

# Khalid Koser: Why Migrant Smuggling Pays

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**PETER MARES:** Good morning. Welcome to this session of the Festival of Ideas on people smuggling, *Why Migrant Smuggling Pays*. I'm Peter Mares, presenter of *The National Interest* on ABC Radio National and a member of the advisory committee of the Festival and I'm glad to see we've got a serious audience here who are more interested in the big issues of migration than in whether or not chiropractics are quacks.

In recent times we've seen a shift in political rhetoric in Australia away from talk about queue jumpers and such like language, to the evil people smugglers, so a shift in where the focus of criticism goes when irregular migrants or asylum seekers come to our shores by boat. The target now is very much the people smugglers, so I think it's very appropriate that we have this topic at this festival, discussing why migrants smuggling pays.

I must say I have regular correspondence with someone, a listener, and someone has been a very active advocate for refugee rights in Australia who, whenever I use the term people smuggling, sends me emails of a very ferocious nature criticizing me for using this term, because as she points out, everyone has the right under international law to seek asylum, so if someone helps them to move across the border they're not a people smuggler, they're something else – that's a humanitarian act in a way, and certainly, she makes the point that the fishermen who end up in the courts being prosecuted in Australia for people smuggling are being incorrectly labelled.

I disagree with her though, I because I think people smuggling *is* an industry and very profitable industry and it deserves to be analyzed as such. There is a difference between the fact that someone has the right to cross a border to seek asylum, and someone running a business to make a profit from facilitating that process, I think.

Anyway, enough from me, because we have probably the world's leading authority on these types of issues to talk to you. Dr Khalid Koser is a geographer and an expert on forced migration. He is Co-director of the New Issues and Security course of the Geneva Centre for Security Policy and is a Fellow in Foreign Policy studies at the Brookings Institution in Washington, and he has a particular interest in asylum issues – forced migration, as I say: international migration generally. He's the author of this very good little book, *International Migration, a Very Short Introduction*, an Oxford University Press publication. I first came across his work several years ago, when he and I were both within the same publication. And what struck me about Khalid's work, is that while many of us make assumptions about why people move and the way in which they move, he looked for empirical evidence, evidence-based data on why these movements happen and how they happen, and his work is surprising and rigorous and refreshing in the debates we have, which are often very predictable about these sorts of issues. So, please welcome Dr Khalid Koser.

**KHALID KOSER:** Well, thank you very much Peter, for that incredibly kind introduction. It's a real pleasure for me to be in Adelaide despite the wind and the rain and despite the cricket - we won't talk about that much more, I hope. I'm delighted and very grateful to the organizers of the Adelaide Festival of Ideas for inviting me. I've been on three panels and this is my solo session, I've enjoyed it thoroughly and found the feedback from the audience particularly rewarding, so I'm going to try to make sure that we have enough time for at least 10-15 minutes of discussion at the end of my presentation. Thanks to you also for making the effort to come on a windy Sunday morning, I'm very grateful you've made the effort.

As Peter has indicated, the topic of my talk today – migrant smuggling – is a hugely topical hot button issue in Australia at the moment, especially there's a focus around so-called boat arrivals. We know that something like 28 boats carrying something like 944 people have either landed in Australia or being intercepted on their way to Australia in the last year or so. There are rumours in the press that there are 10,000 people waiting to get to Indonesia, many of them planning to come on to Australia. I read yesterday that a boat carrying 74 people apparently from Pakistan and Afghanistan has become lost someone in the sea between Indonesia and Australia, and think we can perhaps expect the worst there, which is rather sad. I know also that there is a very lively debate in this country around how to control and stop boat arrivals. I note that earlier this year in Bali, Foreign Minister Stephen Smith said that he thought the global financial crisis might lead to more people fleeing places like Indonesia and heading for Australia – that's something we might wish to come back to and discuss after my presentation.

I know there've also been debates about the Rudd government's changes in policy, abandoning the so-called Pacific Solution, abandoning Temporary Protection Visas and some debate about the extent to which these more lenient policies are perhaps encouraging people to come to this country in an illegal manner. Let me just say on that, as an outsider and as someone who does not live in Australia: make no mistake, the Pacific Solution so-called was a scar on Australia's otherwise excellent international reputation. And I have to say that even if the cost is – and this is by no means necessarily proven – but even if the cost is, that a further hundred asylum seekers or so arrive in this country each year, I think it's a cost worth paying, a price worth paying, to make sure that Australia reestablishes its otherwise excellent international reputation.

