

## **After the Boom: The Impact of the Economic Crisis on Migration and Migration Policy in Ireland**

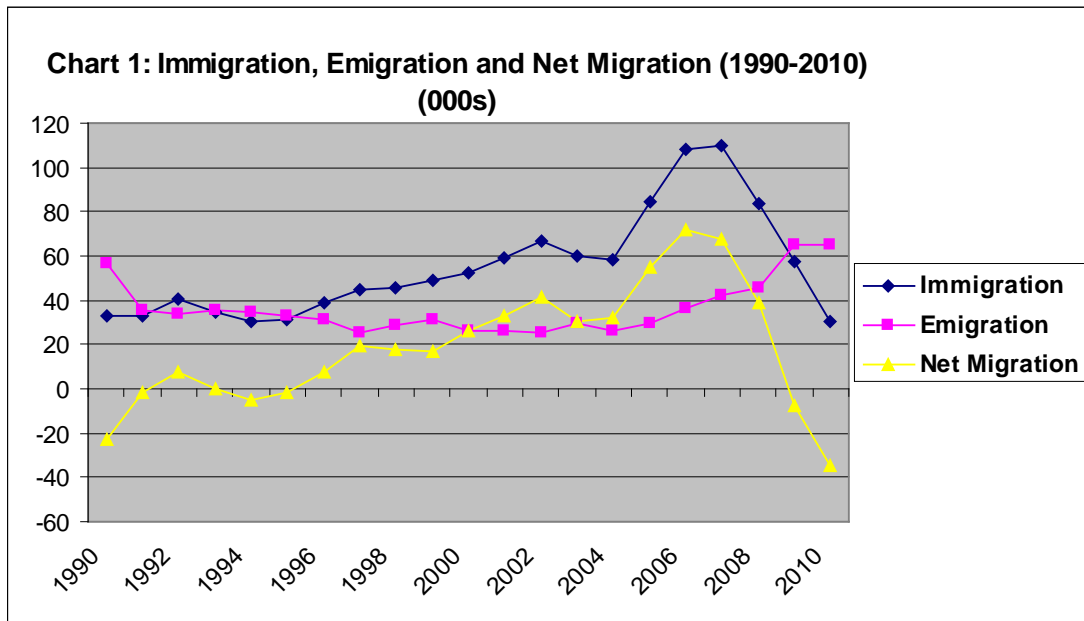
Torben Krings

After almost two decades of unprecedented growth during the Celtic Tiger years, Ireland has been hit by a severe recession in 2008. A dramatic decline in the housing market in conjunction with the global financial crisis dramatically altered the economic fortunes of the country. Between 2008 and 2010, the Irish economy shrank by over 15 per cent and almost 250,000 jobs have been lost. The unemployment rate, once among the lowest in the EU, is now over 13 per cent (Barrett et al. 2010). What has been the impact of the downturn on migration and migration policy in Ireland?

This paper will address the implications of the crisis on migration and migration policy in a three-fold manner. First, it will provide an overview of recent migration flows to and from Ireland. Secondly, the paper provides evidence from a Qualitative Panel Study on Polish migrants in the Irish labour market to illustrate migrant strategies and behaviour at the micro level. This data corroborates the macro evidence on migration flows: whereas fewer migrants arrive in times of a crisis, those already in the country do not necessarily leave in greater numbers. Thirdly, the paper will address the implications of the recession on migration policy in Ireland. In the context of the downturn the requirements for new employment permits for non-EEA migrants have become more restrictive. At the same time there have been some recent policy initiatives that have eased the conditions of current permit holders, suggesting that migration policies are not solely determined by a more restrictive or exclusionary logic in times of economic crisis.

