

*The International Economic
Crisis and its Impact on Spain
and its Immigrant Population*

**Juan Cebrián
María Isabel Bodega
María Asunción Martín-Lou
Fabián Guajardo**

**Spanish Council for Scientific Research (CSIC),
Madrid, Spain
juanantonio.cebrian@cchs.csic.es**

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Abstract

The impact of the international economic crisis in the Spanish immigration policy.- Preceded by a significant flow of immigrants in the last two decades of the twentieth century, the increase of the foreign residents in Spain since 2000 has been extraordinary. In 1999 the number of foreign residents in Spain was 750,000 (1.86% of the total population). Ten years later, foreigners living in Spain are more than 5.5 million (12% of the total population). But after 2007, flows of in-migrant workers have been modified as a result of the global economic downturn. The numbers of new immigrant workers in Spain have been dramatically reduced by the decline in demand in our labor market. The economic recession caused a shift in immigration policy in Spain, which to this point focused on amnesties of large influxes of immigrants in continuous progression. The new Spanish immigration policy is deterrent to those outside, clearly inclusive of those within, open to the repatriation of those who so desire, and, experimentally, fully decentralized.

1. INTRODUCTION

Preceded by a significant flow of immigrants in the last two decades of the twentieth century, the increase of foreign residents in Spain since 2000 has been extraordinary. In 1999 the number of foreign residents in Spain was 750,000 (1.86% of the total population). Ten years later, foreign residents in Spain are more than 5.5 million (12% of the total population). The annual growth rates have been more important during the years of massive regularizations, up to 2005. In that year the official number of foreign residents increased by almost 50%. Spain has received in recent years a third of the total immigrants that arrived in the OECD, being the second largest country of immigration in absolute terms (behind the United States), and the largest in relative terms. Most foreign residents in Spain are working immigrants, although the share of European retired residents is remarkable.

There are approximately 3.4 million immigrant workers in Spain and 1.1 million European retirees (INE, 2009). In this article, we present some recent changes that have been observed in the flow of immigrant workers, as a result of the global economic recession in which we find ourselves. Naturally, the arrival of immigrant workers in Spain has been dramatically reduced by the decline in the demand for workers in our labor market, already seriously threatened by unemployment both of natives and immigrants.

The unexpected contraction of the economic activity has resulted in a shift in the Spanish immigration policy, whose main concern had been, until now, the standardization of larger influxes of immigrants. Thus, the new Spanish immigration policy is a deterrent to those outside, clearly inclusive to those already inside, open to the repatriation of those who so desire, and experimentally, fully decentralized in every aspect.

* Juan A. Cebrián (juanantonio.cebrian@cchs.csic.es), María Isabel Bodega (isabel.bodega@cchs.csic.es), María Asunción Martín-Lou (mariasun.martin@cchs.csic.es) and Fabián Guajardo (fabian.guajardo@cchs.csic.es)
Instituto de Economía, Geografía y Demografía, Centro de Ciencias Humanas y Sociales, CSIC, Madrid

We will discuss the crisis in the Spanish economy and, therefore, the impact on the Spanish immigration.

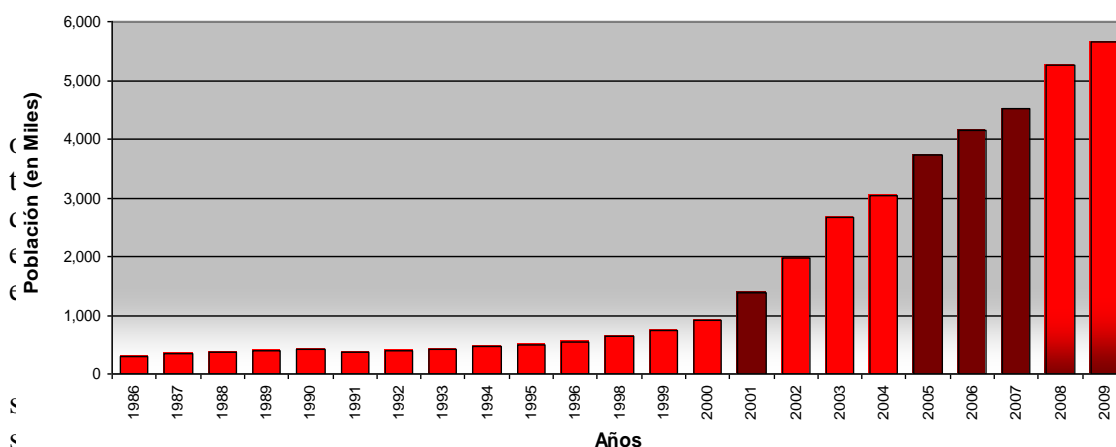
2. THE DEMOGRAPHIC FACTOR.

The arrival of immigrants boosted the population increase in Spain, changing the foundations of its labor market¹. In early 2000 the resident population in Spain was, approximately, 40.2 million. Ten years later, there were 46.75 million people living in Spain, which means an unprecedented population growth of 16.3%. In the early years of the new century, the inability of the Spanish workforce to meet the demands for labor became evident. Between 2001 and 2005 the Spanish citizens occupied 47.3% of new jobs, while immigrants had access to the remaining 52.7%. In 2006, without the provision of 450,000 new immigrants, nearly 60% of the 767,000 new jobs created in that year, wouldn't had been covered.

FIGURE N° 1

Fig. 1. TOTAL FOREIGN POPULATION IN SPAIN (1986-2009)

Crecimiento de la Población Inmigrantes en España



Recorded year after year. The contribution of immigration has been, therefore, indispensable for the economic development in Spain from the 1990s to the present crisis.

Recent immigration has opened a new chapter in the history of Spain, not only by having supported an unprecedented economic growth, but also for having altered the structure and population dynamics of Spain, rejuvenating its people and changing its trend of declining fertility. Moreover, immigration has led a socio-cultural change that is characterized primarily by a greater pluralism. It is impossible to imagine the future of Spain without the presence and contributions of these new "citizens".

¹ In 2001 there were 18 million active workers in Spain. In 2009 there were 22.97 million: an absolute increase of 5 million in just eight years. (INE, Explotación Estadística de la Encuesta de Población Activa, www.ine.es).

Due to the real lack of job vacancies that the economic crisis has triggered, the immigration entries for workers of third countries could circumstantially be limited. Nonetheless, Spain can not adopt a closed-door immigration policy. Immigration will remain necessary for our country; its contribution will continue to supply the lack of nationals or immigrants for a significant number of occupations that employers are expected to demand, and whose volume is going to be determined by the economic scenarios that will be consolidated over the next coming years. If Spain wouldn't consider and accept the arrival of workers from other countries, it would end up with an aging population, that would reduce its population growth potential, and seriously compromise its economic capacity. However, it is expected that future immigration will occur in more modest proportions than those recorded in the last decade, after the initial impact phase, and also in changing the socio-professional profile of the immigrant, so that there will be a greater balance in their professional qualifications.

3. SPANISH IMMIGRATION POLICIES PRIOR TO THE CRISIS.

Spain has received a remarkable illegal immigration quota, similar to other European Union countries, like Italy and Greece. Across the Atlantic, the U.S. has also been very importantly affected by illegal immigration. In all these cases, it can be observed that illegal immigration is like a vector that crosses the southern border of the northern countries and aims toward the developed world. Illegal immigrants have always had to take major risks, especially from the moment when, because of their large numbers in the countries of arrival, there is a socio-political reaction in those countries of arrival that results in border control regulations, or, using more recent terminology, international migration management.

In Italy and Greece most illegal immigrants come from the Balkans, North Africa and the Middle East, crossing the "natural bridges" of Pantelleria-Lampedusa-Malta-Sicily and Turkey. In the U.S., irregular migration is mainly Mexican. Spain also receives irregular migrants from its immediate environment, especially from Morocco. Irregular Moroccans cross the Strait of Gibraltar or the Alboran Sea in small boats (*pateras*) in order to reach the Iberian Peninsula, or sail the western Atlantic Ocean in canoes (*cayucos*) to reach the Canary Islands². Setting one's foot in the Canary Islands means to make the European Union³.

However, a very important contingent of natives from remote countries has also taken part in the Spanish irregular immigration boom of recent years with a volume similar or superior to the contingent that directly or indirectly comes from Africa. First of all, and very important, are immigrants from Latin America, those who arrive to Madrid-Barajas with tourist or student visas, and after three months in Spain become

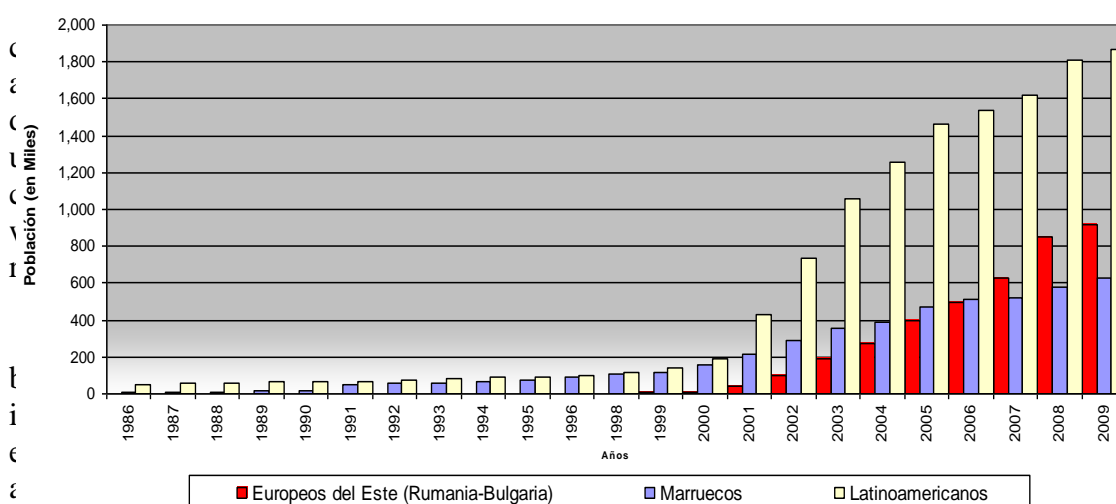
² The years 2006 and 2007 witnessed a veritable avalanche of canoes, which could be finally stopped thanks to large scale cooperation, in naval operations of surveillance, interception and rescue, along the EU. In parallel, different diplomatic initiatives were implemented, to offer development funds to the governments of the countries of origin of the immigrants in exchange for self-migration-control.