I'm perfectly happy to return to Australian policy during discussion, but for my presentation I want to take a slightly wider perspective if I can. I'd like to speak to you about some research I did, I've done over the last two or three years in both Pakistan and Afghanistan, speaking to migrants who are planning to move, speaking to migrants who have been unsuccessful and who have been sent back, speaking to their families (and as you're going to see, their families play an important part in the story), and also speaking to smugglers: people who are surprisingly accessible in places like Pakistan and Afghanistan. These people were heading for various destinations in the world, not just Australia, also North America, also Europe; some were going, yes by boats, others overland, others also by plane, so a variety of different destinations and methods. I would just as an aside say, it's important to put Australia's debate about boats and boat arrivals in a larger context.

Firstly, boat arrivals in Australia comprise actually a small proportion of overall so-called irregular migration in this country. More people arrive by plane each year than boats, but the boats seem to attract the attention. And most irregular migrants so-called in this country are actually people who overstay their visas, who arrive legally and then overstay illegally. So there's a bit of an obsession with boat arrivals even though they're a rather small proportion of a much wider concept of irregular migration in Australia.

The second point to make is: on a global scale, Australia's got it pretty good. I spoke about something like 944 boat arrivals over the last year, but there are millions of people, millions each year, moving around the world in an illegal fashion with smugglers paying between them billions and billions of dollars, so Australia hasn't got it bad compared to many other parts of the world, including I think Europe and North America too.

The final point in the introduction to make is that whereas most people who arrive in this country seek asylum – I understand a large proportion of them get asylum – most irregular migrants in the world today are moving for largely economic reasons. So it's a mixture of people moving for political reasons, to flee persecution and economic reasons to improve their lives – and by the way I think there's nothing wrong at all, I think it's quite a noble thing to do to try to improve your life, and if you have to move to do it, then so be it.

Of course, the answer to the question why smuggling pays differs if you're a refugee fleeing political persecution or an economic migrant seeking to improve your life. If you're a refugee, smuggling pays because it gets you to safety. That's the pay-off of smuggling. If you're an economic migrant largely, smuggling pays because as we're going to see it allows you to recoup your costs and start to expand your income pretty quickly – I think surprisingly quickly. Given how much migrant smuggling has become ingrained in the public conscience, it seems to me that we know surprisingly little about it. There's lots of assumptions, there's lots of generalizations, but actually most people don't know much at all about migrant smuggling – and I include policymakers. And I think policymakers around the world are really beginning to run out of innovative ideas in terms of how to respond to this issue.

So what I'd like to do for the next 15 or 20 minutes or so, is to adopt a pretty different and radically alternative approach to that than is normally I think adopted, and look, as Peter has indicated, look at smuggling as a business, as an industry, and in particular what I'd like to do is follow the money through this business. I want to try to answer the following questions: how much do smugglers charge – and we're gonna see that the charges vary according to route and destination, and method. How do migrants and their families raise the money to pay those charges? How are smugglers paid by migrants and their families – and there are some interesting findings around that. What do smugglers do with the money? How do they disperse it to make sure that smuggling actually works? How much money do migrants send home once they've arrived in their destination countries, and what happens to the money that they send home? And the headline here, and we'll see it at the end, is that basically smuggling pays for everybody involved. And I think if we start to understand smuggling as an economic process where everybody, from the migrants to the families to the smugglers, arguably to the destination societies and the origin economies too, if you understand it as a process whereby everybody seems to profit, then I think we need to think about some quite radically different alternative policy approaches to making it stop, if that is what we think we should do.

My economic approach is by no means intended to underestimate the human costs of migrant smuggling. Something like 2000 people each year die trying to cross from North Africa to southern Europe across the Mediterranean in boats; 2000 a year dying, making that journey. Something like 600 a year die trying to cross from Mexico into the USA. So, significant deaths of people trying to move around the world. And also, I do not want to underestimate the exploitation that many people go through once they arrive at the detention facilities in which many people find themselves – which I think are a disgrace – the exploitation of those people who find themselves in work, and so on, and so forth – so I'm not underestimating the human costs, but I think it's useful to focus on the economics of this, to see if we can uncover some new realities and think differently about policies.