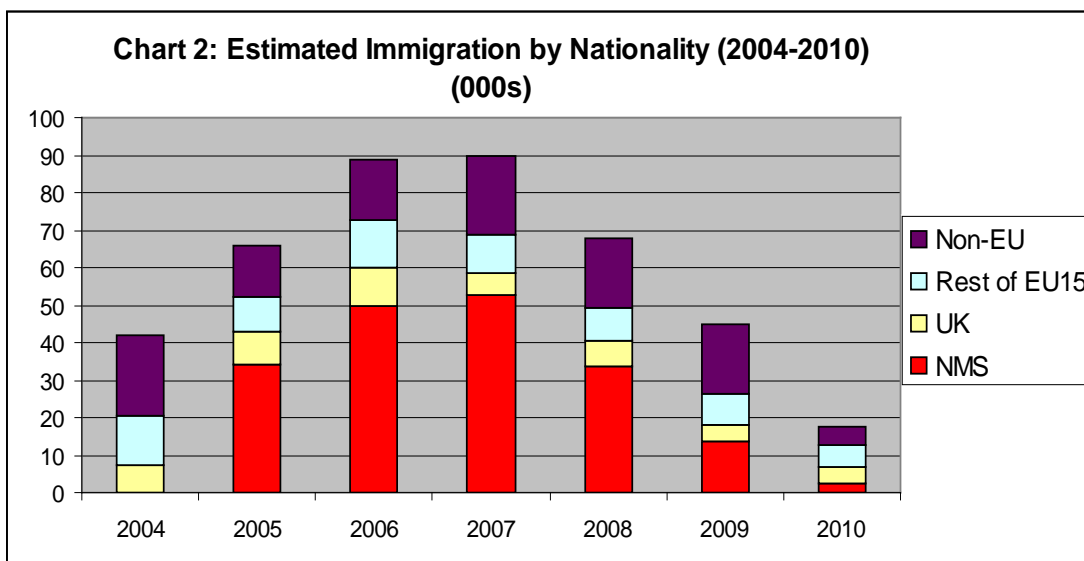
### **1. Migration flows and stocks**

Ireland has traditionally been a country of emigration. For generations, Irish people emigrated to countries such as the USA, Britain and Australia. However, in the context of an unprecedented economic boom in the 1990s ('Celtic Tiger'), Ireland transformed into a country of immigration. As can be seen from Chart 1, since the mid-1990s migration flows have been positive with more people coming into the country than leaving it. However, more recently, in the context of an economic downturn, net migration turned negative once again in 2009 when more people, both Irish and non-Irish nationals, were leaving the country, a trend which has accelerated in 2010.



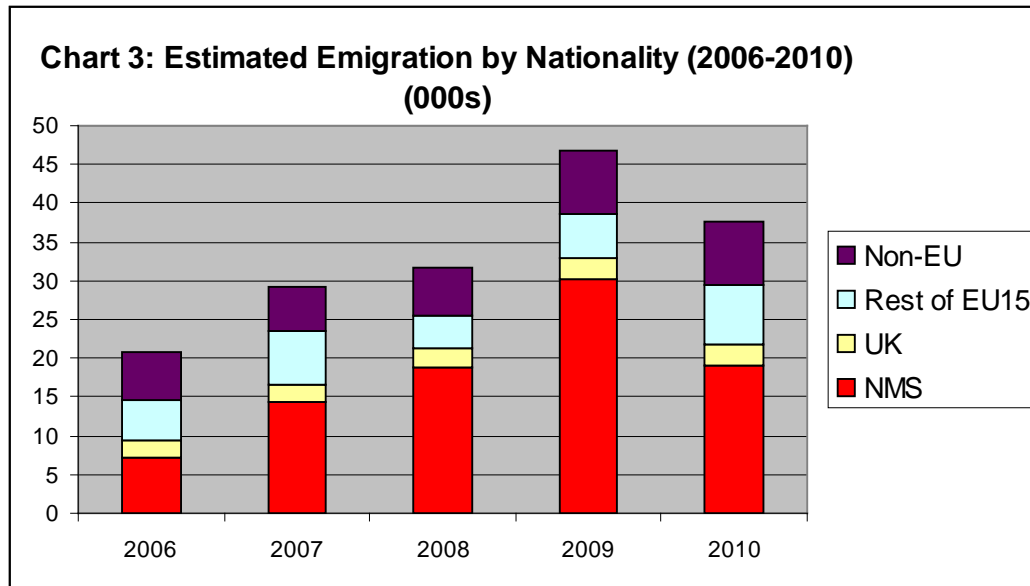
Source: CSO (2010a)

