

Exploring Economism in Migration Policy and Research

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Abstract

Stating the need for immigration and pointing to its benefits for the receiving country is a known strategy in political discourse to encourage public support of increased immigration targets or liberalised immigration. The economic benefits of migration have traditionally served as a counterargument against political fears of xenophobia in many European countries, and in Australia, they have helped to replace an immigration policy based on exclusion. Needs and benefits are usually described in relation to the host economy, more specifically the labour market and income through tax. The language of needs and cost-benefits which has become normalised in immigration policy in Australia as well as internationally is however not restricted to the policy sphere. It extends into the area of research on immigration and settlement. This paper will first discuss the economic rationales underpinning Australian immigration policy with a particular focus on regional settlement policies before exploring manifestations of economism in analyses of migration and reflecting on implications for the sociological analysis of migration. The paper is based on a literature and policy review for a new Australian Research Council Linkage project on migrants and refugees' settlement in rural and regional Australia.

Keywords: economism, migration policies, regional migration, discrimination, racism

Introduction

Stating the need for immigration and pointing to its benefits for the receiving country is a known strategy in political discourse to encourage public support of increased immigration targets or liberalised immigration. The economic benefits of migration have traditionally served as a counterargument against political fears of xenophobia in many European countries (Piguet 2006), and in Australia, they have helped to replace an immigration policy based on exclusion (Teicher et.al. 2002). Needs and benefits are usually described in relation to the host economy, more specifically the labour market and income through tax. The language of needs and cost-benefits which has become normalised in immigration policy in Australia as well as internationally is however not restricted to the policy sphere, it extends into the area of research on

immigration and settlement. This paper will first discuss the economic rationales of Australian immigration policy with a particular focus on regional settlement policies before exploring manifestations of economism in analyses of migration and reflect on implications for our thinking on migration. The paper is based on a literature and policy review that I have conducted as part of a new Australian Research Council (ARC) Linkage project on ‘Resettling Visible Migrants and Refugees in Rural and Regional Australia’.¹

The economics of migration

Evidently, economic needs are a significant factor in both, giving rise to migration as well as accepting migrants in the so-called receiving countries or host societies. On the one hand, most migrants are searching for better opportunities in their destination country and those are directly or indirectly related to employment. Host country governments on the other hand aim to attract migrants who meet national or local skills shortages, supported by increasingly sophisticated instruments for such a matching exercise (see e.g. Australia’s recently introduced *Critical Skills List* which replaced the *Migration Occupations in Demand List*). The apparent complementarities of hopes and expectations invested particularly in skilled labour migration lead to its presentation as a ‘win-win’ mechanism in the political sphere.² With the increasing fine-tuning of Australia’s skilled migration policy the employment rates of skilled migrants are shown to have improved (Hawthorne 2005), which seems to further support this positive perspective.

However, a considerable body of analyses suggest that the reality of migrants’ employment overall in Australia is still far from satisfactory. Unemployment and underemployment is more common among migrants than in the host society

generally, even among skilled migrants and thus despite skilled migration policies (Ho and Alcorso, 2004; Thapa 2004; Chiswick and Miller 2008). Secondary applicants for skilled migration visa and certain subcategories of skilled visa holders experience particular difficulties in accessing employment that matches their levels of qualification (Birrell et. al. 2006), which is also due to a number of social and cultural factors (Ho 2006). Additionally, migrants and also refugees experience discrimination and racism in the labour market (Colic-Peisker and Tilbury 2007; HREOC 2008; Vic Health 2007). Such findings challenge indeed the mentioned hopes for a win-win situation, also in relation to the matching of regional labour shortages with refugees (Taylor 2005). Furthermore, a growing body of research on the settlement experience of migrants and refugees suggests that employment must not be viewed in isolation as sole parameter of their wellbeing but in its multi-dimensional context. This important insight has clear implications for a research agenda on migrants' and refugees' position in Australia, especially given the current political and scholarly preoccupation with social inclusion as a measure of individuals' and societal wellbeing. While there are many definitions of the term social inclusion, they all tend to share a reference to social and civic participation, thus extending beyond the economic sphere.

The economism of immigration policies

The term 'economism' is used to refer to the institutional embedding and normalization of economic logic as a determinant (Kay 2008). 'Economism is the acceptance of imperatives of economic necessity, at both the micro and macro levels, as occluding or limiting alternative moral or democratic decision-making logics' (Kay 2008:20). As Kay points out furthermore, 'the term "economism" has the advantage

of distinguishing the political power of economic ideas from economics itself' (Kay 2008:21). By describing a political strategy of defining political issues as economic issues, it provides a useful conceptual tool to analyse the framing of immigration and issues related to migrants' and refugees' settlement.