So let's try to follow the money through the smuggling industry. The first question to ask is how much do smugglers charge. Again, based on research in Afghanistan and Pakistan, costs vary significantly according to the destination to which you want to go, assuming you're leaving Afghanistan or Pakistan. In general, the USA and Canada – North America – are the most expensive, and Western Europe and Australia are roughly the same amount of costs: cheaper than going to North America. Costs also vary by mode of transport. Looking for example at Afghanistan to Australia at the moment, to fly, between Afghanistan, Pakistan and Australia, illegally, with a smuggler, will cost you something between US \$12,000 and \$15,000. These are not insignificant sums of money. To do it by a combination of flight, then boat, perhaps a boat from Indonesia, will cost you somewhere between US \$5,000 and \$8,000 according to going rates at the moment amongst migrant smugglers in Pakistan and Afghanistan. Let me just make two observations of

those costs and that range of costs. Firstly, smuggling is a flexible business. Smugglers will deliver a service that suits the depth of your pocket. If you can't afford to go to the USA, I'll take you to Turkey. If you can't afford to get to the UK, I'll take you to Australia. If you can't afford a flight, which is probably the safest way to go, then I'll make it cheap and we'll do a combination of flight and boat. This is a business, you're a customer, and I'll find a way to get your business and to get your custom and get your money. If you're poor, don't worry, we'll find a way to make it work, if you're richer, let's do it by flight, go straight to the USA and things will be straightforward. It's a business and I think we need to think of it in those terms.

And the second observation I'd make is that I think almost by definition – given the amount of money we're talking about – smuggling does not involve the poorest of the poor. These are people who, as we'll see in a minute, at least have the wherewithal to raise loans, perhaps to sell property, they have the wherewithal to be able to raise the money that's needed to pay these rather large and exorbitant fees. Having said that, I had a very interesting debate yesterday with Julian Garside on another panel, and he made the point, and I think it's important to emphasize here, that we shouldn't underestimate, especially in the Australian context, that many people are still coming from very underprivileged and very poor backgrounds, and I take that point completely. My only argument is that the given the costs involved, these are not the desperately poor of the world, these are not peasants. And I think when we come back to perhaps discuss the global financial crisis, that's an important implication. There maybe more people who are desperate to leave poor parts of the world; where they can afford to, paying smugglers, I think is another matter.

So there's the first set of issues: how much families need to raise to pay smugglers in the first place. Let's look now at how migrants and families raised the money. The first thing to say is that in almost all the cases of people I spoke to both in Afghanistan and Pakistan it was families, not migrants themselves, who raise the money. Very few migrants have the money, either in savings or the wherewithal to raise the money themselves, and they rely on families and family networks. This is an investment by families in their children. Just as you might invest in sending your children to school or university, these are families investing in their children, either to get them out of harm's way, if they're fleeing persecution, or to help them perhaps to achieve a better life and a better standard of living by getting them to another part of the world. Again, think of it as an investment, as a business.

How did families raise money to pay these large fees to move their children around the world? Some people drew on savings. Some people sold property, some people were selling jewelry; some people sold land. Many people took on debt and borrowed money from moneylenders. Let me just go back especially to the jewelry point. Anyone who knows the Islamic culture, who knows Pakistan and Afghanistan: selling your jewelry is a fairly significant thing to do in these parts of the world. This isn't something you do lightly; these are wedding betrothals and so on and so forth. These are significant investments: that's the point. You're selling land, you're selling property, and you're selling jewelry. You're taking on risky loans from unscrupulous moneylenders, this is a business and you expect a return on your investment. This isn't something you're take on lightly, I think, in any of these countries. On average across my sample of over a 100 people in Afghanistan and Pakistan, smugglers fees came to 367% of annual household income. So what I'm saying is that people somehow raised more than three times their annual income in order to pay for smuggling. So again, an investment, and an investment upon which people expect some sort of return. You don't just take on borrowing three times your household income for the sake of it, you do it because you expect some form of return upon that investment.

Next question. We've seen how much smuggling costs. We've seen how migrants and normally their families raise the money to pay those costs. How are smugglers paid – and I think this is among the most interesting of the findings. Anyone in this room who has used eBay will be aware of what an escrow service is. An escrow service is a company that holds a buyer's money until the buyer is satisfied with the goods that are being delivered, and then the escrow service releases the money to the seller. So you're not risking paying all the money to the seller who's going to sell you a dodgy Hi-Fi, which means you don't get the goods that you want. On eBay you deposit your

money with a third-party escrow service. Once you're satisfied with what you've got, the money is then released to the person who's selling you the item. Exactly the same system exists today in smuggling in Pakistan and Afghanistan. Migrant families don't pay the money directly to smugglers; they pay their money to a third party, usually a money changer or money handler, normally in one of the big bazaars out in Peshawar or Kabul. The money is only released by that third party to the smuggler, once the migrant has arrived safely in his or her destination. Now just think about what I'm saying. What I'm talking about here is a money back guarantee on smuggling. If you don't make it to your destination safely, I as a smuggler get nothing at all – nothing. The money is taken from the third-party, from the money changer, often in the market, and goes back to the family, and let's just call the whole deal off: a money back guarantee on migrant smuggling today in Pakistan and Afghanistan. Now, this varies around the world, and you'd find slightly different responses in West Africa and South America and so on and so forth, but I think that's quite a striking and important finding that we might wish to come back to.

