

## The 180 Degree Turn about Economic Migrants Flow: an Analysis of the Case of Spain and Latin-America

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**Abstract.** *This article analyses changes of trend of migration flow due to aggravation of the current economic crisis. After the year 2008 official migration statistics have shown that traditional economics emigration from Latin-American countries to Spain is changing toward the opposite way, so after the 80's decade the Spaniards are becoming economic migrants again, but with a higher-skilled profile. At the same time the traditional migration flows have been very important for Spain but it is becoming less-skilled immigrants concentrated in cyclical industries (particularly construction), reinforcing the argument that at least some immigration flows respond to the economic cycle; so migration flow could be used like a faster thermometer of economic cycles. A longer and harder crisis has also affected the Administration policies of Spain that, like the most of European countries, are progressively becoming more restrictive but with modest results. Therefore this research has also analysed good practices that could improve the effectiveness of migrants' policies.*

**Keywords:** *migration flow, migration policies, migration regulation, economic migrants, migration changes.*

**Raktažodžiai:** *migracijos srautai, migracijos politika, migracijos reguliavimas, ekonominiai migrantai, migracijos pokyčiai.*

### Introduction

The existence of migrants for economic reasons is certainly a phenomenon that has characterized the development of European societies in recent decades, not only for its novelty but because of growing dimensions that it is reaching.

In this sense, from the last decades the Latin-American immigration in Spain has been increased and promoted by historical and social links and by bilateral covenants [3; 4]. Several researches have confirmed this tendency and the importance of Latin-Americans immigrants for Spain, e.g. Bermudez; Fix et al.; García et al.; Palma and Martin; Plewa; Rey and Cebrán [1; 3; 4; 5; 8; 13; 14; 16; 17], but as it is happening

with the overall immigration to developed countries [8; 9; 10], in the current decade the economic migrants outflow will exceed the inflow in Spain because an unexpected and severe economic collapse [12; 13] that significantly affects the economic and social development of this traditional host country.

For these reasons and because of the lack of literature about this new situation the main aim of this paper is to analyse the current changes of migration flow of Spain comparing the traditional and new situation analysing consequences for the development of Spain and for the migration policies. With this purpose this article has been structured firstly analysing the theoretical framework, analysing current situation based on official statistics, and finally conclusions are drawn.

### **Evolution of the migration flow**

Latin-American migration to Spain begins during the years sixty to eighty and it was mostly immigration for political reasons [5]. In the eighties emigrants began to be students who came to study at post-graduate studies and middle-class economic migrants in the context of a Latin America torn between economic crisis and implementation of structural adjustment programs [18]. These groups would facilitate a general economic migrants' flow in the nineties in the context of European integration, economic liberalization and rapid investment, and since the year 2000 it has continued massively mainly due to [7; 9; 11; 18; 20]:

- the common language;
- the Latin-American historical link with Spain;
- traditions (like Catholicism);
- the country's immigration policy;
- an increasing stringency of entry controls into the United States and the militarization of the border between the U.S. and Mexico;
- poverty, exclusion and lack of future affecting important social Latin American sectors;
- demographic changes of an aging Spain, especially in the economically active population and needs of foreign labour in certain productive sectors (agriculture, hospitality, construction, and other highly technical) and related activities that could not be efficiently assumed by the government;
- the Spanish low levels of internal mobility;
- and the dynamics generated by social networks made up of Latin American immigrants who arrived at earlier decades.

Immigration has changed the profile of the Spaniards. From being few (33 million) and equal population to be more (46 million) heterogeneous and multicultural (Moroccans, Ecuadorians, Romanians or Asians) made up a new country [13]. Currently Spain is ranked number eight in the world top ten countries with the highest number of international migrants by the Migration Policy Institute (MPI) in 2010 [11]. Latino-Americans population has become the main immigrant community and it

placed Spain as the first receiver of non-EU third country immigrants of Europe [13; 18]. The origins and the reasons of the immigrant population in Spain are diverse [5] the most of them have been by the last labour market demand. In addition, Spain also receives retirement migration from the EU-15 and other northern European countries that are attracted to Spain by the country's temperate climate, among other factors [17].

However, the long and unexpected financial crisis has increased the outflow of Spaniard emigrants and at the same time it has highly decreased the inflow of immigrants from dependent small economies as Latin-America, Eastern Europe, Central Asia, the Middle East, and North Africa (and it has slowed down the retirement migrants rate) [13]; so the economic migrants are a reality in Spain again (they were throughout the twentieth century and it ceased at the end of eighties) [3; 4; 11]. It has been estimated around half a million people per year is leaving Spain and it could suppose around 10% of current Spain population in 2053 [12] because of the lack of jobs and prospects in a longer crisis [12; 13], along with the increase of aging and population imbalance between young and old population [12].