Australian immigration policy has 'always aimed at specific economic objectives' and 'favoured the young, healthy and employable', as Jupp (2002:143) argues. However the 1980s signified a shift away from a policy premised on ethnic exclusion to one that should primarily serve the needs of the domestic labour market (Teicher et. al. 2002). Non-economic factors were increasingly eliminated from the points-system for selection, first introduced in 1979 (Jupp 2002). Migrants and diversity were reframed as productive resources for the Australian economy (Lopez 2002). The shift to skilled migration and the policy rationale of 'managerial multiculturalism' (Jayasuriya 2008) was further developed under the Coalition-Government and characterised by a discourse of 'harnessing the economic benefits of diversity' (Bertone and Leahy 2001). Economic migration modelling has since regularly demonstrated the national benefits of migration, particularly skilled migration, through increasing consumption and job growth (Econtech 2004; 2006). The fiscal benefits from taxation and visa charges are shown to far outweigh the costs that migrants impose on health, education, welfare, employment and settlement services (Access Economics 2008). Only last year, the Academy of Social Sciences in Australia released a report stating that Australia's growing labour requirements cannot be met by the native workforce and current levels of immigration (McDonald and Withers 2008). 'The bottom line', as the Australian Minister for Immigration and Citizenship Senator Chris Evans put it in 2008, 'is that our migration program is vital to keep the economy growing as well as helping Australian businesses overcome skills shortages.'

Regional settlement policies provide a telling and less researched example of the economic rationale that underpins Australian immigration policy. The policy of encouraging newly arriving immigrants to settle in rural areas has been actively encouraged by the Commonwealth Department of Immigration and Multicultural Affairs since the mid 1990s (Babacan 1998; Withers and Powell 2003). This was based on the recognition that migrants gravitate to large cities (particularly Sydney and Melbourne) and that there was therefore a need to increase the dispersal of migrants into regional areas and places with low population growth and labour shortages (Commonwealth-Victoria Working Party on Migration 2004). Firstly, a number of State Specific and Regional Migration programs (SSRMs) were created to channel migrants into particular regions with more acute labour shortages. Secondly, refugee settlement and relocation pilots were started in several regional sites to address both regional needs and refugees' difficulties in accessing urban labour markets.

Over recent years, Australian State and Territory Governments have gained increased flexibility to be involved in the skilled and business migration programs. This means that participating state governments can determine how aspects of the programs can be used to best meet their own development needs (Hugo 2008). The focus on economic benefits has been extended to include benefits in the social and cultural arena and coupled with the aim of achieving an equitable distribution of those gains between metropolitan areas and the regions:

'Migration is about considerably more than achieving population growth targets. Migrants make a significant contribution to the Australian economy and enhance the nation's already rich cultural mix. It is important that these benefits—economic, social, cultural—and the ensuing diversity that stems from migrant communities, are not confined to metropolitan areas.' (Victoria-Commonwealth Working Party on Migration 2004: 5, *my emphasis*)

The recently launched new Multiculturalism Policy of Victoria provides another example of economistic framing of migration. Here the regional settlement of migrants and also refugees is characterised in terms of the diversity it affords to the state, presenting challenges ‘but also a myriad of opportunities’ (VMC 2009:6). It expresses confidence that Victoria (with its over 200 nationalities and languages) ‘can capitalise (on its cultural, linguistic and religious diversity) to benefit all of us’. Multiculturalism, it is argued, must be sustained ‘if we are to continue to capitalise on the economic opportunities that it provides’ (VMC 2009: 8). The language of economic rationality (costs and benefits, capitalising, increased profitability through successful management of workplace diversity...) is evident throughout Victoria’s Multicultural Policy.

The recent debate of possible revenue losses from the international student migration in the aftermath of violence against Indian students in Melbourne including public disputes over the precise numerical extent of revenue from the ‘export industry’³ Higher Education, may serve as an illustration of economism laid bare.

Economism in research on migrants’ and refugees’ settlement and welfare

The sociological study of migrants’ employment occupies a large subsection of research on migrants and migration which has developed alongside studies on migrants’ and refugees’ identity, belonging, health and other dimensions of the so-called settlement experience. On the one hand there has been a growing interest in sociological perspectives on the economy which has also spurred the development of economic sociology as a subdiscipline (Portes 1995). On the other hand economic

theory has evidently influenced social analyses of migrant employment, as the example of the persistent popularity of human capital theory shows.