It's interesting – briefly – to look at how payments have evolved in this setting. About 5 to 10 years ago, the method was that all of the money was paid up front to the smuggler. So if you wanted to move to Australia, you would come to me – the smuggler – you'd give me the money up front, and you'd hope I was trustworthy; often I wasn't, I ran off with the money, you didn't move, you lost your \$10,000. Again – a business responding to criticism by the customers – that soon changed. For a couple of years the method was that you'd pay a proportion of the money up front. So you'd give the smugglers, say 50% of the money, and you'd pay the balance upon confirmation that your son – and it normally is your son – has arrived safely at the destination to which he's going. The problem with that is that it opens up the possibility for exploitation. You arrive in Australia as a migrant, you still owe \$2,500 – or whatever it is – to the migrant smuggler back at home, and that debt means that you can be exploited. You can be forced into prostitution; you can be forced into exploitative situations, and so on and so forth. And this is where the concept of migrant smuggling and human trafficking begin to blur into one another. Again in response to complaints from potential customers, that changed. We now have what is effectively an escrow system. A money back guarantee, a low-risk investment for families, the money is deposited with a third party, and then released once someone has arrived safely at the destination to which they are going. So we've seen how much it costs; we've looked at how families raise the money; we've looked at how the money is actually transacted and passed over to smugglers. Let's look briefly at how smugglers themselves spend the money.

I think is really important when talking about smuggling, to move away from a kind of generalization, which I think we all have, and that's understandable I think – especially given the press – a generalization that somehow smugglers are arch-criminals. They're some sort of *James Bondesque* baddies who are kind of in the middle of this cool and evil network of manipulation and evil. That may be the case in certain circumstances, and I think the so-called snakeheads in China probably do fit that James Bond sort of model, but in most places in the world they don't. Smugglers who bring people from Mexico to the USA are so-called *mom and pop industries*: there are a couple of people who move you across the border in a fairly low-tech and fairly straightforward way. In Pakistan and Afghanistan it's normally people who have completely legitimate jobs and are making a bit of money on the side. So the normal contact usually in Afghanistan and Pakistan is a travel agent: he'll close the door at five o'clock on his business, he'll take you downstairs and he'll start to discuss other issues, more illegal issues perhaps, over the table. He will then work through a network of people to make smuggling happen. And again, this echoes something I think of an interesting discussion we had with Julian Garside yesterday. We need to get away from the idea that smugglers are always evil. In some cases, in some circumstances, smugglers are people who are helping people get out of harm's way. Oscar Schindler was a smuggler and so on and so forth: we know those kinds of ideas. So I think we need to have a bit more sophisticated idea of what smuggling is and who smugglers are.

Once the initial contact – the travel agent normally in Pakistan and Afghanistan – receives the money (of course the money is not received, it's with a third party, but once the pledge has been made and the money is deposited with the third party) he then has to spend a large proportion of

that money to make smuggling work. He needs to find someone who perhaps can supply a stolen or forged passport, who can forge a visa. He needs to pay boat men, or truck drivers, immigration officials, customs officials and so on and so forth. Any of you who have flown internationally recently – I've done it very recently – you show your passport three times when you fly internationally. You show it when you check in to deposit your bag, you show it as you go through to the departure lounge, and then finally you show it just before you get on to the aeroplane: three people there who need bribing, to make sure that you get through that system on to the aeroplane. And so a lot of money, in my research around 50%, is spent by the initial contact in making this work and dispersing the money around the network of people who are involved in making smuggling work. I want to come back to this, because this is really interesting. What I'm saying here is that smugglers are dispersing money to their network before they've actually received the money. The greatest economic risk in this entire process is that of the smuggler. He needs to pay \$7000 up front to make the smuggling work, and only when it works does he get the \$14,000 paid and so he recoups his 50% – around \$7000. That's quite an interesting observation I think, and there are certainly policy implications around that.