If we break down these migration flows by nationality, we notice that in particular since EU enlargement in 2004 and Ireland's open labour market policy, migration flows from the new EU member states (NMS), and in particular from Poland significantly increased (Chart 2). Overall, EU nationals from both the old and the new account for over 70 per cent of all migrants in Ireland which is quite unique in Western Europe; only Luxembourg has a higher share of EU migrants. As can be seen from Chart 2, immigration peaked in 2006 and 2007 and is in sharp decline since then. This is likely to be linked to the economic downturn that hit the country in 2008.



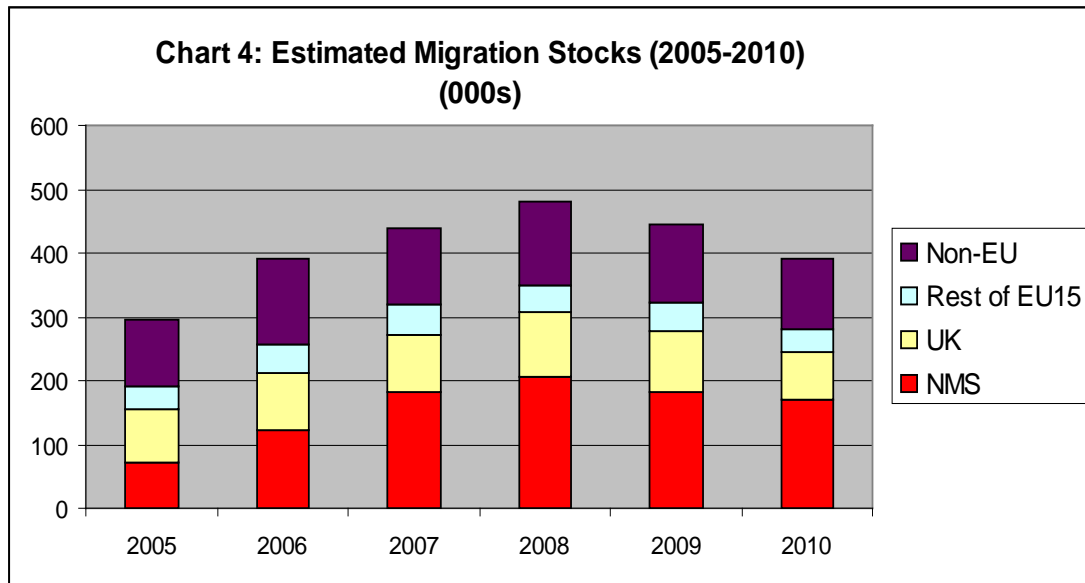
Source: CSO (2010a); As these estimates are for each year up to April, NMS migrants are included in 'Non-EU' for the year 2004.

Thus, if migrant inflows declined recently, how about migrant outflows from Ireland? As can be seen from Chart 3, migrant outflows noticeably increased in 2009 which is likely to reflect deteriorating economic circumstances. There has been a particular outflow among male NMS migrants which appears to be linked to large-scale job losses in the construction sector where the former have been over-represented.



Source: CSO (2010a)

Nevertheless, although net emigration has returned to Ireland, these outflows have not reversed the situation of Ireland as a country of immigration. While migration stocks declined by around 90,000 between the second quarter of 2008 and 2010, there still live almost 400,000 migrants aged 15 years and over in Ireland, accounting for 11 per cent of the total population and 13 per cent of the labour force (Chart 4). Indeed, the Irish migration experience suggests that migrant inflows appear to be more sensitive to an economic downturn than migrant outflows. Whereas inflows have sharply declined, those already in the country have not left to the same extent. This would be in accordance with historical experience (Dobson et al. 2009).