Human capital theory applied to immigrants suggests that ‘differences in pay, occupational status, probability of employment, and so forth, between immigrants and natives reflect differences in the average productive capabilities of the two groups’ (Wooden quoted in Ho and Alcorso 2004: 239), or in other words, that there is no prejudice among rationally choosing employers (Jupp 2002). Ho and Alcorso (2004) and many others have highlighted the limitations of such a perspective, for example its negligence of institutional factors such as employment policies, as well as the limitations of much research applying a human capital approach, such as the silence on disadvantage migrants may be facing. Despite criticism and alternative approaches to the study of immigrant employment outcomes, human capital theory has seen a revival more recently (Ho and Alcorso 2004). Beyond the problems a focus on individual capabilities presents, such as the reduction of the migrant to an ‘economic being’ (Ho 2006), I would argue further that substantial problems are being posed by normalising an economistic discourse on immigration more generally, that is in other areas of settlement such as health and wellbeing.

Before addressing some examples of economistic arguments in more recent Australian scholarship, it is useful to note a difference in the social constructions of migrants and refugees in relation to their position in the welfare state, which Menz (2006) has described for the European context. Migrants are increasingly framed as ‘useful’ both in terms of their labour market contribution and their tax contribution while refugees are often viewed as ‘burdensome’, due to not being as quickly integrated into the labour market while supposedly ‘draining’ the welfare system. In combination with adverse reactions by host communities, the dispersal of refugees to

regional locations in countries like the UK or the Netherlands has thus been framed as ‘dispersing the burden’ (Robinson et.al.2003). While Menz (2006) highlights the incorrectness of the dichotomy between the ‘useful’ and the ‘burdensome’ by pointing to the often unrecognized skill levels among humanitarian migrants, I want to explore other problems with this very framing of migration, which is exemplified in the use of cost-benefit analysis.

Cost-benefit analysis and the language of costs and benefits constitute a specific case of economism and were described as

‘a basic form of consequentialism: all consequences can be and should be valued in a common currency (usually money). Despite the voluminous literature discussing the technical deficiencies of the cost-benefit-method, one guiding ideal remains: in any situation, there exists a public policy choice for which the ration of benefits to costs is greater than the alternatives.’ (Kay 2008: 20).

Examples of a costs and benefits- rationale can be found in several areas of social research related to migrants and refugees, most obviously in research on migrants’ and refugees’ employment and education, but also in more comprehensive analyses of settlement including more recently growing areas such as the analysis of the negative impact of discrimination on health.

In research commissioned by government, the use of the costs and benefits-paradigm might surprise less than in more independent research. Briefed to ‘inform policy on the role and impact of the acceptance of diversity and inclusion in contributing to economic development and social cohesion’ (ICEPA 2005: 13), the authors of an early study of migration to regional Australia highlighted, for example, the potential costs of lacking integration by suggesting, ‘communities that fail to integrate immigrants and to utilise their skills potentially restrict opportunities for economic growth.’ (ICEPA 2005: 4). Beyond this focus on economic growth, the report

acknowledged also that '(t)he failure to utilise immigrants' skills not only reduces the potential of the local economy to grow, it also undervalues and further isolates immigrant communities' (ICEPA 2005: 4). The 'social costs of migration' (Carrington et. al. 2007) get more detailed attention in a recent application of the four capitals framework used by the Australian Bureau of Statistics which includes human capital (knowledge, skills, health status and lifestyle), social capital (attachment to social groups, trust in government and business), produced and financial capital (money, other assets like machinery) and natural capital (biophysical environment). Carrington and her colleagues (2007) at the University of New England investigated the social costs born by both migrants and the Australian host society, and concluded that social benefits far outweigh the costs especially in the long term.

Reviewing the academic literature on migrant employment, economic benefit for the business or employer is evoked as a central argument for the promotion of cultural diversity in the workplace (Bertone and Leahy 2001). Academic research on discrimination and racism has been central in establishing the costs of lacking integration, respect for and wellbeing of migrants and refugees. A growing body of evidence on the relationship between experiences of racism and poor health outcomes has made a very effective case about the costs of racism and discrimination and the potential benefits of its elimination (Vic Health 2007; Paradies 2006). A positive association between poor mental health outcomes such as depression or obsessive-compulsive symptoms has for example been well established across gender, age and across different countries, taking other factors such as social and economic disadvantage into account (Vic Health 2007). The costs of this impact are also - either implicitly or explicitly - framed as costs to the wider community, through welfare costs, loss of productivity and educational achievement.

