-EU migrants could not 'take a skilled job in the UK unless it has been advertised to British workers first' (BBC 2009). This was the government's response to current economic circumstances. Migrants needed to have at least a master's degree and a previous salary equivalent to at least £20,000 (BBC 2009).

The Migration Advisory Committee (MAC) in the UK has published a number of reports, making recommendations for changes in UK's points-based system. In the April 2009 report, the shortage occupations list is smaller than previously. However, the MAC stresses that these changes would have been made despite an economic

downturn (MAC 2009). Since some sectors do not respond to economic cycles (as they have structural shortages), policy restrictions are less likely to be applied.

Overall, North America has been affected in a different way by the economic crisis and thus various governments' response to immigration policy has also differed. Whereas the United States has restricted its immigration policy towards the high-skilled, Canada has kept its (permanent) immigration targets so far on the level of the previous years. However, the government implemented changes to the temporary worker program, such as to limit stay to four years and impose a six-year re-entry ban even though temporary workers could apply for permanent residence once inside Canada (OECD 2010).

In the US, the Senate passed an act on 6 February 2009 which would make it more difficult for companies to hire H-1B workers. When Congress was debating the exact terms and conditions of the Troubled Assets Relief Program (TARP), the so-called economic stimulus package, a number of politicians called for a halt to the H-1B program in the financial sector. The final outcome 'solely' applied the same requirements for H-1B dependent companies to all banks and other recipients of TARP, specifically: (1) the employer cannot displace any similarly employed US worker with a H-1B hire within 90 days before or after applying for H-1B status or an extension of status; (2) the employer cannot place any H-1B worker at the worksite of another employer – meaning it cannot outsource a worker for a client – unless that employer first makes a 'bona fide' inquiry as to whether the other employer has displaced or will displace a US worker within 90 days before or after the placement of the H-1B worker; and (3) the employer has to take good-faith steps to recruit US workers for the job opening, at wages at least equal to those offered to the H-1B worker. The employer must offer the job to any US worker who applies and is equally

or better qualified than the H-1B worker (Herbst 2009). The act, supported by Senators Grassley (R-Iowa) and Sanders (Independent-Vermont) and passed by voice vote as an amendment to the economic stimulus package President Barack Obama presented, meant more protection for US workers (Herbst 2009).

6. HSI as Stimulus during Crisis?

The section examines whether any countries or regions have used HSI policy as stimulus to the economic crisis. In contrast to low-skilled workers, high-skilled workers in certain sectors will continue to be in short supply, despite the economic crisis. Labor shortages will remain due to geographic mismatches and occupations with specialized knowledge, such as health care and certain technical jobs (e.g. engineering, IT and advanced sciences). For these jobs, native workers cannot easily and quickly retrain for (The Economist 2009). (Unemployed) native or migrant workers might also be unwilling to move to regions with jobs because they have family ties or might not want to take unattractive jobs (Papademetriou & Terrazas 2009).

For instance, even though the US unemployment rate has increased to 9.4 percent, the highest level in almost 30 years, ‘employers are begging for qualified applicants for certain occupations, even in hard times. Most of the jobs involve skills that take years to attain’ (Uchitelle 2009). High-skilled jobs in demand include health care workers, geotechnical and civil engineers.¹⁸ In four categories - architecture and engineering, the physical sciences, computer and mathematical science and health care - the number of unemployed equaled to or were fewer than the listed job openings. There were, in sum, 1.09 million listed openings and only 582,700 unemployed people available to fill them.¹⁹

In general, given the politics, it is much easier to tighten controls, as countries are doing now, than to loosen them when the economy starts growing again. There are also genuine shortages of workers in some professions, such as medicine and certain technical jobs such as engineering, which locals cannot easily and quickly retrain for. Clamping down on the total flow of migrants, therefore, risks making such shortages worse.

(The Economist 2009b)

Once countries have passed more restrictive legislation, they might lack the flexibility to hire migrant workers once they exit the recession (The Economist 2009b).

Home and host countries benefit from liberalizing the movements of workers. Home countries can gain by placing excess supply of workers abroad, receiving remittances or investments from their emigrant workers and benefiting from increased training and experience from returned migrant workers. Host countries can gain through high-skilled migrant workers that fill labor shortages and help to alleviate burdens from population ageing. There is also a benefit from increased economic growth, competitiveness and technology transfer.