³ All the aforementioned countries, Spain included, receive indirect migration from farther countries that nevertheless come to them through the same "gates": subSaharans in Italy and Greece, Middle East, Iran, Pakistan, etc. natives in Greece, Central and South Americans in the United States, subSaharans in Spain, etc.

undocumented immigrants. In second place, it should be mentioned immigrants from Eastern European countries that, dodging the two lines of containment of the European Union⁴, arrive in Spain crossing the Franco-Spanish border in regular bus lines. As the EU has expanded eastwards during the last ten years, the origin of immigrants has changed (Poles in the decade from 1990 to 1999, Romanians and Bulgarians from the turn of the century).

Figure 2.

Crecimiento de las Poblaciones Inmigrantes en España (1986-2009)



during the reference period (2000-2009), without any abrupt direction changes in the evolution of migration policies.

Overall, it can be said that the Spanish immigration policy has gone through *five* key moments. *At first*, migration policy in Spain is formulated almost exclusively as a mean to control the problem of irregular crossing of the Spanish border. It is the reaction of a country that never experienced a major influx of workers, and who doubted that foreign labor were needed for the success of the new economic demands, both national and international. At that time the immigrant labor was an unknown element, useful perhaps, but strange, and therefore subjected to supervision and control protocols that would be inappropriate for residents of democratic countries. The available legislation is weak and does not facilitate the regularization of foreign workers.

Once the presence of immigrant workers is socially recognized, the Spanish migration policy enters a *second phase*, whose imperative is to normalize the immigrant population resident in Spain. It is time for massive amnesties or regularizations (1996, 2000, 2005) and the development of a legal-bureaucratic apparatus that helps the immigrants in their gradual integration in the regular work market: 4/2000, 8/2000 and 14/2003 Acts, and their implementations. It is at this stage when residency and work permits, quotas or contingents of workers, job difficult to fulfill lists, bilateral treaties

⁴ The two lines we are referring to are, respectively, the eastern border of the last twelve EU countries and the eastern border of the EU prior to the incorporation of these, which temporarily remains an operational and entry control.

to facilitate transfers of population between Spain and other countries of special interest⁵, EU Directives on immigration, recruitment programs at the countries of origin, visa-policies, etc, are put into practice.

Spain is granting three main types of visas. The tourist visas are granted for stays of three months maximum. The extent of student visas depends on the type of studies: it must be renewed annually and requires a thorough justification of compliance with the academic activities that have led to the granting of the visa. And the residence visa or permit, related to the status of foreign workers. The residence permit may be temporary or permanent and is only granted to those who a) have previously demonstrated the financial means to stay while residing in Spain (mere residence) b) have a work contract in Spain (work) c) were identified as first-degree relatives of a foreign resident in Spain (family reunification). The permanent residence permit is granted to people who request it, after five years of continuous legal residence. The permanent residence is regulated by Directive 2003/109 of the European Union and involves, among others, the acquisition of full employment rights. Table 1 lists the numbers of different types of visas granted in Spain in 2008 (280,295), by type of visa and applicant's continent of origin. Applications for asylum were just 6,946 in 2008.

TABLE N° 1
PERMITS/VISAS OF RESIDENCE IN SPAIN: 2008.

Place of origin	Total	Only residence	Work	Family reunification	Student
EU	19.318		99,7%	0,2%	0,1%
Rest of Europe	11.115	1,4%	42,9%	39,5%	16,2%
Africa	64.466	0,7%	46,4%	49,9%	3,0%
North America	16.418	5,4%	5,3%	0,1%	89,3%
Latin America	140.958	1,0%	50,3%	34,3%	14,5%
Asia	27.981	2,5%	34,1%	50,5%	12,8%
Total	280.296				

Source: Anuario Estadístico de Inmigración. MTIN.

In a *third phase*, Spanish migration policy favors the integration of foreign residents who plan to stay for a medium or long term. Along this line, the central administration did collaborate, since the first moment, with regional and local governments, the business sector, and numerous NGOs and CSOs.

The civil rights of immigrants appear already in the first Spanish immigration laws. However, especially in the case of rights that are not related to the physical and moral survival of people, proactive concern for these issues arises in a *fourth phase*.

In a *fifth phase*, the question of regional decentralization of the Spanish migration policy arises. The 2/2009 Act addresses this issue, which is still subject to intense controversy in the legislative chambers. The opposition to the decentralization

⁵ Among others, Spain has signed bilateral agreements on management of migratory flows with Colombia, Ecuador, Morocco (2001), Poland, Dominican Republic, Romania (2002), Bulgaria (2003), Mauritania (2007), Cape Verde (2008), etc.

of the management of migration lies in safeguarding the principle of national sovereignty.

These five stages are not mutually exclusive; rather, they overlap in time. It may well be that an earlier stage is not completed before the start of some of the following stages, or remains open indefinitely.

4. THE ECONOMIC CRISIS IN SPAIN AND ITS IMPACT ON THE IMMIGRATION

In 2008, the announced western economic recession, begins to manifest itself in Spain accompanied by a severe contraction of the demand for labor. Undoubtedly, this phenomenon impacts on the immigration policies that, until now, had been designed to accommodate the necessary workforce needed for a long period of economic growth⁶. In a few months, unemployment rates have reached historic proportions (see Table 2), affecting in different ways both immigrants and nationals. The declining quality of life of the immigrant population manifested itself in many different ways in the last two years, including among them, the decline in remittances to their countries of origin: 13% in 2009.

TABLE N° 2
UNEMPLOYED BY SEX. PERIOD 2005-2009 (FIGURES BY QUARTER)

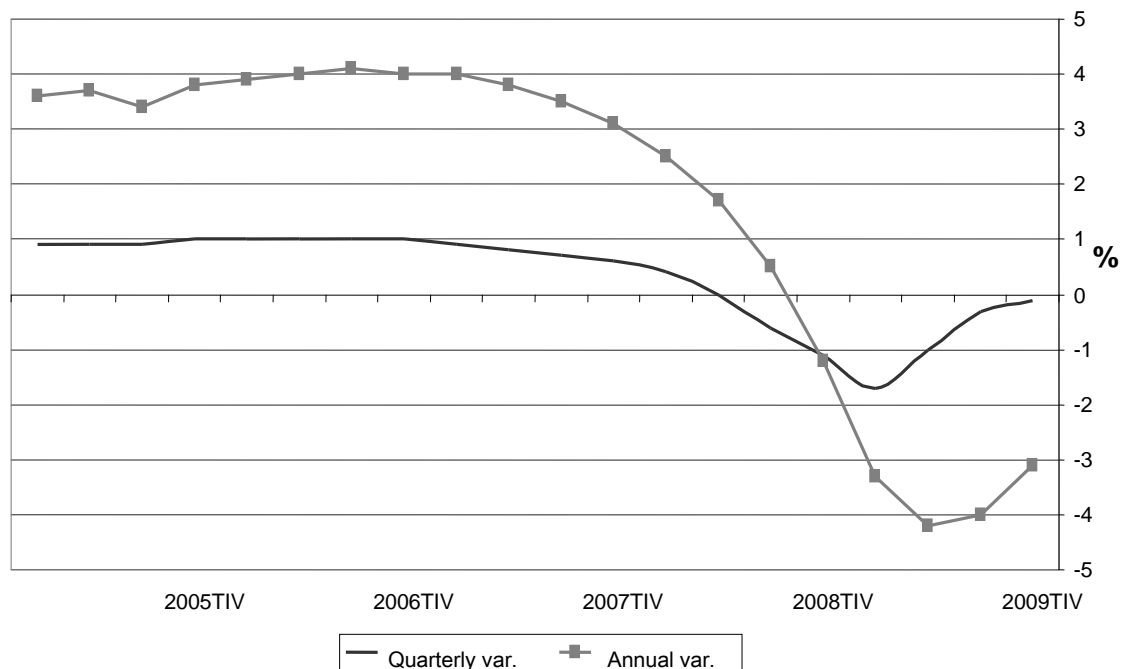
Thousands of people	Both sexes	Male	Female
2005 TI	2099	940,9	1158,1
2005 TII	1944,7	890,1	1054,6
2005 TIII	1765	799,2	965,8
2005 TIV	1841,3	821,2	1020,1
2006 TI	1935,8	846,4	1089,4
2006 TII	1837	795,5	1041,5
2006 TIII	1765	760,3	1004,8
2006 TIV	1810,6	763,8	1046,9
2007 TI	1856,1	800,1	1056
2007 TII	1760	780,6	979,3
2007 TIII	1791,9	800,9	991
2007 TIV	1927,6	879,2	1048,3
2008 TI	2174,2	1018,6	1155,6
2008 TII	2381,5	1182,9	1198,6
2008 TIII	2598,8	1353,6	1245,2
2008 TIV	3207,9	1688,8	1519
2009 TI	4010,7	2195,8	1814,9
2009 TII	4137,5	2289,1	1848,4
2009 TIII	4123,3	2290,9	1832,5
2009 TIV	4326,5	2392,5	1934

Source: Encuesta de Población Activa, INE www.ine.es.

Despite looming early signs of macroeconomic recovery, as shown in Figure 3 (representing growth rates of GDP in Spain) from the second quarter of 2009, the loss of jobs continues, and remains higher than in other European countries.

⁶ See Aja, E. y Arango, J. in “La inmigración en tiempos de crisis. Anuario de la inmigración en España”, CIDOB, 2010.

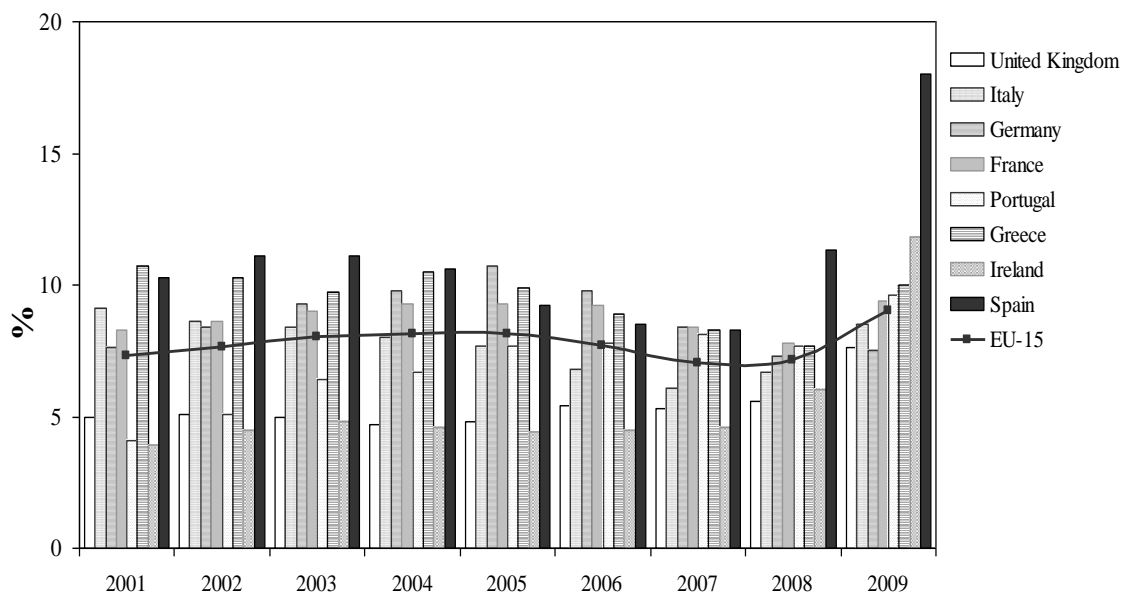
FIGURE N° 3
GDP GROWTH RATE (INTERANNUAL AND QUARTERLY) OF SPAIN (2005-2009).