Let's continue to follow the money – I'm going to skip the traumas of the journey, I can come back to you if you wish with many rather depressing stories about the journey and how it works. 85% of the families that I spoke to in both Afghanistan and Pakistan, who'd paid to have a son – it normally was the eldest son smuggled abroad – had received money in the form of remittances from people who'd moved abroad. Now I think there are some really important implications there, and one is of course, what this means is that these people are finding work. When we look at migrant smuggling, when we look at irregular migration, we tend to focus on the supply side. We tend to think of desperate people living in poor countries, perhaps fleeing conflict and persecution, who need to get out of harm's way, or who are trying to improve their lives and pay smugglers to do so. Irregular migration wouldn't exist if there wasn't also a demand for their labour. There are something like 40 million irregular migrants in the world today. A third of them, 12 million in the USA alone – and believe me, those 12 million Mexicans in the USA work hard, and prop up the US economy in certain sectors.

Our economies depend on the work of irregular migration. So it's one part of the equation to get rid of the supply, to make sure that people are safe or can earn money at home, but the other is to make sure that we don't have a demand for their particular work in destination countries, and I think we need to look at the two sides of it. Most people in my sample who are smuggled found work relatively easily and were sending home significant sums of money as a result of the work that they found. The annual remittances – money sent back by migrants who had been smuggled from these families or via these smugglers that I spoke to – the average was US\$3750 a year. These are irregular migrants, sending home, on average – and it ranged from in one case just \$100 to in another incredible case \$10,000, and I think I'm not sure I believe that sum – but on average, it was reported to me, something like US\$3750 sent home by people who have been smuggled abroad. Now we can discuss later, and it's very interesting research some of which I have done, we shouldn't underestimate the social consequences of sending home remittances. Migrants often find themselves under huge social pressure to send back money. It may well be that if you're sending back \$3750 that really is depriving you of any form of life in the country in which you're living. Migrants often deprive themselves very, very significantly in order to try to meet family obligations back at home, so there is a debate I think to be had around that. The point is, most of these migrants are finding work, and most of them are sending back money in significant sums.

What happens to the money that they send home? On average – again of course, over a hundred households and migrants and smugglers and putting the data together – on average the remittances were about 50% of the money paid to the smuggler to make the smuggling happen. What that means is that within two years, the smuggler's fee has been paid off. The debt that you incurred has been paid off; the land that you sold has been recouped, in terms of at least its value. So two years of sending home remittances – and there's assumptions here about the extend to which you can maintain your work, and the extend to which you are able to send home remittances, but most of these people seem to be able to – within two years the smuggler's fee, and the

investment made by your parents has largely to be paid off as a result of your remittances. After that, on average, remittances from irregular migrants doubled household incomes in Pakistan and Afghanistan. And this is what I mean by a sensible investment: you sell your land, you sell your property, you sell your jewelry: within two years, the fee has been paid off and thereafter, you are doubling your household income as a result of this process. It makes sense financially, and I think we need to understand that when we begin to think about why smuggling is such a big industry.

I have interesting evidence – by no means conclusive – but interesting evidence that at least some of the money that's received by families once they've paid off the initial debt incurred by the smuggling, is then fed back into the system, so that their next eldest son can then be smuggled. So here we have it, a real cycle. We have money raised by a family; we have that money dispersed through a migrant smuggling network by the initial contact; we have the migrant finding work in the destination country and sending home remittances; we have the smuggler's fee paid off in about two years. Thereafter we have household incomes doubling as a result of remittances, and pretty quickly we have families feeding more money into the system by sending their next son into the smuggling industry. A real cycle I think that we need to think quite carefully about how to break.

So let me just conclude with two comments. The question (and I haven't got an overhead), the question I asked to begin this presentation (and the title in the program) is why migrant smuggling pays. If you're a refugee, migrant smuggling pays because it gets you out of harm's way. It gets you out of the way of conflict and persecution and the threat of death. And again, some smugglers, I would argue, are good people, serving a good purpose. If you're someone who is moving for largely economic benefits, and that's by far the majority of irregular migrants, illegal migrants around the world today, it appears to pay pretty substantially. Households pay off their debt within two years and then double their household incomes. Migrants, it appears, find jobs fairly easily in the countries to which they're going, and earn enough money to send home significant amounts of remittances.