Governments should find 'effective safety nets for migrant workers and resist the inclination to establish adjustment measures that could have lasting impact on restricting future movements' (Abella & Duncan 2009: 11). In similar terms, the ILO states that 'the global crisis will not be solved by protectionist solutions. Rather, such solutions would depress world trade and investment, further aggravating the recession' (ILO 2009b: 59).

Thomas Friedman, a *New York Times* op-ed columnist, criticized US restrictions on HSI and called instead for more HSI because 'in an age when attracting the first-round intellectual draft choices from around the world is the most important competitive advantage a knowledge economy can have, why would we add barriers against such brainpower - anywhere? That's called "Old Europe." That's spelled: S-T-

U-P-I-D' (Friedman 2009). Instead, he argued that the main principle 'should be to stimulate everything that makes us smarter and attracts more smart people to our shores. That is the best way to create good jobs' (Friedman 2009).

Adopted restrictive labor migration policies during the crisis are likely to be 'sticky and stay even when recovery is achieved for a variety of reasons' (Abella & Duncanes 2009: 10). As mentioned before, countries will continue facing structural changes, such as ageing of the population, rapid technological change and decline in manufacturing industry, leading to shortages in some sectors of the labor market (OECD 2009). In high-skilled occupations, such as health care and engineering, labor shortages will remain strong, despite economic crisis and policy changes in a number of countries (Abella & Duncanes 2009). Education and experience remain important and high-skilled migrants are seen as stimulus for ailing economies.

The impact of the crisis and its policy responses vary from country to country, and from region to region. In 2008, the Migration Policy Institute (MPI) argued that 'highly skilled immigrants present the best near-term solution to fill shortages and enhance competitiveness. That's why gloomy economic forecasts do not seem to have slowed the hunt for high-skilled migrants' (Migration Policy Institute 2008). Is this really so?

On the first sight, some countries have passed more liberal immigration policies. For example, facing labor shortages in certain sectors, Sweden liberalized its labor migration policy in December 2008 in order to attract especially the high-skilled from non-EU countries. Government agencies would no longer decide if certain skills already existed in Sweden (Migration Policy Institute 2008). Nevertheless, Sweden's new labor immigration policy came into force two years after it was first proposed. In times of the policy proposal, Sweden's economic situation was very good and the

country experienced various labor shortages. Due to the complications in the political system and blockages by certain actors, the new law came into force amidst an economic crisis. Even Germany decided to maintain its open policy and implemented further measures to attract high-skilled immigrants from January 2009 (OECD 2010). There are time lags between policy proposal and policy implementation. Canada and New Zealand are among the few countries that have not announced more restrictive HSI policies (especially for permanent immigration). For instance, Canada continues its HSI recruitment policy. Jason Kenney, the Minister for Immigration stated that the country ‘would maintain its current policy of encouraging immigration in order to meet identified labor shortages in key areas despite the financial crisis’. He further claimed that ‘attracting different types of skills and talent are necessary for developed countries to compete in the global economy. Canada’s strategy of encouraging people to move there is the best way to prepare to exit the crisis’ (Mittal 2008). Prime Minister Stephen Harper said that the country needed workers suited to its economic requirements. Due to the expected demographic changes over the next twenty years, ‘developed countries need to attract talent, reduce skills gaps and project the skills shortage for the next few years. This is the time to attract the best skills instead of reducing the intake of immigrants’ (Mittal 2008).

In May 2009, the Council of the EU adopted the Directive on the Blue Card (Council 2009). The Blue Card would allow high-skilled TCNs to work in an EU country and encourage mobility. High-skilled migrants could bring their families, and a work permit was offered to the spouse. The Blue Card was proposed in 2007 (based on a 2005 European Commission Policy Plan), and it took many years of negotiation among the member states to reach a compromise. The goal of the Blue Card was that delegation to the EU level could provide a coherent and centralized framework for

managing legal migration, as well as could lead to more competitiveness by encouraging efficient recruitment and offering attractive conditions to high-skilled immigrants. Some member states were worried about training opportunities for their own citizens, while others feared losing sovereignty in migration matters (i.e. the power to determine who and who not to admit). Several politicians in the Netherlands and Germany were hostile and the Austrian government condemned the plan as ‘a centralization too far’ (BBC 2007). Most EU member states were reluctant to cede their responsibility to regulate labor market access and to grant rights to immigrants based on EU-figures and expectations. The EU policy, as finally agreed by member states, represented only a compromise based on a lowest-common-denominator (Cerna 2008).