Source: CSO (2010b)

### The impact of the economic crisis on migrants

As already mentioned, there have been large-scale job losses since Ireland has been hit by a recession. Unemployment increased from under 5 per cent at the beginning of 2008 to over 13 per cent in the second half of 2010. If broken down by nationality, unemployment of Irish nationals increased from 4.5 per cent to 13 per cent, whereas unemployment for non-Irish nationals increased from 6.4 per cent to 17 per cent. Thus, although both Irish and migrant workers have been affected by the crisis, the latter appear to have been somewhat more hit.

There are, however, noticeable differences in the way migrant groups have been affected by the crisis. Migrants from the 'old' EU13 (excluding Ireland and the UK) have only seen a modest increase in unemployment (from 6.5 per cent to 7 per cent). This relatively modest increase is linked to the fact that EU13 nationals tend to be over-represented in those employment sectors such as Information and Communication Technologies that have been left relatively untouched by the crisis. UK nationals have seen unemployment rising from 8 to 17 per cent whereas non-EU nationals experienced an increase from 8 to 15 per cent.

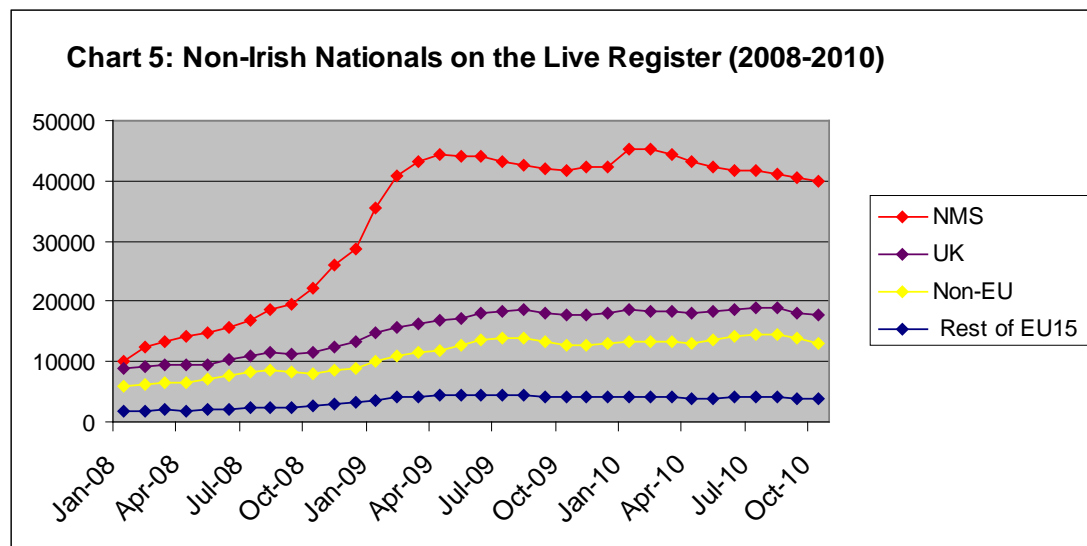
Of all the migrant groups in the Irish labour market, NMS migrants have been hit the hardest with an increase in unemployment from 6.4 per cent to almost 20 per cent (CSO 2010b). As already mentioned, this is linked to large-scale job losses in the construction sector which has been the worst affected by the downturn. Further, NMS migrants were over-represented in those two other sectors of the Irish economy, manufacturing and retail that also experienced a significant decline in employment. As with construction, these sectors have a high share of relatively low-skilled jobs. It is therefore no exaggeration to say

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that migrants in less-skilled employment have been the worst affected by the crisis. This would be in accordance with historical experience that showed that migrants in less-skilled occupations are usually the ones who are the first to be laid off during an economic downturn (OECD 2009). In turn, migrants in those sectors such as Information and Communication or Health and Social Work that have a high share of skilled and highly skilled positions have been relatively unaffected by the crisis (CSO 2010b).