Source: Contabilidad Nacional Trimestral de España, INE . www.ine.es.

Figure 4 shows the evolution of unemployment rates in Spain in the first decade of the century, along with those of seven other European countries and the EU-15 average figures. Some countries (like France and Germany, for example), are suffering a similar downturn but experimented a smaller active population increase in the recent past and had a less “explosive” construction sector, so their unemployment rates are more reasonable than Spain’s. But there are also EU countries with labor and real estate turnover fluctuations close to those of Spain (Ireland or the UK, for example), that nevertheless have less dramatic levels of unemployment.

FIGURE N° 4
COMPARISON OF UNEMPLOYMENT RATES IN EUROPE. FROM 2000 TO 2009 IN EU-15 AND A SELECTION OF COUNTRIES



Source: Eurostat, <http://epp.eurostat.ec.europa.eu>.

The current behavior of the Spanish labor market suggests that its mechanisms to adjust itself to the vicissitudes of the global economy are not working properly. Deficiencies such as temporary and precarious work, low productivity growth and high variability of employment, which is one of the most peculiar features of the cyclical behavior of the Spanish economy, are, at this time, especially difficult to correct⁷.

Table 3 gathers some GDP and employment cyclical indicators in the four major Euro zone countries for the period 1992-IIIIT 2008. As can be seen, the volatility of employment relative to GDP (measured by ratio of standard deviations) is much greater in Spain than in other large countries in the Euro zone. In fact, Spain is the only country where employment fluctuates more than the GDP, while in Germany and France the opposite takes place and in Italy both variables have roughly the same volatility. Also, the correlation between employment and GDP is stronger in Spain than in other countries.

TABLE 3.
EMPLOYMENT AND GDP VOLATILITY AND THEIR CORRELATION 1992-2008.

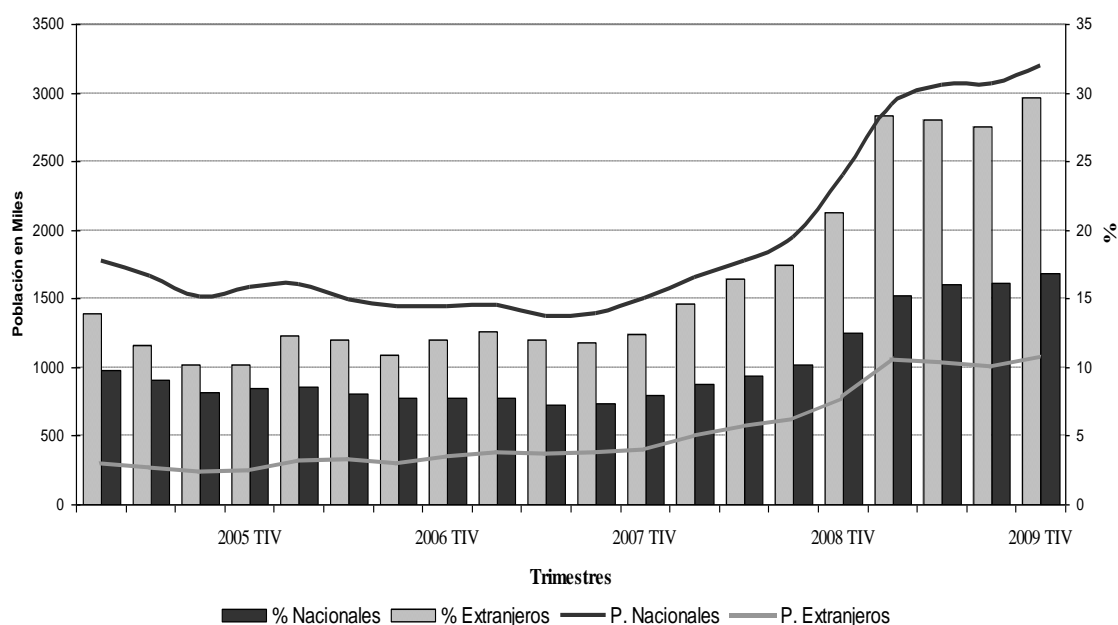
VOLATILITY (%)	Germany	France	Italy	Spain
Employment (1)	1,0	1,0	1,4	2,3
GDP (2)	1,4	1,2	1,4	1,8
Ratio (1) / (2)	0,8	0,8	1,0	1,3
GDP- Employment CORRELATION	0,5	0,7	0,3	0,8

Source: European Central Bank. Quarterly series of GDP and employment in annual growth rates.

⁷ See Oliver, J. in "La inmigración en tiempos de crisis. Anuario de la inmigración en España", CIDOB, 2010.

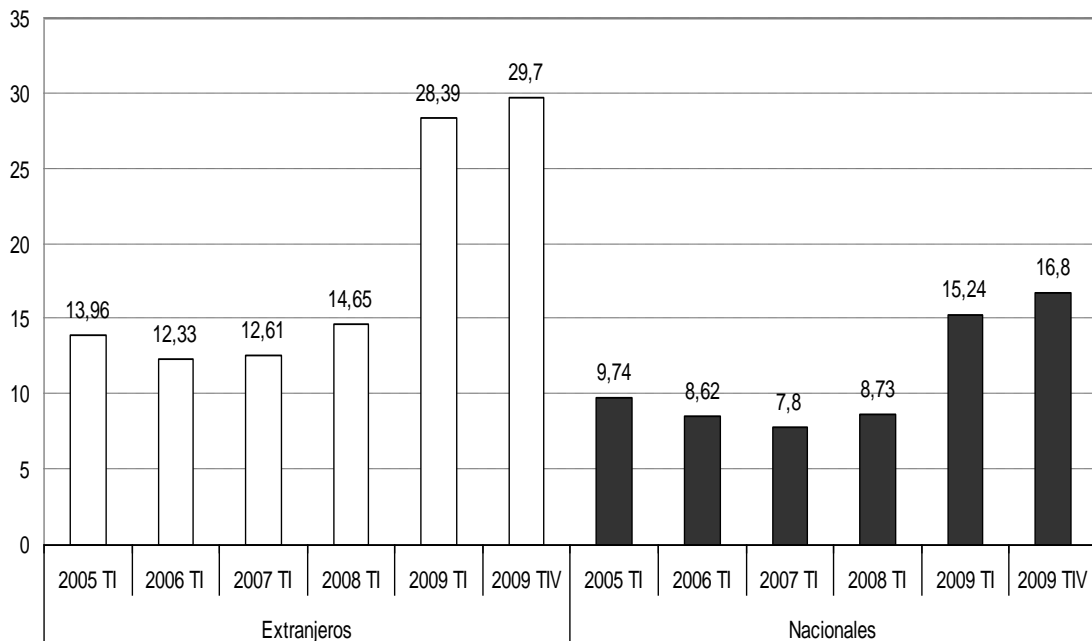
While the Spanish unemployment rate is already 16.8%, that of the immigrant population (foreign workers) is reaching the unsustainable figure of 29.7%. In a situation like this, the Spanish immigration policy has shifted towards more conservative goals. The current administration is trying to stop the indiscriminate arrival of workers, without definitely freezing labor migration, or –for obvious humanitarian reasons— removing family reunification procedures. Skilled immigration is favored by central and regional administrations. A special track is given to those jobs that the Spanish labor market can not meet. At the same time, help is given to those immigrants who request the return to their countries. Actions to protect the rights acquired by foreigners residing in Spain and good practices of integration are tightening (Figures 5 and 6).

FIGURE N° 5
COMPARISON OF POPULATION AND THE UNEMPLOYMENT RATE AMONG NATIONAL AND FOREIGNERS IN SPAIN (QUARTERS 2005 TO 2009)



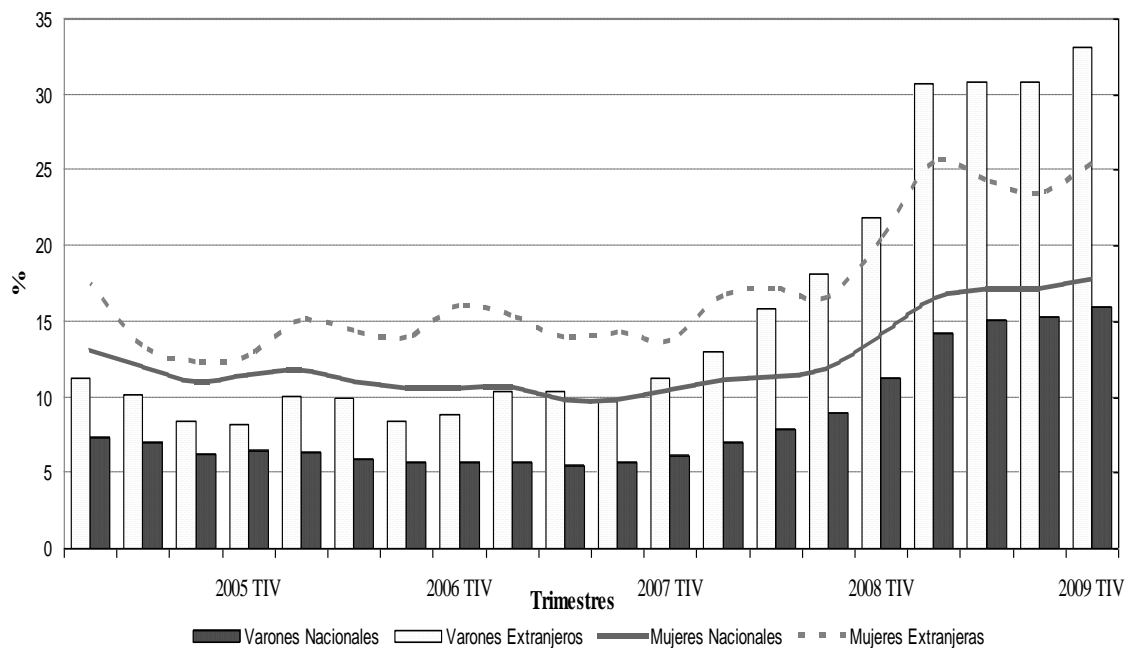
Source: Encuesta de Población Activa, INE www.ine.es.
Población en miles=Population in Thousands; Trimestres=Quarters
Nacionales=Nationals; Extranjeros=Foreigners
P.Nacionales=Unemployment among Nationals; P. Extranjeros =Unemployment among Foreigners

FIGURE N° 6
COMPARISON OF UNEMPLOYMENT RATES AMONG NATIONAL AND FOREIGNERS IN SPAIN
(QUARTERS 2005 TO 2009)



Source: Encuesta de Población Activa, INE www.ine.es.
Extranjeros=Foreigners; Nacionales=Nationals

FIGURE N° 7
COMPARISON OF UNEMPLOYMENT RATES AMONG NATIONAL AND FOREIGNERS IN SPAIN, BY SEX
(QUARTERS 2005 TO 2009)



Source: Encuesta de Población Activa, INE www.ine.es.