You wouldn't have been too much of a conspiracy theorist to scale this up and argue that migrant smuggling also benefits origin and destination societies too. Origin countries relieve unemployment. They relieve pressure on the labor market; they receive significant remittances which of course often go through formal banking systems. Certainly, I haven't seen much evidence at all in Afghanistan or Pakistan that the governments are taking this issue seriously and particularly want to stop it. I think I would argue that it benefits many origin countries, and I think getting those countries engaged in trying to stop it is an important issue. It wouldn't be too much of a leap of the imagination – I think this is less so in Australia, but it is certainly true in the USA and Europe – that it also benefits destination countries by providing very cheap labor. I often make this point when I lecture students in the UK by saying,

The reason, last night, that your pizza cost 5 pounds is because in the kitchen there's an Afghan working for under the minimum wage cleaning the dishes. If he wasn't there, or if he was legal, or if he was earning the minimum wage, your pizza would cost seven pounds. It benefits you and your pocket and your paycheck the fact that we're bringing illegals in to do those sorts of jobs.

Two final points. There is a debate, looking again at this idea of why migrant smuggling pays, that migrant smuggling undermines low-income native workers, it puts low-income native workers out of work. Largely, the evidence is, that is not the case, and the reason is that even in times of recession, even in times of global financial crisis such as we find ourselves at the moment – not Australia but many other parts of the world – there are certain jobs that native workers will not do. These are the so-called 3-D jobs – dirty, dangerous and difficult. Whatever the state of recession in this country, it's unlikely that Australians will clean toilets. They would rather take unemployment benefit and stay at home than clean toilets. There are certain jobs, the dirty jobs, the dangerous jobs, that we increasingly rely on migrants to do, and we will just not do them whatever the situation, and even if we're unemployed. So migrant labour – and I really want to press home this point – migrant smuggling pays and works because we provide jobs for these people and we need their labour

because of the segmented economies that have developed around the world.

The final point I want to make, and I think this is a striking conclusion: viewing this as an economic process – and again, I'm not underestimating the humanitarian cost and the social cost and the life-threatening cost that many people go through – viewed as an economic process, the most interesting conclusion here, is that the greatest risk is taken by the smuggler. The smuggler is spending \$7500 to facilitate your migration, before he even gets the \$14,000 your family has paid. And only when the smuggling has succeeded and you've got to your destination, does the smuggler then get his \$14,500. He is taking a risk. He's investing \$7000 of his own money before getting the money in from the third party. This is why smuggling works, because these people cannot afford for it not to work, and they have lots and lots of mechanisms, lots of methods to make sure they do get the money back, including choosing destinations – we may come back to the Pacific Solution debate here – including destinations where they are fairly sure that they can get you safely, including for example using multiple clients. For example if you have to bribe somebody who's on the nightshift at Heathrow airport to get somebody through the airport, it doesn't matter how many people go through. You just pay that person 1000 pounds and he'll do the job for you for his four-hour shift. So you might as well move 20 people rather than one person because you're saving money. So smugglers increasingly, for economic reasons, will move multiple people as opposed to single people to try to make sure that they recoup their costs.

I want to conclude. I am very pleased to come back to discussion either on Australia, and Australian policy, or on the humanitarian consequences that I've deliberately underestimated, or I think interestingly too, on what the implications of this economic approach might be for policy making and how we might adapt our policies to try to respond to what I think is a very successful migrant business.

*(Applause)*

**PETER MARES:** Well, I think you can understand why I gave the introduction I did about Khalid opening up this issue in very new and interesting ways. And we already have someone waiting to ask a question. Go ahead.

**AUDIENCE MEMBER 1:** Thank you for that. That was really, really good. What does the Australian habit of burning the boats on the beaches add to the cost and the danger of the journey? Does it make the boats worse?

**KHALID KOSER:** It's interesting, I think you asked this yesterday of Julian Garside and he made the point that domestic law allows this to happen. I think he said that this is a fairly outrageous law but clearly he made the point that this is legally acceptable for the Australians to be doing what they're doing. Now, I mean, I haven't interviewed Indonesian boat men who have their boats burnt on Australian shores, but if you follow through my economic argument, then clearly this increases the costs for the boat people, and I suspect would increase costs for smuggling all around, so it may be that you used to pay the Indonesian fishermen \$500 to move the people from an Indonesian port to Australia. But now that he knows his risk includes his boat, he'll increase his cost to \$750, so you might argue, again, and this is the interesting thing about this economic perspective, because it makes us think about these things in different ways, you might argue it's a good policy because it is increasing cost of smuggling, and therefore meaning that fewer people can afford to be smuggled, you might argue.