For instance, the regulation of numbers and conditions for high-skilled migrants remained at the national level. Denmark, Ireland and the UK decided to opt out of the Blue Card since they wanted to retain immigration policy in their own jurisdiction. A compromise was reached to use salary level as the sole criterion (Euractiv 2008). After proposals of ratios of 1.2 or twice the salary, a figure of 1.5 of the average salary was agreed, lowered to 1.2 for sectors with severe labor shortages (Euractiv 2008). Another compromise was reached on the duration of the Blue Card. The original 2007 proposal envisioned the possibility for the migrant moving to another EU state after two years and working in the EU for a total of five years. The final agreement included provisions that allowed high-skilled migrants to move with their families to another EU state after 18 months, but then they would need to apply for a new Blue Card. The total duration of the visa would not exceed four years (Melander 2008). Governments could refuse to issue Blue Cards citing labor market problems or if national quotas were exceeded. Labor shortages intensified during

these years across the EU, but when member states finally agreed on the directive, most EU countries were hit severely by the economic crisis.

Free movement inside the EU cannot be stopped (or not easily) due to an established regional regime, so member states are changing their national immigration policies towards TCNs. As mentioned above, native workers in Ireland have called for more immigration restrictions. As Ireland is part of the EU and adheres to free movement of migrant workers, it cannot easily restrict immigration policies. However, Ireland can restrict policies toward TCNs, which are not treated under EU directives.

7. Conclusions

This paper has highlighted the importance of regime arrangements during crises. Where regime has been strong, nation states have been restrained in (over) reacting to political pressures exacerbated by the crisis. Beggar thy neighbor policies have not emerged and international coordination has been maintained. In trade there have been some moves to protectionism but the integrity of WTO mechanisms has remained intact. In immigration, where regimes are weak, there have been swift increases in restrictions. Migration might indeed be the last monopoly of state sovereignty.²⁰ But governments, who have made commitments in bilateral or regional agreements to accept immigrants in certain categories or from certain countries, have been restrained in changing policies (OECD 2009). This has been the case in some countries (e.g. Ireland and the UK), where both governments wishing to restrict labor migration policies could not do so for migrant workers from EU member states because of free movement agreements inside the EU.

The crisis, which started on Wall Street four years ago, has not ended. Policymakers are cautious and threats remain. As this paper demonstrates, some countries have undermined their future competitiveness by imposing unnecessary knee-jerk responses to the crisis most notably in HSI policy. Immigration is different from trade and restrictive coalitions have been more effective in this field than in trade at least for now, but this situation is evolving, and will hinge on the length of economic stagnation, high unemployment and high risk of a double dip recession. Is it just global governance or a reflection that trade has become too deeply entrenched to effectively lobby against? Protectionism would be self-defeating as it would meet with retaliation. Threats of retaliation matter in trade but there is no such possibility in immigration, so unilateral restrictive measures are possible to institute, and may be politically irresistible. Trade policy instruments are a pretty crude way of protecting workers, but limiting labor market competition by preventing immigrants from gaining access may be perceived as an efficient and direct way of doing so. Given that in social science, researchers tend to look at immigration or trade policy, this article was novel in bringing the two approaches together. Its value is the comparative approach it takes to globalization, across countries, regions and policy domains. While the economic crisis has provoked no globalization backlash in trade (and we think trade openness is hardwired), the labor immigration backlash may show that while we have reluctantly accepted the economics of globalization, we have not accepted its social or political dimensions nearly as easily. So 'the logic of markets drives us together, the backlash of culture, ethnicity, tribalism is driving us apart'.²¹

NOTES

¹ In 2007 and 2008, world output grew by over 5 percent and 3.4 percent, respectively. The European Union (EU), Japan, the United States (US) and other large developed economies had already entered into recession as early as the fourth quarter of 2007 (ILO 2009b: 3). In the advanced economies, GDP declined by 3.5% in 2009, a significant contraction. This has been followed by sluggish growth in 2010, which has failed to check rising unemployment.

² Globalization (broadly defined as increasing levels of exchange) is based on three pillars: (1) finance (2) trade of goods and services, and (3) migration. This paper focuses on the last two – even though the literature has analyzed the impact of the economic crisis on finance and trade, migration has been largely neglected.

³ ‘In many countries, a combination of trades union defense of jobs and the rise of new right-wing parties is pushing towards a strong nationalist restriction of immigration’ (Halliday 2010: 29).