The unemployment rate of foreign population before the crisis, - for example, in 2005 - was about 14%, which means about some 300,000 people; while that of the Spanish nationals was close to 10%. This difference can be considered as normal, because the age averages of both active populations. But from the first quarter of 2008 the trend changed, providing for a widening gap between the unemployment rates of both populations. While unemployment rates of Spanish people fluctuate around 15%, the aliens' are well above the 25%, reaching in 2009 nearly 30% (Figure 7).

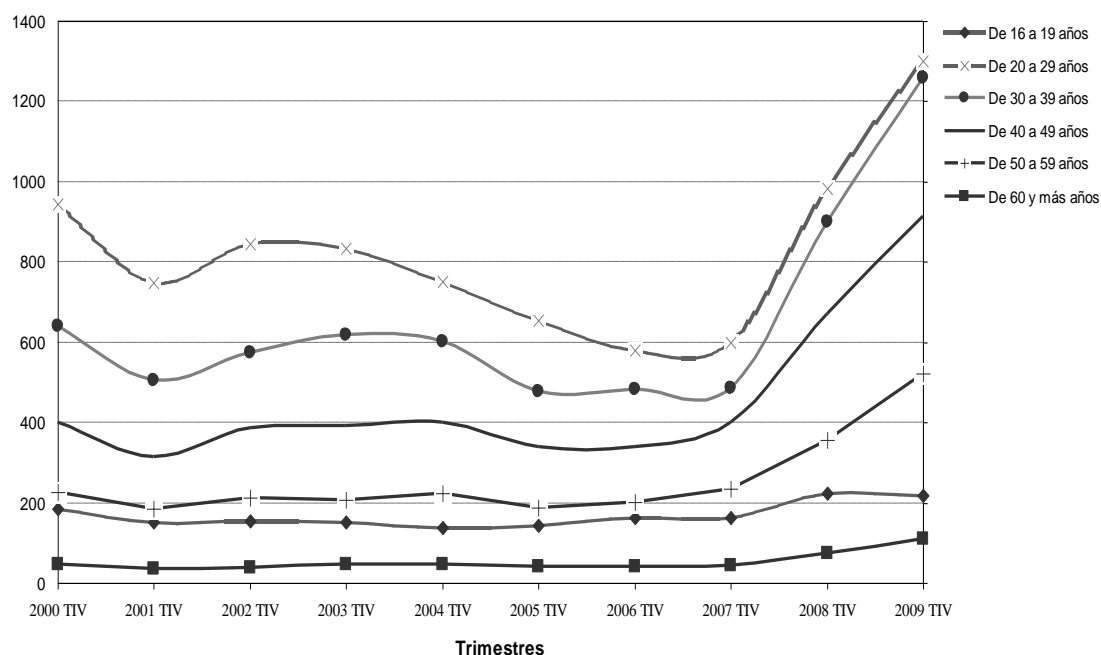
The increase in the unemployment rate among foreigners upset the unemployment rates by sex ratio. In the pre-crisis period, the female unemployment rate was always higher than the male unemployment rate. Since the third quarter of 2008 the unemployment rate for men surpassed that of the women. This reversal is a phenomenon that affects only resident foreigners in Spain, since no changes affect the native population, as in this case, the female unemployment rate remains higher than the male. The reason for this lies in the direct impact that the construction crisis in Spain has on the male foreign employment.

Within the European Union and, more specifically, in all the fifteen core countries, Spain is by far the nation that has been worst hit by unemployment, resulting from the current economic crisis. As it is a fact that the crisis is affecting more male than female employment, this indicates that the average level of incorporation of women to work in Spain is below European standards. This is also explained because of the lower volatility of work performed by immigrant women in Spanish society. Women working in domestic service and child, elderly and sick people care remain more active than immigrant men who work in construction, agriculture, or less stable services (catering, tourism, etc.). This reality has a balancing result in the stability of immigrant families in Spain.

Unemployment rates, though, of native women are very different from those corresponding to foreign women. Between 2005 and 2007 unemployment rates for national women were between 4% and 6% lower than for foreign ones. Since the beginning of the crisis, the unemployment rate of foreign women is growing at much higher proportion than the one for national women reaching a 10% difference. At least two reasons justify this empirical reality: a) that the differential nature of immigrant and national unemployment remains beyond the specific conditions of sex, b) that many foreign women living in Spain, mainly driven by male unemployment, have turned to be seen as people "willing" to work, as employable population, regardless if they get a job or not.

Considering that the average age of the working immigrant population is lower, unemployment rates by age also explain their disadvantage, because with the exception of the group of 16-19 years, unemployment rates are inversely proportional to age (see Figure 8).

FIGURE N° 8
UNEMPLOYED BY AGE GROUPS. ANNUAL SERIES 2000-2009



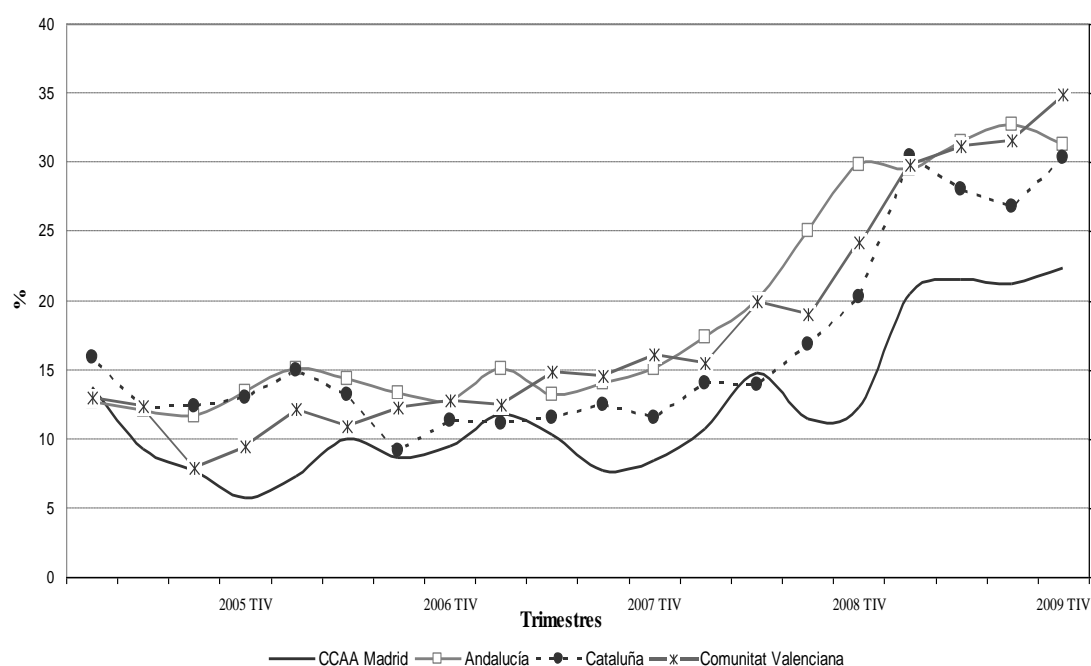
Source: Encuesta de Población Activa, INE www.ine.es.

Trimestres=Quarters

Años=Years

Also the unemployment rates for foreign workers vary according to the different Autonomous Communities in which they live. During the period 2005-2009 (see Figure 9), the Autonomous Community of Madrid is the one that had a lower unemployment rate for foreign workers, followed by Catalonia and Valencia. Andalusia, with few exceptions, is the Community that has the highest foreign unemployment rate.

FIGURE N° 9
COMPARISON OF UNEMPLOYMENT RATES AMONG FOREIGNERS IN THE 4 AUTONOMOUS COMMUNITIES WITH MORE FOREIGN POPULATION (QUARTERS 2005 TO 2009)



Source: Encuesta de Población Activa, INE www.ine.es.

Before the start of the economic crisis, the foreign population had a greater chance of finding a job because of their greater flexibility (in wages, occupations, geographical locations, etc.). At the same time, the foreign population was more likely to lose their jobs. But after the economic crisis began, the differences regarding the possibility of finding a job between foreign and Spanish people almost disappear and, in contrast, the probability for a foreigner to lose his or her job is much higher than for a Spaniard.

In times of economic crisis, the integration of immigrants represents a major challenge for the Spanish society, especially the integration of the second generation (the children of those who made the migratory journey) which accounted already for over 24% of all children born in Spain in 2008. Its full incorporation into the processes of mobility, without discrimination of any kind, and their sense of belonging to the host society will challenge Spain's ability to integrate them, thus ruling out the risk of future social fracture, and helping a future of coexistence and cohesion.

In order to achieve this, it is necessary to consolidate the provision of basic services (health, education, etc.), as a result of an appropriate fiscal policy that will allow foreign workers to collaborate in funding them. In the same way that the current crisis negatively influences the inception of new native families, immigrant couples are affected by economic uncertainty, which is why it is also necessary a family policy aimed at immigrants.

The fact that the vast majority of immigrants have not left Spain, despite the crisis and the subsidies they are offered to do so, has its answer, despite everything, in the great difference in the quality of life that Spain offers and the standards of living in their countries of origin.