**PETER MARES:** Can I just say though, Khalid that I think the implication of the question is that people will come in much less seaworthy boats; that the result will be that the boats that are sent are in fact much more decrepit and dispensable and the corollary to that, or the other side of that, I would argue that when we had a policy in the period after the Tampa, in the immediate months after the Tampa of forcing boats back to Indonesia, the Navy towing boats back to Indonesia, it was therefore in interests of the smugglers and the migrants to make sure that by the time the boat reached Australian waters, it was as unseaworthy as possible.



**KHALID KOSER:** Right. Your wisdom is greater than mine on these issues.

**AUDIENCE MEMBER 2:** Thank you for some really fascinating information, which I think will be new to many of us here, and are you able to tell us at all about how you're able to do your research in Pakistan and Afghanistan? Was it with the support of the authorities? How did you find these people? How could you believe what they said et cetera?

**KHALID KOSER:** Really good points. In countries such as ours, Australia, the UK, the USA, smuggling is seen as a sort of a nefarious crime, and it's very hard indeed to do research on smuggling in destination countries, especially in advanced economies. In sending countries in my experience, and this is including in the Balkans, in Pakistan, Afghanistan, in the Horn of Africa and the various other places I have worked, it's very easy indeed. I mean, smuggling is advertised in newspapers and on billboards in supermarkets. You know, you push your trolley through a supermarket in Nairobi and there'll be signs that basically say, 'Migrant agent can help your son to get to the UK' and so on and so forth, so it's not in any way hidden, and it's very easy to find these people, there was no difficulty at all. You spoke about the authorities. I mean one of the most striking things in Pakistan – the authorities helped me find the smugglers. So I would speak to policemen and they'd say, well you need to speak to the guy who works at that travel agent, and perhaps go at 6pm and have a chat with him. So it's an open business that people are almost proud of. It's a bit like the gap year. You have your year abroad, the Australians, and the UK have their gap year. For many people in Pakistan this is just seen as an adventure. You know, you pay this guy and he's gonna send my son to the UK, what's the worst thing that can happen: he'll get sent back. There's a very different perception I think of smuggling in those sorts of countries: I think it's a misperception, as compared to our countries.

So finding them is very easy indeed. Of course there is a very important methodological question about trust. I hope I spoke to enough people, and I hope I did enough triangulation of the methodology to at least establish some sort of trust in the people I spoke to. I spent a long time with them, and most of my findings I think are supported in one way or another by research elsewhere, so I'm fairly confident. I mean, the figures may be wrong, and there may be some exaggeration: \$10,000 received in remittances I think is unlikely, but I think the general principle I'm fairly confident is correct. And I can tell you some interesting stories about smugglers. I mean, you know the other thing about smuggling that I learnt doing this work is that it's not just a bunch of Third World crooks who are involved. It's also people working in our societies and in our airports and so on and so forth. There was a wonderful moment, it was about midnight, in an attic in some Travel Agent's in Peshawar in northwest Pakistan, drinking nice mint tea, as you do, and the guy opened his safe and took out 50, a pile of 50 mint British passports, and he said, I got these by bribing your guy in the British Embassy. These are real British passports, and now I only need to do is get a photo and it gets on to forgeries, and ... So, you know, let's not ... it is British Airways, it's Immigration, airline staff, as well as PIA [*Pakistan International Airlines*] staff, and so on and so forth, and it really is a global industry, I think, and that is how it works.

**PETER MARES:** I am just going to ask a question, because I think it needs to be asked, Khalid, and what are the policy implications of what you're saying, I mean Australia's response has been for example to beef up cooperation with Indonesia, to provide the Indonesian police with night goggles, with training to help them detect the migrants before they get on the boats – prevent them leaving. Other responses have been to post immigration officials in airports around the region that fly directly to Australia to prevent, to look at those passports before people get on, and to increase the level of security in the document itself, so it's actually now, the number of people who arrive in Australia with false papers is actually very, very small, because they just don't get on to the plane. If they do get on the plane Qantas gets a fine of \$5000 for bringing them here, and there are a whole lot of mechanisms – advanced passenger processing, things like this. So, I mean, I guess we have to ask two questions: what is the policy goal, is it to stop migrant smuggling? And if so, how do we do it? Or, is the answer to say, well, in fact, border controls don't work, we should have a system of open borders. That's the most radical policy response, one that is politically completely unlikely to

ever move anywhere, so I want to ask you to ...