Not surprisingly, the issue of migration and social welfare has acquired greater prominence in Ireland in the context of the downturn. Previously, migrants were less likely to be welfare recipients than Irish nationals (Barrett/McCarthy 2008). However, in the light of substantial job losses among the migrant population and the fact that many migrants have now become eligible for social welfare benefits under the Habitual Residence Condition, this pattern has somewhat changed recently. Between January 2008 and January 2010, the number of migrants signing on the Live Register<sup>1</sup> has increased by over 200 per cent from 26,500 to 81,400. During the same period, the number of Irish nationals signing on has increased by 130 per cent from 155,000 to 355,500. Among non-Irish nationals, NMS migrants, who previously had the highest employment rate of any migrant group and who have been the worst hit by the crisis, have seen the highest increase of people signing on. As can be seen from Chart 5, however, in recent months the number of migrants on the Live Register has somewhat declined which is likely to reflect some outflows among NMS migrants in particular.



Source: CSO (2010c)

Thus, the statistical data suggests that in spite of significant job losses, there is so far only limited evidence to suggest that the current crisis will trigger large-scale outward migration from Ireland (Krings et al. 2009). To illustrate the actual behaviour of migrants in an economic downturn, we will now

<sup>1</sup> The Live Register counts those persons who are recipients of either Jobseeker's Benefit or Jobseeker's Allowance.

present interview data from a two year Qualitative Panel Study on the experience of Polish migrants in the Irish labour market.<sup>2</sup>

### **Migrant behaviour in an economic downturn**

Interestingly, the statistical evidence of only limited migrant outflows in times of economic crisis is corroborated at the micro-level. When we completed our study in early 2010, six out of 22 participants had left Ireland. Why did many of our interviewees continue to stay in Ireland, in spite of deteriorating economic conditions? For a start, a majority of our participants remained in employment, in spite of the crisis. This is also reflected at the macro-level. In spite of significant job losses, 64 per cent of all NMS migrants over the age of 15 remain in employment in 2010 (CSO 2010b).

Although some other participants had lost their job, this did not lead to their departure from Ireland as social welfare arrangements offer some protection against unemployment. As already mentioned, most NMS migrants who arrived post-enlargement are now eligible for welfare benefits and they became increasingly aware of this: 'You can always get...I wouldn't want to...but you can get the benefit here, the one for the unemployed. So it gives you some survival' (male, construction labourer, 30).

Further, what is sometimes neglected in the debate about whether migrants will 'stay or go' is that the decision to migrate and, consequently, to stay or move on, is not reached on the basis of economic considerations alone. Certainly economic 'push' and 'pull' factors are a necessary condition to trigger migratory movements. In other words, if there had not been significant wage differentials between Poland and Ireland, with high unemployment in the former and significant labour and skills shortages in the latter, large-scale migration between the two countries had not occurred.

However, in the later stages of the migration process, push and pull factors become less important and networks take on a greater importance (Massey et al. 1993; Waldinger/Lichter 2003). The longer migrants stay abroad, the more they become immersed in the various social networks in the host country: 'I practically don't have any of my friends over there (in Poland). And here, you know, I have loads of friends; my whole life is centred around here' (female, architect, 28). New found social relations can influence the decision to stay in

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<sup>2</sup> The study which included six interview waves altogether commenced in 2008 and was completed in early 2010. Our sample included twenty-two migrants, ten women and twelve men, aged between 22 and 38 years who almost all arrived in Ireland post-enlargement 2004. They worked in a variety of occupations ranging from general operatives and less-skilled service sector positions to managerial and professional positions in four employment sectors, construction, hospitality, software and financial services. Whereas the first interviews were carried out in the final months of the Celtic Tiger boom, the later interview waves were carried out in the midst of a recession and rising unemployment. Consequently, we were able to trace migrant responses to these dramatically changed economic circumstances.

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the host country: 'For the moment I'll be here...at the beginning it was tougher, but now I'm somehow becoming more and more acclimatised when it comes to friends, some acquaintances and stuff like that' (female, receptionist hotel, 24). Thus, migrant networks help to sustain the migration process relatively independently from short-term economic change, including an economic downturn (Portes 1995).