With regard to statistics on unemployment, the EPA of the 4th quarter of 2009, states that the number of households with all its active members working decreased by 128,900 standing at 9.4084 million. In the year 2009 the decrease in the number of such households has been 690,700. Moreover, the number of homes with all its active members unemployed has risen in 392,800 during the last 12 months, reaching the alarming figure of 1.22 million at the beginning of this year.

According to the Ministry of Labor and Immigration the increase in unemployment in the immigrant population was very important in the first quarter of 2009, but stabilized in the following quarters. Optimists think that we could be at the end of this process of immigrant job destruction that has been triggered by the current recession.

Certainly, the economic crisis released the migration pressure that Spain has undergone so far in the 21st century. According to the Ministry of Labor and Immigration, foreign residents in Spain have increased by only 7% in 2009, about 300,000 people (one third of which came from the European Union). This growth rate is the lowest in 18 consecutive years. For instance, the foreign resident population growth rate in Spain in 2001 was 23.8%⁸.

5. SPANISH UNEMPLOYMENT, AND EUROPEAN UNEMPLOYMENT (2000-2009).

As mentioned above (Figure 4) not all 15 EU countries have a similar behavior, according to economic indicators. To facilitate comparisons, the four countries with the largest population and economic weight (Germany, France, UK and Italy) have been selected, along with three other countries that, together with Spain, are part of the European periphery (Greece, Portugal and Ireland).

In this regard, it is interesting to highlight the following aspects:

- The unemployment rates of the eight countries decline, with some exceptions, over the period 2001-2007, reaching during the final year the 8% figure, although some countries have rates well below this value (Ireland, less than half; Italy, 6% ; UK, just over 5%).
- After 2007, however, there are three very different groups: In countries with greater weight, unemployment rates hover around 8% (Germany 7.4%, France 9.3%, UK , 7.7%, Italy 8.5%); in Greece (10%), Portugal (10%), Ireland (11.8%) unemployment rates grow significantly and, finally, in Spain, the unemployment rates soar (18%)⁹.

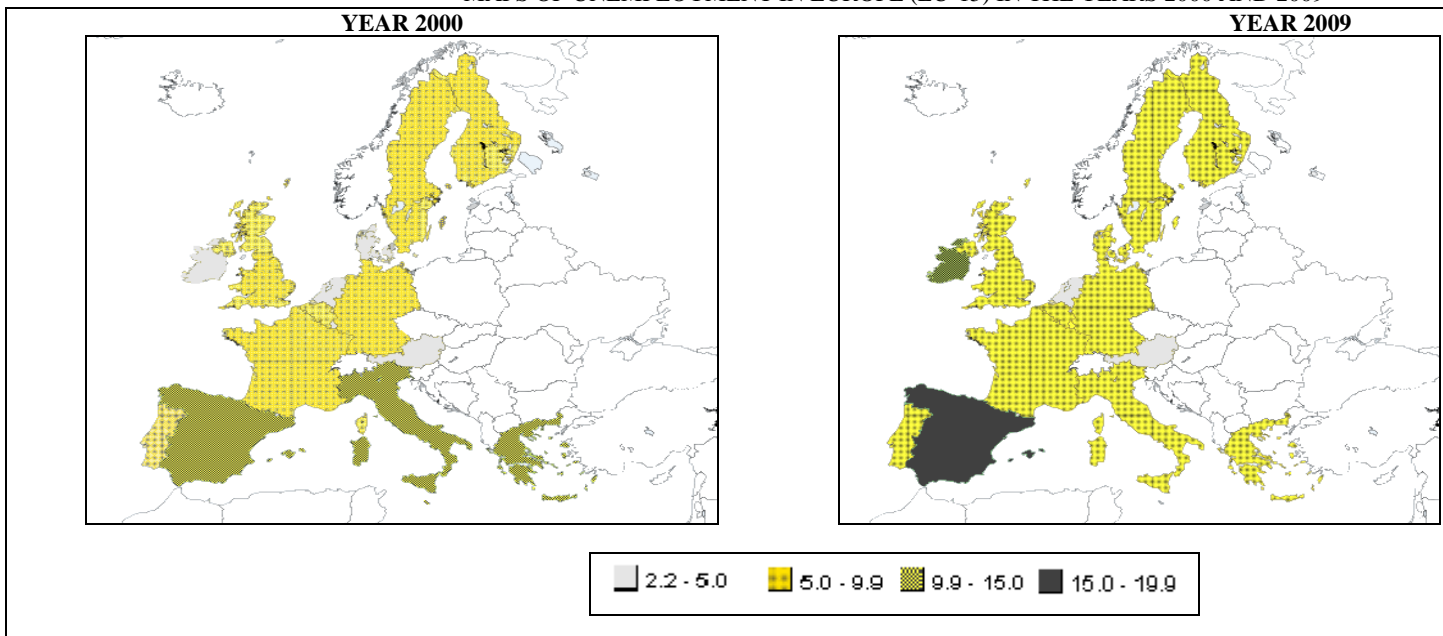
From a spatial point of view and using the visualization tools that facilitate the EUROSTAT database, we can appreciate the distribution pattern of the phenomenon of

⁸ It is increasingly common to use the term "migratory transition" to describe this change in the intensity of the arrivals, accompanied, probably, by an increase in professional training of the new immigrants.

⁹ Within the European Union there is only one country, Latvia, with an unemployment rate higher than Spain's (2009). In April 2010 the unemployment rate in Spain is over 20%.

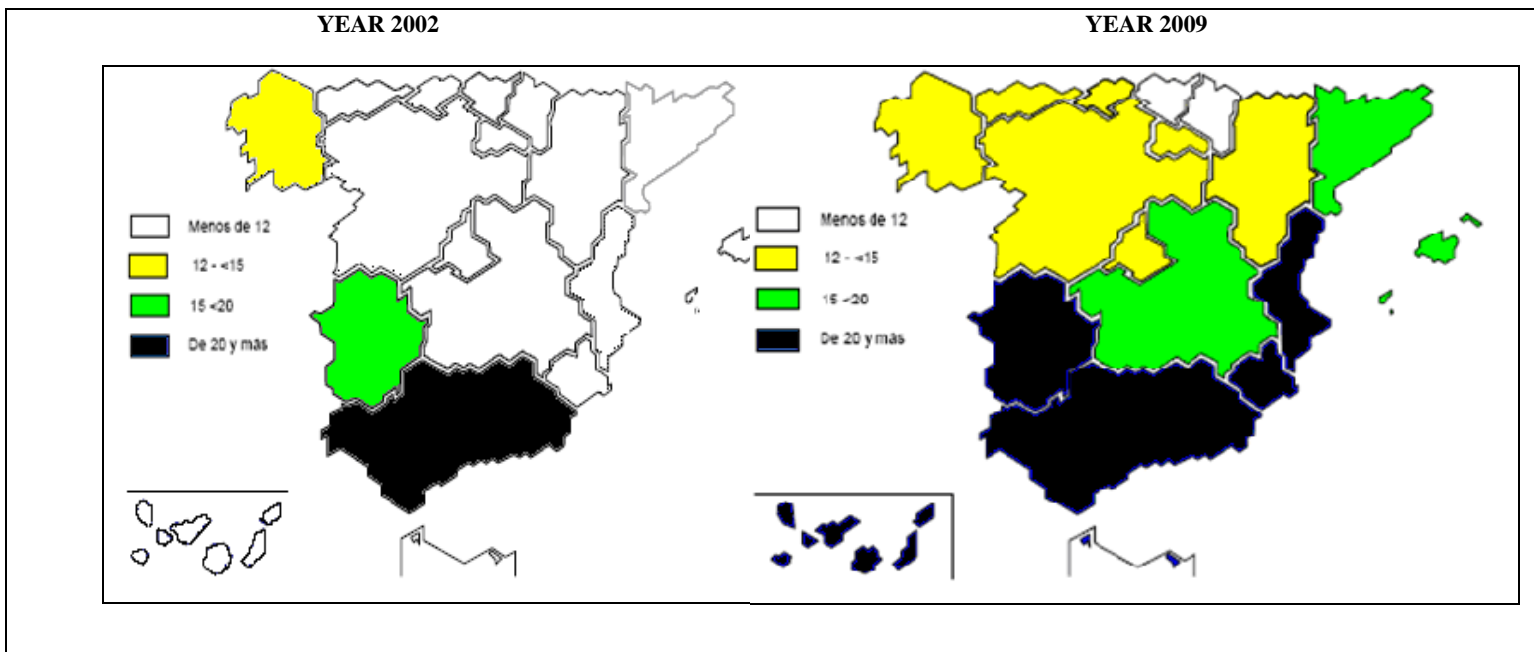
unemployment in the European Union from 2001 to 2009, and the uniqueness of the Spanish case (see Figure 10). Statistics published by the INE for similar dates (see Figure 11) allow us to obtain two snapshots of the importance of unemployment within the Spanish territory (2002 and 2009). It can be seen, in the case of Spain, a diffusion process starting in Andalusia, with two key components: the first with a south-north direction and the second along the Mediterranean Coast.

FIGURE 10
MAPS OF UNEMPLOYMENT IN EUROPE (EU-15) IN THE YEARS 2000 AND 2009



Source: Eurostat, <http://epp.eurostat.ec.europa.eu/tgm/>.