**KHALID KOSER:** OK, there's lots of interesting issues there, and we haven't got much time. On the open borders, I'm by no means a proponent of open borders; I think there has to be some sort of management of borders and management of migration. I would observe however that when the EU enlarged itself, firstly from, I think, 12 to 15 and then from 15 to 25, there were of course the doomsday people who said, this is going to result in huge floods of people from Romania and Poland and so on and so forth, and actually, it wasn't true at all. There were temporary inputs of people most of whom found work; some of them were going back as a result of the financial crisis, so the mini experiment in open borders that has taken place in the European Union seems to have worked. And, of course that's different on a global scale.

I don't know if Julian is here, but I think he made the point very strongly yesterday, that since in Australia many of the people who arrive illegally are genuine refugees, people fleeing persecution and people who are entitled to international protection and assistance – which isn't the case in the USA and Europe: most people who arrive there are clearly economic migrants – you could argue that these toughening policies are victimizing people who genuinely do need protection and assistance. And so there is a question about the validity of strengthening borders if all you're doing is keeping out people who are in desperate need of protection. If you're trying to keep out people who are not in need of protection and who are just economic migrants, and so on and so forth, as I said, you need to address demand; if they can come here and find work then there is something wrong with what's going on. You need to address the question of political will: Indonesian police may well have night goggles, but if frankly their government doesn't care about irregular migration and it benefits the economy and society then I don't think night goggles will serve much purpose at all. But what is clear is that international cooperation is essential, and unilateral policies just can't work.

**PETER MARES:** Well, I think, interestingly in the Indonesian case there is a very big established people-smuggling network between Malaysia and Indonesia. And in the Suharto era at least it was very much the national army, the TNI of Indonesia, which was also the police (they were part of the same organization in those days) that ran that network, so you know, to ask them to then crack down on it was kind of ridiculous, but a lot has changed in Indonesia, the police have been separated from the military and so on and so forth, so we have a rather different situation now. But if we were to say, to take Julian Burnside's argument, if we were to say, 'well, we're persecuting people who need protection – we should change these policies', then without doubt, the flow of people would change and we wouldn't just be having refugees arriving in Australia, we would be having people looking for economic opportunities as well.

**KHALID KOSER:** Of course, ideally, refugees should be able to get protection in places close to their homes. You know, there shouldn't be a need as a refugee to flee as far as Australia if we can get a rule of law and a genuine judicial system and we can trust the appeals process and so on and so forth in places like Pakistan and Iran, then maybe there wouldn't be a need, so there is a development issue there, I think as well.

**PETER MARES:** One final question. Was there someone waiting? Yes please – ask the question.

**AUDIENCE MEMBER 3:** It's just occurred to me that Malcolm Fraser found a solution to this problem in 1975, and I'm wondering a) why do you think, that neither the Rudd government nor the Howard government has thought of that? and b) what would be the economic implications of doing what Fraser did?

**PETER MARES:** And I mean, by what Fraser did, you're talking about the Comprehensive Plan of Action for refugees from Indo-China, which involved Australia and other developed nations saying to countries of first asylum – I'm just summarising for the rest of the audience – countries of first asylum, places of asylum like Malaysia, Hong Kong, Thailand: let these people land, allow them into refugee camps – because this was at a time when boats were being pushed out back to sea

and things like that, we had pirates and so on. Allow them to land, and we will ensure that everyone who is a refugee is resettled over time, so that you won't be, as developing nations, as countries of asylum, you won't be left carrying this burden.

**KHALID KOSER:** And this is the 1970's?

**PETER MARES:** This is the post-Vietnam War so, late 70s, early 80s.

**KHALID KOSER:** I mean, I can't speak for Australia specifically, but there was a global trend during the Cold War era, in the post-World War II era, probably up to about the oil crisis, kind of early seventies or so, where taking on refugees and resettling refugees was done fairly generously around the world. The numbers were relatively small, their labour was needed. If they came from the Communist Bloc, then there was a question of you know, 'the enemy of my enemy is my best friend' and so on and so forth. That's all gone now. Larger numbers, migration has become a huge security concern; we're going through recessions so we don't need their labour, so the kind of idea of interest conversions I think has gone, and I don't think it will come back, sadly so. What Fraser apparently did in the 70s might have worked then, but I don't think it would work today in terms of the numbers and security concerns and public reaction and keeping voters happy and so on and so forth.

**PETER MARES:** OK – look, I'd like you to help me thank Khalid Koser for an extremely impressive presentation. Thank you very much.

*(Applause)*