Another factor that goes beyond just economic considerations is the search for a better quality of life. Most research on intra-European mobility usually finds that there exists an 'East-West' divide as to why people move abroad. Whereas for NMS nationals a higher household income is said to be the single most important reason to move to another country, for nationals from the 'old' Member States 'quality of life' issues are at least equally important (EU Commission 2008; Recchi 2008). Certainly for most of our participants the search for a job and a higher income were initially the single most important reason to move to Ireland. Nevertheless, our interviews also suggest that the longer NMS nationals stay in Ireland, the more issues like quality of life become important and may influence their decision to stay. As one interviewee put it, 'I care about people who I work with, I like living in this country, you know, I like the lifestyle' (male, Chef, 27). Even though this architect became unemployed, she had little desire to return to Poland:

You know, I would go back to Poland and then what? I would get 570 PLN (Polish Zlotys) (per month; €139 in current exchange rates). I would have to move back to my parents (who) live in a village. No, then I prefer to stay here...In here I have my friends and I am in the city...You know, maybe something will work out here (female, architect, 28).

Thus, a majority of our participants continue to stay in Ireland, in spite of the economic crisis. Of those six participants who had left Ireland in the course of our study, four returned to Poland and two moved to Canada and Switzerland respectively. While the recession was certainly a factor, other reasons included new career opportunities elsewhere including setting up a business in Poland as well as lifestyle choices such as following the partner to another country or the desire to move to another continent. Thus, the recession is likely to have accelerated the mobility behaviour of some migrants but it has not transformed Polish-Irish migration altogether which continues to be shaped by frequent border crossings and substantial two-way traffic.

So far we have mainly dealt with the consequences of the recession on migrants. Hence we will now address in the final section to what extent Ireland's migration policy has been affected by the economic downturn.

### **Policy initiatives in relation to migration and the economic crisis**

There have been various policy developments in relation to immigration and the economic crisis. In response to the crisis, the requirements for employment permits have become more restrictive in 2009. For new work

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permits, a vacancy now has to be advertised with the FÁS/EURES employment network<sup>3</sup> for at least eight weeks instead of four, before a work permit for non-EEA nationals can be applied for (Labour Market Needs Test). Further, certain occupations such as domestic workers and heavy goods vehicle (HGV) drivers are no longer eligible for a new work permit. The same applies to any job paid less than €30,000. Moreover, spouses and dependants of new work permit holders can no longer apply for an employment permit.

In relation to Green Cards, certain occupations in Healthcare, Financial Services and Industry Services with a salary range of €30-60,000 have been removed from the Green Card eligible list. At the same time some occupations such as ICT professionals in this salary range remain eligible for Green Cards. Further, all occupations with a salary of €60,000 or more remain eligible for a Green Card. Thus, whereas the Irish government intends to restrict the number of migrants for lower-paid positions, there is a continuous commitment to facilitate higher-skilled migration into areas 'where there is strategic skills shortage' (DETE 2009).

Although Irish immigration policy aims to limit the number of new employment permit holders in the light of the recession, there have been some policy initiatives in 2009 that have eased the conditions of current permit holders. Those who have held an employment permit for five consecutive years no longer require a permit to remain in employment. Further, those permit holders who have been made redundant now have six months instead of three to find new employment. Moreover, employment permit holders who have been made redundant no longer have to satisfy the Labour Market Needs Test when applying for a new work permit. These measures have been welcomed by NGOs such as the Migrant Rights Centre Ireland who in alliance with trade unions and other organisations have campaigned for such changes.

In times of an economic crisis, the issue of foreign students has acquired a greater importance in Ireland as many of them work part-time. In relation to this, the Minister for Justice, Dermot Ahern, launched a consultation paper on a new immigration regime for non-EU students in September 2009. The document proposes to limit the time non-EU students can spend in Ireland to two years for those attending language schools and further education institutes. Further, a stronger regulation of English Language schools is suggested (DJELR 2009). These proposed measures are linked to concerns that some students enrol in language schools each year as a means of remaining and working in the state. As with a more restrictive employment permit system, this initiative has to be seen in the context of rising unemployment among the domestic workforce.