FIGURE 11
MAPS OF UNEMPLOYMENT IN SPAIN: BY AUTONOMOUS COMMUNITIES. RATES IN PERCENTAGE (2002 AND 2009)



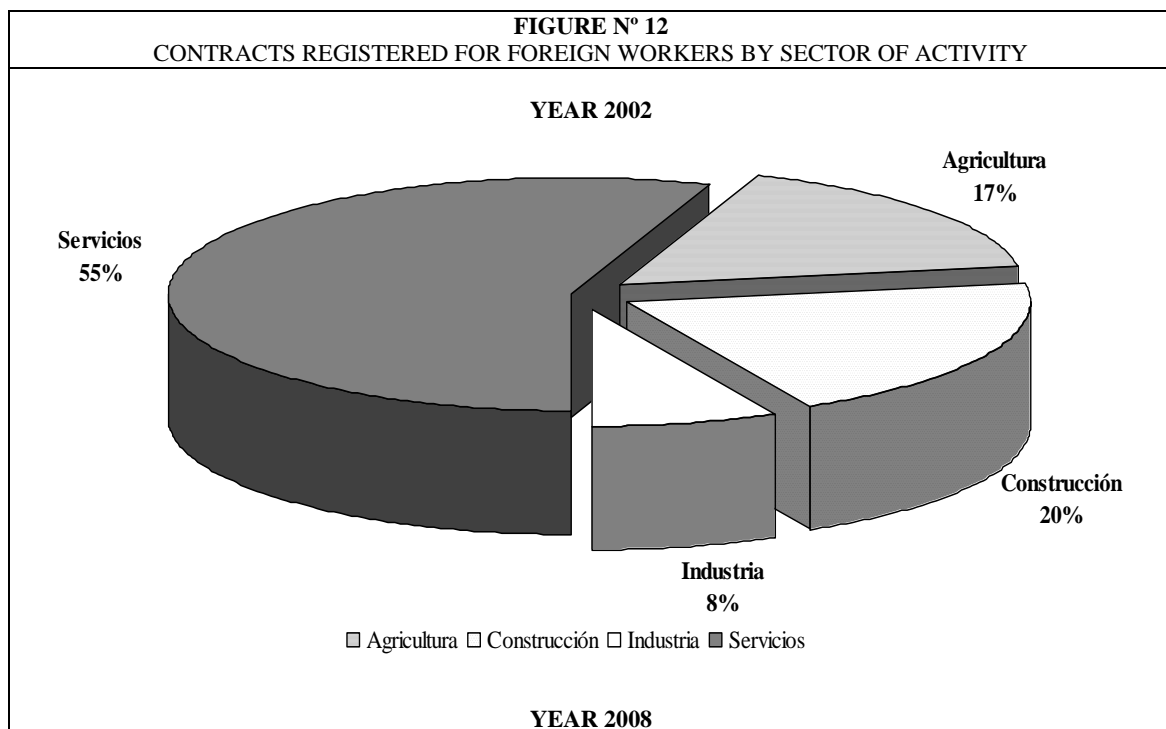
Source: Notas de Prensa de la Encuesta de Población Activa, INE. www.ine.es.

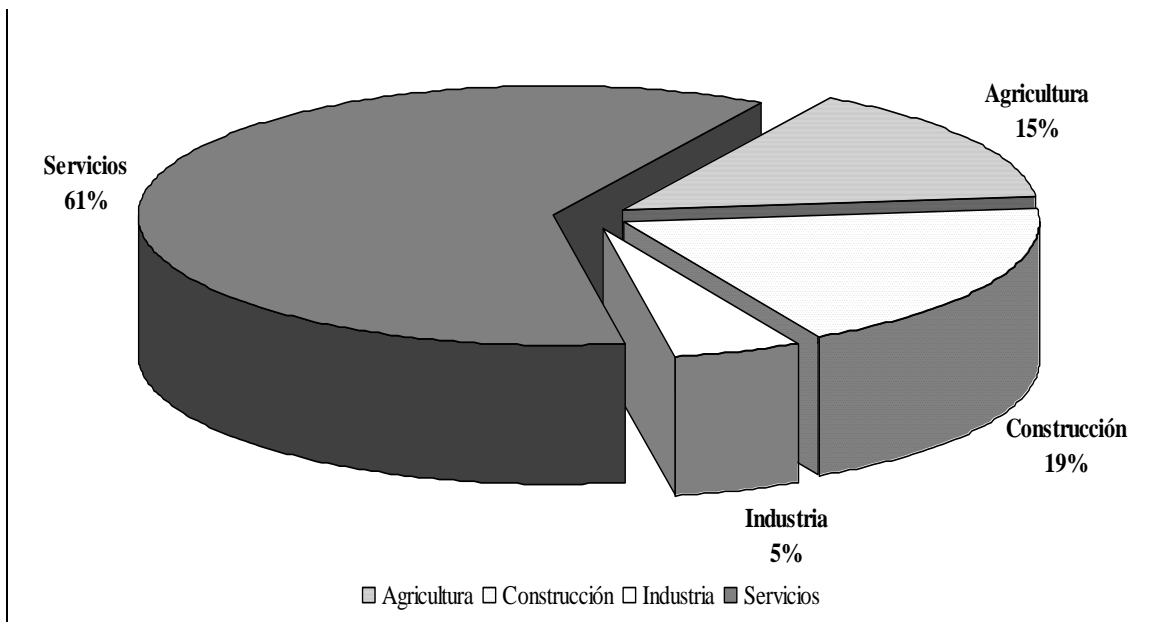
The INE published for the fourth quarter of 2009 (EPA) the following data:
Number of unemployed: 4.3265 million people (1.1186 million more than a year before), a 19% unemployment rate. In the fourth quarter of 2009 there are no declines in unemployment recorded in any autonomous region, showing the largest

unemployment increases in Andalusia (39,600 people), Catalonia (35,900 people), and Balearic Islands (22,400 persons). In this context, the male activity rate falls to 68.14% and the female rate increased up to 51.70%, following the recent trend resulting from the increased volatility of the work usually performed by men, and the incorporation of more and more women into labor market, to compensate for the unemployment of some of the male members of their families.

According to the same source, in 2009 the sector most affected by unemployment has been the construction sector, where the number of jobs falls by 378,100 people (-17.34%). In decreasing order appear the industrial sector (361,700 people: -11.89%), services (449,900 people: -3.25%) and agriculture (21,200 people: -2.64%).

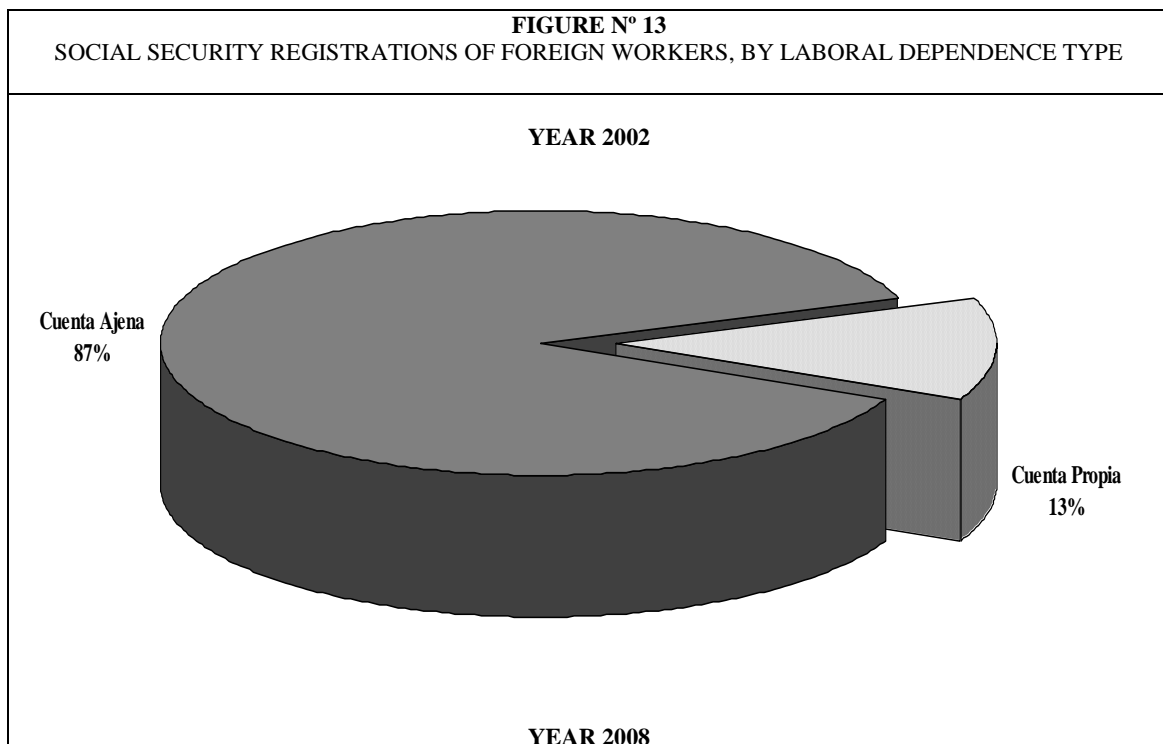
Figure 12 shows the annual variation in the percentage of the total foreign workers contracts, for the years 2002 and 2008: +6% in services, construction -1%, -2% in agriculture and -3% in the industry. These data show that among immigrants, there has been also a transfer towards the service sector in the context of the current economic crisis.

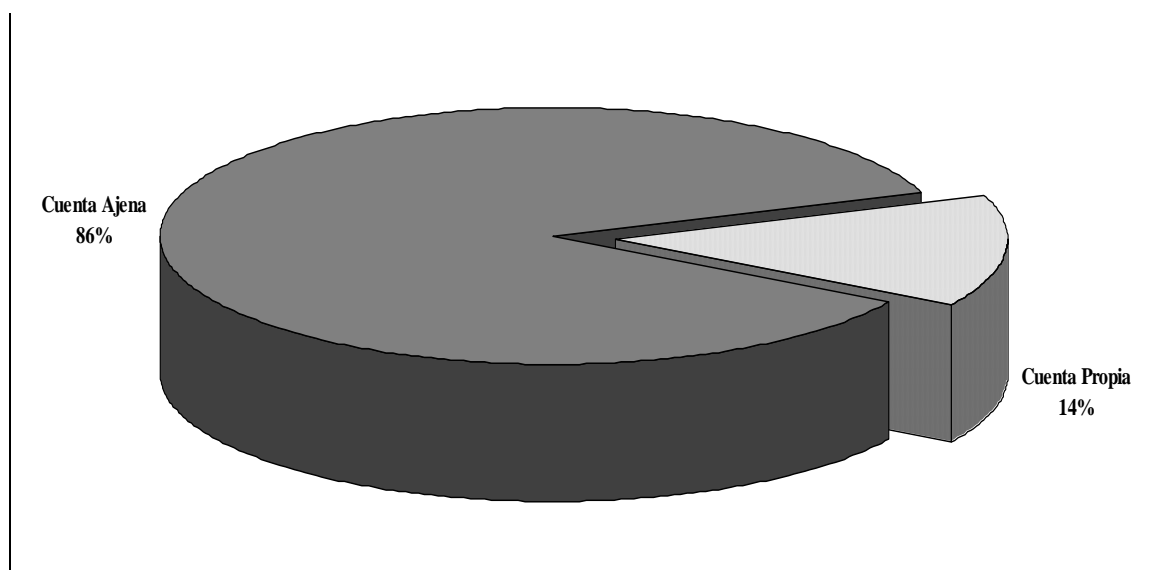




Source: Anuarios estadísticos de la Secretaría de Estado de Inmigración y Emigración, <http://extranjeros.mtin.es/es/InformacionEstadistica/Anuarios/Anuario2008.html>.