⁴ Koslowski’s work on global migration regimes considers the role of regimes at the global rather than domestic level: see also Koslowski 2008.

⁵ The Asian crisis in 1997/98 did not have such major effects on global labor migration and thus is left out of this analysis.

⁶ In contrast to European countries, after the closure in the 1920s/1930s, the United States did not reopen immigration until 1970s/1980s.

⁷ Immigration was never the same again. The era of mass migration was over. The Great Depression saw a sharp rise in anti-globalization sentiment. In both the 1920s and the 1930s the US tightened its immigration policies. The Depression exacerbated this trend and far from immigration increasing, many foreign workers actually re-emigrated – ‘some 500,000 left in the 1930s, with many southern Europeans moving back permanently to the old continent. In the same decade the stock of Mexicans in America fell by a dramatic 40 percent, as they lost jobs and many were deported’ (The Economist 2009a).

⁸ The WTO has consistently tried to promote a successful conclusion of the Doha Round as a solution to everything from the food crisis (more consistent trade rules in agriculture) and climate change (trade rules on environmental technology transfer), to public health (Lamy urges multilateral cooperation to

advance public health ‘in the real world’ 14 July 2009) and sustainable fishing (08 June 2009, Lamy urges Doha deal for sustainable fishing).

⁹ The Global Trade Alert website is available at www.globaltradealert.org.

¹⁰ Of 99 migration measures in the GTA database, 49 have discriminated against foreign commercial interests. A wide range of often revealing examples are presented though there are also a number of examples with minor or questionable outcomes - a particular weakness is the heterogeneity of the sample. For example on 29 February 2012, the government of Indonesia issued a decree prohibiting wholly Indonesian-owned companies from hiring foreign staff for senior positions. On 6 April 2011, the British government raised the requirements to qualify for a permanent settlement permit. In November 2011, the British government announced the extension of the employment restrictions on Bulgarian and Romanian citizens.

More information at: <http://www.globaltradealert.org/taxonomy/measure-type/migration-measure>

¹¹ International aid flows have the potential to act as a counter-cyclical flow for developing countries. But they would seem to be particularly vulnerable to decline. However, they have remained resilient, again because of high-level political commitment and international coordination. In the case of the United States, pledges have been made to increase, perhaps even double, foreign aid in the years ahead. A survey of indicative forward planning from the OECD indicates that other major donors plan to sustain aid flows at current level. Some countries with severe fiscal crisis like Italy and Ireland have been forced to cut their aid budgets. But overall globalization in the trade and aid spheres has held up quite well.

¹² Two-way trade in manufactured products now characterizes not just trade within the North, but also between the North and the South (O’Rourke 2009).

¹³ Indivisibility means that ‘the object of multilateral regulation should take the form of a public good’ – costs and benefits should be shared equally among states. Second, principles or norms of conduct can alter states’ behavior. It is more likely that states will respect the principles and norms, the fewer there are. Third, diffuse reciprocity signifies that states need to be convinced that everybody will respect the rules of ‘the game’ (Hollifield 2008a: 10).

¹⁴ Author’s interview with Ministry of Education & Research, Bonn, Germany, 4 July 2008.

¹⁵ Author’s interview with Microsoft, Washington DC, October 2007.

¹⁶ This section builds upon an ILO working paper on economic crisis and high-skilled immigration (Cerna 2010).

¹⁷ Three European countries have introduced point-based system for labour immigration: the UK (October 2008), Denmark (July 2008) and the Netherlands (January 2009) (OECD 2010: 58). In the UK, Tier 1 is for high-skilled immigrants (mainly a points-based system which was discontinued in fall 2011), whereas Tier 2 is meant for skilled labor migrants with a job offer.

¹⁸ For example, ‘Not newly graduated civil engineers,’ said Larry Jacobson, executive director of the National Society of Professional Engineers. ‘What’s missing are enough licensed professionals who have worked at least five years under experienced engineers before taking the licensing exam’(Uchitelle 2009).

¹⁹ ‘In a monthly count of online job openings, listed on Monster.com and more than 1,200 similar Web sites, the Conference Board, a business organisation in New York, breaks the advertised openings into 22 broad occupational categories and compares those with the number of unemployed whose last job, according to the bureau, was in each category’ (Uchitelle 2009).

²⁰ Ibrahim Awad, personal discussion, 14 August 2010.

²¹ John Hancock, personal correspondence, 29 November 2009.

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