One recurrent theme in relation to migrants in recent years has been the issue of workplace exploitation and rights violations (Labour Relations Commission 2005). In response to such concerns that have been raised by trade unions

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<sup>3</sup> FÁS (Foras Áiseanna Saothair) is the Irish Training and Employment Authority.

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and migrant NGOs in particular, the 2006 social partnership agreement *Towards 2016* agreed on a number of measures aimed at strengthening compliance with employment rights. These measures include the setting up of a statutory agency for employment rights, increased penalties for non-compliance, and a stronger regulation of employment agencies.

While the National Employment Rights Authority (NERA) has already been set up on an interim basis, the other provisions still await ratification in the form of the Employment Law Compliance Bill 2008. There is no evidence to suggest that the Irish government is no longer committed to the bill. However, it is not implausible to suggest that the economic crisis may have delayed its ratification. It certainly appears as if the government has become more receptive to calls by employer groups for amendments to the bill. The Irish Business and Employers Confederation (IBEC) for instance, argued that the bill in its current form imposes too much of a burden on employers and would ultimately cost jobs (Slattery 2009).

There are also various initiatives in place to increase the number of voluntary returns among migrants whose application for asylum has been unsuccessful or who no longer hold a valid residency stamp. In relation to voluntary return the Department of Justice recently solicited proposals for projects to be financed under the European Return Fund which are currently under review. The aim is to increase the number of voluntary returns with a particular emphasis on migrants from Brazil, China and Nigeria who are no longer entitled to be present in the state. The International Organization for Migration (IOM) already operates a Voluntary Assisted Return and Reintegration Programme for asylum seekers and irregular migrants in Ireland. Since 2001, over 2,300 migrants received assistance in returning home from Ireland.

Thus, some immigration policies have become more restrictive in the context of deteriorating economic circumstances. At the same time there have been some recent policy initiatives that have eased the conditions of current employment permit holders, suggesting that migration policies are not solely determined by a more restrictive or exclusionary logic in times of economic crisis.

### **Conclusion**

Ireland has experienced large-scale immigration in particular from the new EU member states in recent years. However, in the context of an unprecedented economic crisis, migration inflows have declined and in 2009 net outward migration has returned to the country. Nevertheless, it is worth emphasising that these outflows have not changed the situation of Ireland as being a country of immigration. Two years after Ireland was officially declared to be in a recession, migrants continue to account for over 10 per cent of the population. Migrant outflows may further increase in the months and years ahead, depending not only on the development in Ireland but also, crucially, on the situation in the country of origin of migrants (Papademetriou/Terrazas

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2009). However, there is little contemporary evidence nor historical precedent to suggest that the large-scale immigration of the last decade will be reversed.

By presenting evidence from a Qualitative Panel Study on the experience of Polish migrants in the Irish labour market, we showed that the decision to 'stay or go' is more complex than any simplistic assumptions about 'migrants going home' allow for. For a start, a majority of migrants remain in employment, in spite of the downturn. Furthermore, even if migrants should lose their job in Ireland, welfare arrangements offer some protection against unemployment. Moreover, the longer migrants stay in the host country, the more non-economic factors such as social networks and quality of life take on a greater importance.

This poses some important questions to policy-makers and other stakeholders. Is there enough political goodwill to defend the employment and welfare rights of migrants in times of more intense competition for jobs and resources? Will sufficient resources be provided to enable an active integration policy even though government revenues are in decline? Is there enough political goodwill to defend the employment and welfare rights of migrants even, or perhaps especially, during a downturn? Will migrants who have lost their job be afforded the same opportunities for retraining and upskilling as Irish workers? Or is there a tacit assumption that migrants will return home 'when times are getting tough'? As this paper has shown, the latter is likely to prove a fallacy.

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