Furthermore, it is worth pointing out the changes, in recent years, in the proportion foreign salaried workers versus self-employed workers. Figure 13 shows both a vast majority of foreign salaried workers, and a slight increase of self-employed people (+1%) in two years, between January 1, 2007 and 31 December 2008. Most likely we are witnessing a reaction of unemployed migrants who decide to try other ways of earning a living, as self-employees, waiting for more favorable economic conditions.

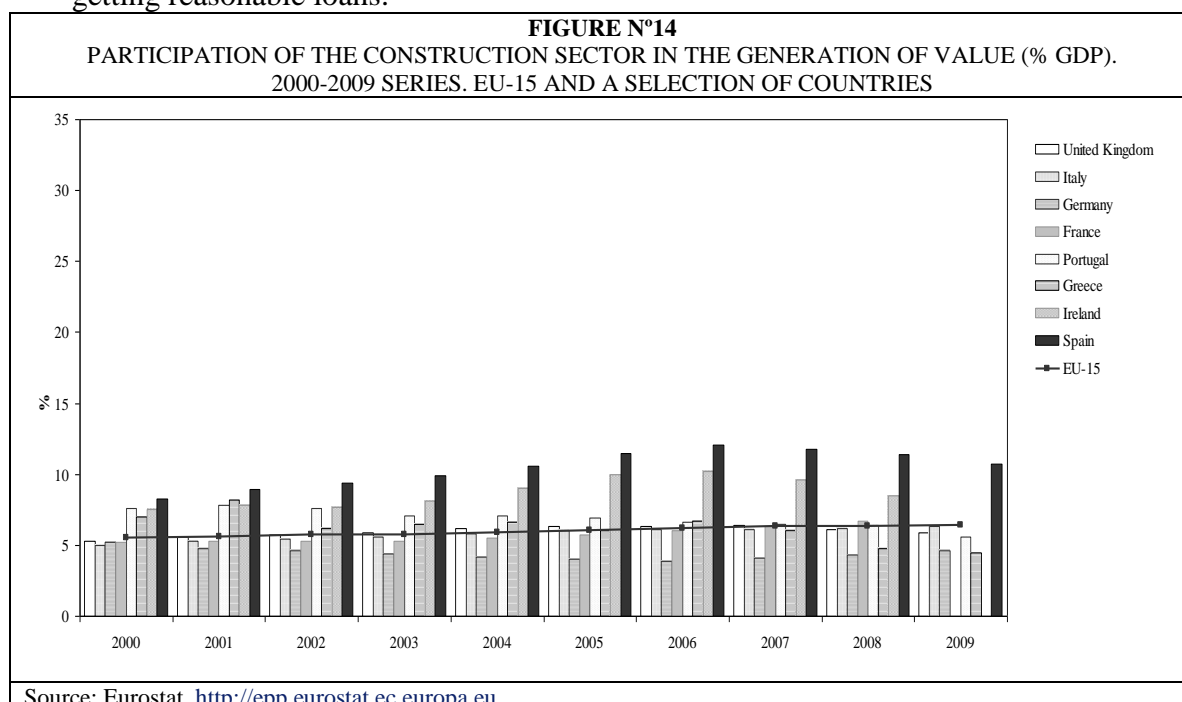




Source: Anuarios estadísticos de la Secretaría de Estado de Inmigración y Emigración, <http://extranjeros.mtin.es/es/InformacionEstadistica/Anuarios/Anuario2008.html>.

According to European analysts, the crisis of Spanish unemployment has two clear and fundamental factors:

- The importance of the real estate sector in the Spanish economy (see Figure 14) and the significant gap between the pace of construction and occupancy of housing ("housing bubble")
- The segmentation of the labor market into two distinct layers: the permanent contracts, protected by trade unions, and the majority of temporary contracts, which are normally taken by young people or immigrants. These labor market segmentation only, according to experts, could explain the Spanish unemployment crisis, because it is a major disturbance of the principle of free competition that is required in all markets of a not-intervened economy. SMEs are often the hardest hit, caught between the high salaries of its employees and the increasing difficulty getting reasonable loans.



In its 2008 report, the Bank of Spain analyzes in depth the impact of the financial crisis in the Spanish economy. Its main conclusions coincide with those of European analysts, but there are differences of nuance that are worth recording in this article.

During the years 1999-2006 there was a strong momentum in the demand for consumer goods in Spain, which was met by an increase in supply, thus creating so many jobs that many women and foreign workers were drawn into the labor market in exceptional proportions. The increase of the production capacity in Spain in those years was due to the concentration of labor in industries that require intensive labor. The productivity of the Spanish economy, however, did not experience excessive advances, being this one of the main causes of the high unemployment rates nowadays. Ultimately, the increase in the demand was such that it began to generate a progressive indebtedness abroad: while in 1996 the Spanish economy did not need foreign borrowing, in 2008 the need for external resources stood at 9.1% of GDP.

Thus the economic crisis has only accelerated a process whose origins had been observed for a long growth period: a) the concentration of financial resources in the real estate sector¹⁰ (total employment in the sector grew from 9.5% in 1999, up to 13.2% of total employment in 2007; average growth rate of housing prices in 1995-97 was 1%, in the period 1997 -2007, though, was 10%) and b) the substantial indebtedness. The acceleration has been so intense that it has exceeded all expectations. It is true that the international crisis is reducing the external deficit and the weight of construction, but carrying along social costs difficult to bear, because the general decline in production activity is destroying the extraordinary capacity for job creation that the Spanish economy had.

In Spain, as in the rest of the Euro zone countries, additional adjustments are needed in order to regain its competitive economic position: a) To increase productivity, b) Moderation of business margins, c) Moderation in labor costs, d) Flexibility in the labor market so job changes can more easily be carried out. The international crisis has led to an important crisis of confidence, which is reflected in the tightening of credit conditions, the rising costs of financial intermediation and, therefore, the decline in economic activity and productivity.

While in Spain the crisis might have had some positive effects, for example, the mobilization of workers from less productive to more efficient sectors, a very tight labor market has made it impossible. Moreover, the crisis has adversely affected the cuts in public and private investment in R&D. And real estate assets also have been devalued, which means a drop in household wealth and a slowdown in consumption.

¹⁰ It is important to explain the explosive growth of the construction sector in Spain, because it is an exceptional phenomenon. The Bank of Spain gives three main causes:

- The exaggerated growth of the Spanish population due to mass immigration that has taken place in the first decade of the 21st century.
- The tourist housing developments.
- The necessary infrastructure construction, typical of a period of convergence with the rest of the EU.

The exit from the crisis requires a labor regulation more favorable to new job contracts and the recovery of productivity over the medium and long term. In particular, it requires new labor contract laws and laws on its negotiation (collective or otherwise). As this legislation can not be improvised, while progress is made in this labor reform, it is necessary to find transitional measures that might curb the current job destruction. So far, the government has focused on incentives for hiring and unemployment protection, but this is clearly not enough. New forms of hiring, and the prevalence of agreements within companies before more “comprehensive negotiations”, should also be explored.

However, if the European Union is already an area of free movement of goods, persons and capital, and if, within it, the Euro zone only supports a common monetary policy, we should approach the different member states as if they were -from economic standpoint, they already are- regions within a multinational state. This means that the negative (and also positive) characteristics of the economy of a particular member country are not just vices or virtues of that single country, but of the whole EU.

In the case under consideration: the scandalous levels of unemployment in Spain, so related to the collapse of the construction sector, have also implications at the European level. The construction has been intensively developed in Spain in recent years for several reasons: speculative; demographic (the need to accommodate a rapidly growing population due to the large arrival of immigration from outside: a phenomenon that all analysts consider necessary for the socio-economic viability of Europe); touristic (to improve and expand the tourist park that, in a high percentage, Community nationals use) and the improvement of infrastructures (essential task for any state that joins a rich and highly standardized organization). We are reaching the moment when the so called regional analysis will not refer mainly to subnational spaces, but rather to supranational organizations. In the current crisis context, if each European country would pretend to improve its macroeconomic parameters, regardless of the others, we would be witnessing a worrying loss of political vision among the members of the EU.

6. NEW POLICIES OF CONTAINMENT AND RETURN OF IMMIGRANTS IN SPAIN AND EUROPE.

Following the severe contraction of the Spanish labor market, explicit (and implicit) policies have been made for discouraging the arrival of new foreign workers that would not find suitable employment in Spain. Besides, public and tertiary sector procedures have also been articulated for subsidized voluntary return of immigrants in Spain.

In an economic recession is more than reasonable the effort of trying to counter the inertia of migration flows, that were set in a totally different situation. However, the expulsion or forced return of immigrants already installed in Spain would be a disproportionate, arbitrary, and ultimately impoverishing measure. Spain needs most of the people who have moved into its territory in the last twenty years, contributing to its demographic, economic and sociocultural growth, and thus turning Spain into a totally different country, with an indisputable international scope.

In this section we summarize two assisted return programs that have been offered to immigrants in Spain, and how was the response to them. We also review the main features of the new 2/2009 Act, that face the current situation of widespread economic recession.

The voluntary return program for non-EU foreign workers is offered to all those unemployed immigrants that came from non-EU countries with which Spain has signed bilateral agreements on social security. The workers who join the program may receive in advance all their unemployment benefits, and compute all the contributions made in Spain and in origin to the social security system for purposes for a future pension.

This system of payment of unemployment benefits is made in two installments: 40% in Spain, and the 60% remaining in the country of origin, between thirty and ninety days from the date of first payment. Aid recipients pledge to return to their country of origin within a maximum period of thirty calendar days from the date of the first payment of the benefit, along with their regrouped relatives without independent residence permits. Furthermore, the returnees will not be able to return to Spain within three years, to reside or work.

The Ministry of Labor and Immigration has reported that the response to the program has been very limited: only about five thousand applicants. When it is a fact that at least one million immigrants are unemployed, this result shows that the vast majority of immigrants will not easily return to their countries. Most likely they won't return quickly or, more probably, they simply won't return at all. There are many reasons for this: the most important (the one that summarizes them all) is that they already consider themselves as part of Spanish socioeconomic system, and therefore accept to share its moments of expansion, and recession as well.

In parallel, the PREVIE program was launched under the initiative of the International Organization for Migration (IOM), and funded by the IMSERSO and developed in collaboration with the Ministry of Interior. This program is also aimed at immigrants who want to return voluntarily to their countries of origin, but in this case, are in a state of serious social vulnerability. The program does not restrict its action to immigrants from countries with which Spain has signed bilateral agreements on social security. This program offers the following free assistance: information and guidance on return; help in processing the necessary documentation for the return; return tickets; small amount of cash for the trip; the possibility of financial support for reintegration in the country of origin, and monitoring of returnees.