Benefits on the other hand are being discussed in the context of the positive cultural, social but also economic impact of cultural diversity and multiculturalism on host communities and societies. This discourse is not always superimposed by the analyst but emerges also from research participants who comment on the impact of migrants in their local community:

‘we wouldn’t nearly have the wealth, and wealth in so many ways...its brilliant’ (quote in McCubben 2007: 4)

The prevalence of an economistic lens on migrants and refugees in Australian society has also been confirmed by the earlier mentioned study on regional communities (ICEPA 2005) which showed a direct relationship between the degree of acceptance towards certain groups of migrants and refugees and their perceived contribution to local economies.

It needs emphasis that this review is selective in its focus on examples of economistic lines of argument in scholarship on migration. Alternative rationales can be found both in some of the mentioned pieces of research as well as in a significant body of research that remained unexplored here (see e.g. recent research on skilled migrants at the Centre for Social Inclusion at Macquarie University; longstanding research on racism by Kevin Dunn, Jim Forrest and colleagues). It is interesting to note furthermore that some authors routinely justify adopting an economistic perspective with reference to their target audience, whether it is government agencies, employers or the general public. Others however have called explicitly for a more systematic study of the costs and benefits, particularly of racism and discrimination (see Paradies, Harris and Anderson 2008).

Conclusion: Challenges to economism in migration research

The reviewed examples of immigration policy and research suggest that economism has to some extent become normalised, which raises the question, if and if yes, why this may need challenging.

From a political perspective, a prime challenge to adopting an economic paradigm in arguing for immigration is that it can easily be turned *against* immigrants when they are no longer needed economically. This challenge can equally be applied to the argument about harmful impacts of discrimination and related costs for health services provided to the victims of discrimination. If or when a national or regional economy no longer requires the contributions of temporary immigrants or certain categories of immigrants, without non-economical considerations attached, these increased costs could equally be turned into an argument *against* the victims of discrimination rather than an argument *for* fighting their discrimination. In a period of economic downturn, these suggestions are not merely hypothetical. The wide-ranging problems associated with a purely economic labour recruitment logic are indeed well known from the long term impact of so-called guestworker programs in German-speaking Europe prior to the economic recession in 1973 which failed to consider human agency behind the desired labour. Another political reservation against employing the language of business when speaking about immigration and migrants or refugees can be raised on the basis of the Australian experience with the 'productive diversity' paradigm in the 1990s. The economic argument that 'discrimination does not pay' (Bertone and Esposto 2000) has failed to eliminate discrimination and racism in Australian workplaces so far, as the earlier mentioned research has shown.

From an intellectual perspective, the adoption of a cost-benefits paradigm in research on immigration and associated phenomena such as racism and discrimination means normalising a hegemonic public policy rationale instead of exploring more critical

approaches to analysis, which could in turn inform alternative political arguments and projects. Economically focused arguments may render research findings more readily accessible for take up by government and the community sector and they have indeed offered strategic currency in the early days of economically driven immigration policies. Yet as time passes, they may present a missed opportunity to argue *against* economism and *for* a rights-based perspective as one alternative. I would argue therefore that it is vital to sustain and promote a critical perspective towards economic lines of argumentation in migration research despite their apparent effectiveness against a politicization of immigration.

Notes:

- 1 The research is led by Prof Brian Galligan and Dr Millsom Henry-Waring at the School of Social and Political Sciences at the University of Melbourne and carried out in partnership with the Municipal Association of Victoria (MAV) and the Victorian Multicultural Commission (VMC). The project examines the interrelated social, economic and political factors that shape the resettlement experiences of recent visible migrants and refugees who live primarily in rural and regional Victoria. Over a three year period, it will do so by exploring their sense of identity and belonging; their patterns of employment; the ways in which host communities respond and adapt to them; and the effectiveness of governments' resettlement and other policies at Commonwealth, state and local levels.
- 2 For a recent example, see the media release of The Hon Duncan Kerr SC MP, Parliamentary Secretary for Pacific Island Affairs, on the Seasonal Pilot for Pacific Islanders. <http://www.foreignminister.gov.au/parlsec/releases/2008/dk007.html>
- 3 See the article by population researcher Bob Birrell in The Australian, accessed last 13th August 2009 online at <http://www.theaustralian.news.com.au/story/0,25197,25884068-25192,00.html>.

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