To qualify for this program there are two essential requirements: to report to the social services of the municipality where he or she resides (certifying the serious situation of social vulnerability) and to sign a voluntary return form.

The need for a new 2/2009 Act came from three circumstances: a) the current law was outdated, b) the latest EU immigration policies have to be implemented and c) the substantial change undergone by the Spanish society since the publication of the last Immigration Act.

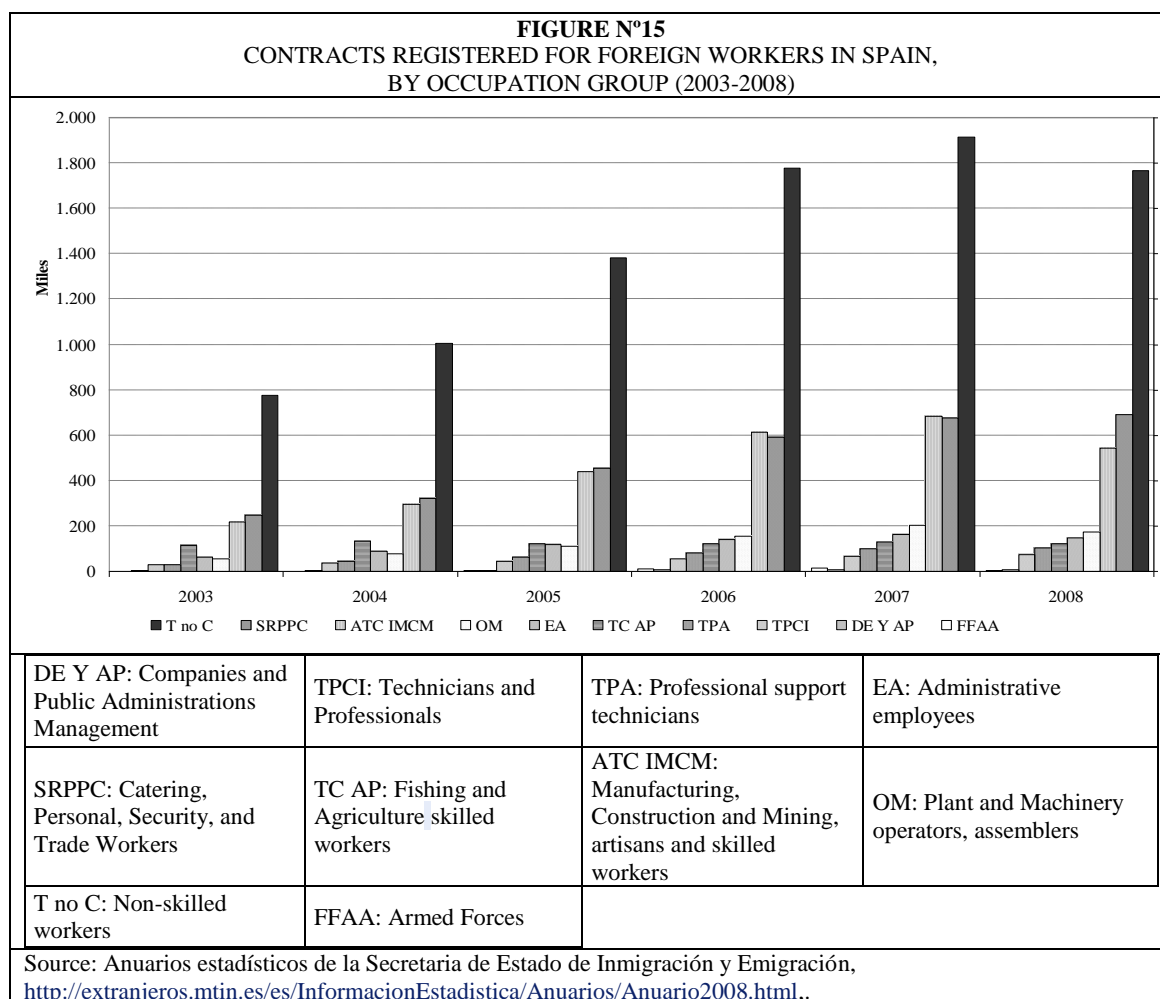
The new law has two key policy components. First, the distribution of immigration competences at different administrative levels: national, regional and municipal. In this respect, for the first time in recent history, the law establishes that the Autonomous Communities can develop independent migration policies, and thus, they may grant residence permits for work, family reunion, etc. So far, both the residence permit and the surveillance of border areas were reserved for the central government, for reasons of national security. However, although this idea is included in the law, there is still no parliamentary consensus on this atomization of the Spanish immigration policy.

The other line of action is to facilitate the dialogue between the state administration, the trade unions, the associations of employers and the immigrant organizations.

Reinforcing these two lines of action, the law defines four key objectives:

- The fight against illegal immigration and human trafficking.
- The management of flows of immigrant workers, using procedures such as the recruitment in origin, which attained very positive results in the period immediately preceding the crisis. A more detailed regulation of the list of difficult to fulfill jobs in the national employment situation is also proposed. Also, working without a permit or not registering the worker with the Social Security is considered serious or very serious infractions.
- Providing the foreigners the full exercise of their fundamental rights, including those of education (up to age 18), assembly, demonstration, association, trade unions and strike.
- Facilitate, by all means, the integration of immigrants in the Spanish society, in accordance with the directives of the European Union, which support the coexistence of identities and cultures. Along these lines new formulas of family reunification are articulated and mechanisms to increase the integration in times of conflict, as the present one, are being developed.

Spain is not a special case in all European countries, where the economic downturn is affecting more immigrants than natives. Therefore, there are also social tensions in Europe that must be addressed by market and integration policies. In Spain, the crisis has hit immigrant workers harder because, regardless of their level of education, they usually occupy low-skilled jobs (see Figure 15) and are also working in the areas most damaged by the recession, such as construction.



In Europe, too, many immigrants do not want to return to their countries of origin, since the chances of success, of finding potential new jobs and the quality of the conditions of life, including public and social services like education and health, are higher in host countries than in their home countries (whether if they are from outside the EU, or from the least prosperous EU members: Eastern Europe).

Many immigrants can not return to their home countries because they do not have the financial means to cope with the return. This is not the case of immigrants from Eastern countries, which are part of the EU, and therefore can return to their countries, knowing that they can come back without any problem to the host countries when the economic situation is more prosperous. Other motivations must be considered: social or family relationships already established in the host country, investments, etc. Furthermore, in the case of illegal aliens, they fear they won't be able to re-enter again. Notwithstanding this, it is expected that the reduction of opportunities in host countries will have effects, at least in the short term, in the contraction of migration to and within EU countries.

Overall, European countries have carried out a series of measures to control migration policies, for example, temporarily requiring the condition of having a job offer for those positions that currently don't require it. This will facilitate access to these

jobs and high possibilities of integration in society for qualified workers. It will also try to curb the well known "benefit tourism".

In other cases, governments have taken steps to present cyclical migrations more attractive to immigrants: that would allow workers to return to their countries of origin in times of economic slowdown, while they would return to host countries in times of economic prosperity.

Similarly, labor market controls have been established to help both low-skilled native workers, and immigrants already settled in the host country.

For example, in the UK, in order to reduce or block the access to their labor markets, the UK Home Office, has strengthened the conditions for accessing jobs that require highly skilled professionals (nurses, engineers), forcing employers to offer these jobs to resident workers (through the National Employment Service, Job Centre Plus), before they can bring in a worker from outside Europe. Similarly, the UK has also tightened the criteria for admission, revising and raising the point's admission system, especially for unskilled workers, thereby restricting their entry. In the case of highly skilled workers, a master's degree and a minimum £20,000 salary are required.

Other European countries have taken more radical measures. Italy passed legislation criminalizing illegal immigration and preventing unauthorized migrants from accessing public services. In addition, civilian patrols assisting the police regarding illegal immigration were authorized. France, meanwhile, has conducted a series of raids against illegal employment, in order to move irregular jobs to unemployed legal workers.

Like Spain, the Czech Republic, based on a program that France pioneered in 1977, to repatriate migrant workers, is offering a series of economic benefits to some workers, in exchange for their promise of no returning for some period of time or even indefinitely. All these programs have had little success, because of the benefits and advantages of staying, despite being unemployed, are much higher than those found in their home countries. For its part, the United Kingdom and France are experimenting with a variation of this concept: providing help to immigrants even before they arrive. Thus, both governments announced in July 2009 that would offer a plane ticket back home, 2,000 Euros in cash, and support and advice for relocation, to those immigrants who, being in Calais waiting to enter illegally in the United Kingdom, would desire so.

8. CONCLUSION

With the coming of the international economic crisis, Spain has left behind a period of nearly 15 years of sustained economic growth. This cycle of expansion had its principal motors in housing and new infrastructure construction, and population growth through immigration. Today the crisis undermines the achievements with important changes in the labor market, with increases in the overall unemployment rate and structural changes in the behavior of the working population.

In this scenario, the main affected group are the foreigners resident in Spain. Participants in the more precarious and temporal structure of the labor market, this

population suffers unemployment rates that are twice of those of Spanish nationals. As a result, a much deeper restructuring in family economies can be seen in this group than in the rest of society, along with a contention in the number of new immigrants.

The Spanish state has been forced to reorient its migration policy. On the one hand, the need to strengthen integration processes for the foreign population, therefore ensuring their access to social benefits (health, education, unemployment, etc.), and also decentralizing the immigration management, moving the welfare state functions to families and individuals, are now considered as necessary actions.

On the other hand, Spain has seen the necessity of designing mechanisms for the regulation of migration flows, while respecting international law, for the voluntary return of the immigrant population. While the success of these initiatives is rather partial, set in the European context, they respond to the canon of measures that other EU-countries -in similar situations- have taken, but also with an emphasis on ensuring the rights of these new citizens.

The Spanish state can not ignore its responsibility towards the immigrant population and seeks to consolidate models of immigration management, subject to the rights of free movement and international citizenship. These populations were the reflection of the Spanish economic boom, and now are the image of a society in crisis. It is possible that these people deciding to remain in Spain today will be a key source or link to the future economic recovery.

Finally, the impact of the crisis in Spain and its immigrant population should be read in a European perspective. In this regard, in today's EU, the regional analysis does not only refer to subnational spaces but rather to supranational organizations. In the current crisis context, if each European country would pretend to improve its macroeconomic parameters, regardless of the others, we would be witnessing a worrying loss of political vision among the members of the EU. The evolution of the Greek crisis is the best example nowadays.

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