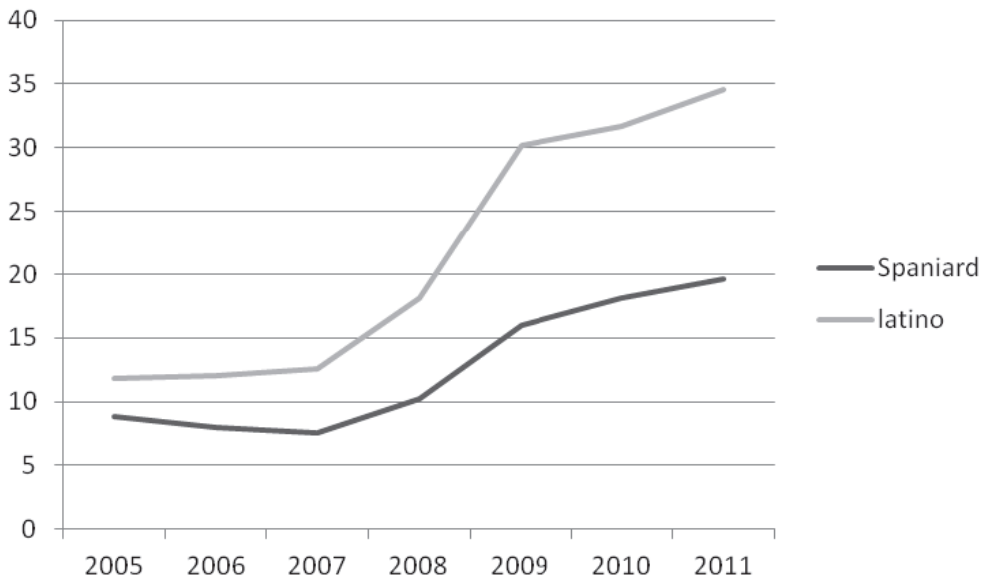


Figure 1. Evolution of Spanish unemployment rate (%)

Source: INE 2012<sup>1</sup>

In addition, currently the Spanish agricultural and services sectors have increased modestly employment offer during the recession, and in contrast to the past decades, many Spanish workers return to this sector, so it also affects the immigrants in the

<sup>1</sup> National Institute of Statistics of Spain [12]

Spanish labour market [11]. Furthermore, the most of Latin-American were employed in construction, which has been one of the sector more deeply hit by the crisis from 2007, consequently it has supposed an important increase of unemployment among Latin-American immigrants (see Figure 1 and 2).

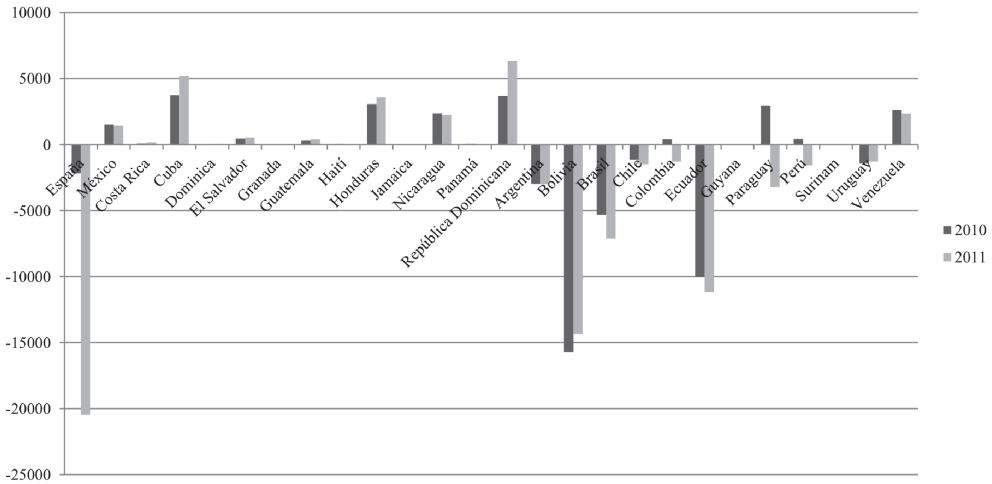


Figure 2. Migration Balance of Spain

Source: INE 2012<sup>2</sup>

### Profile of new migrants from Spain and the institutions for migration policy in Spain

In contrast to previous period before the 80's decade characterized by unskilled Spanish immigrants but currently engineers, technicians, health workers and researchers who want to work in their own field are the most workers who are leaving Spain [2], and it could supposed a future technical and intellectual impoverishment for a country [9]. According to the Global Talent Mobility Survey (GTMS) [6], that includes more than 50 job websites the 64% Spanish of job seekers would be willing to emigrate because the necessity to improve their career opportunities and since the difficult situation of the Spanish economy. Having a better life, extend experience and learning a language are other reasons identified. This survey also has pointed that they would emigrate if they would get good salary (50%), good job and social conditions (41%). The 62% of them would accept a temporary contract. In fact, 47% of job seekers willing to go out for more than five years if the economic conditions were not be improved in Spain. Regarding the destination, their current preferences are significant changing to Germany (55%) and the United Kingdom and United States

<sup>2</sup> Migration Balance of Spain: Population Inflow - Outflow

(45%); but, according to official historical records, Latin-America keeps being the main destination. Figure 3 shows the evolution of Spanish immigrants and it also shows a comparison of the total data between Europe and Latin-America.

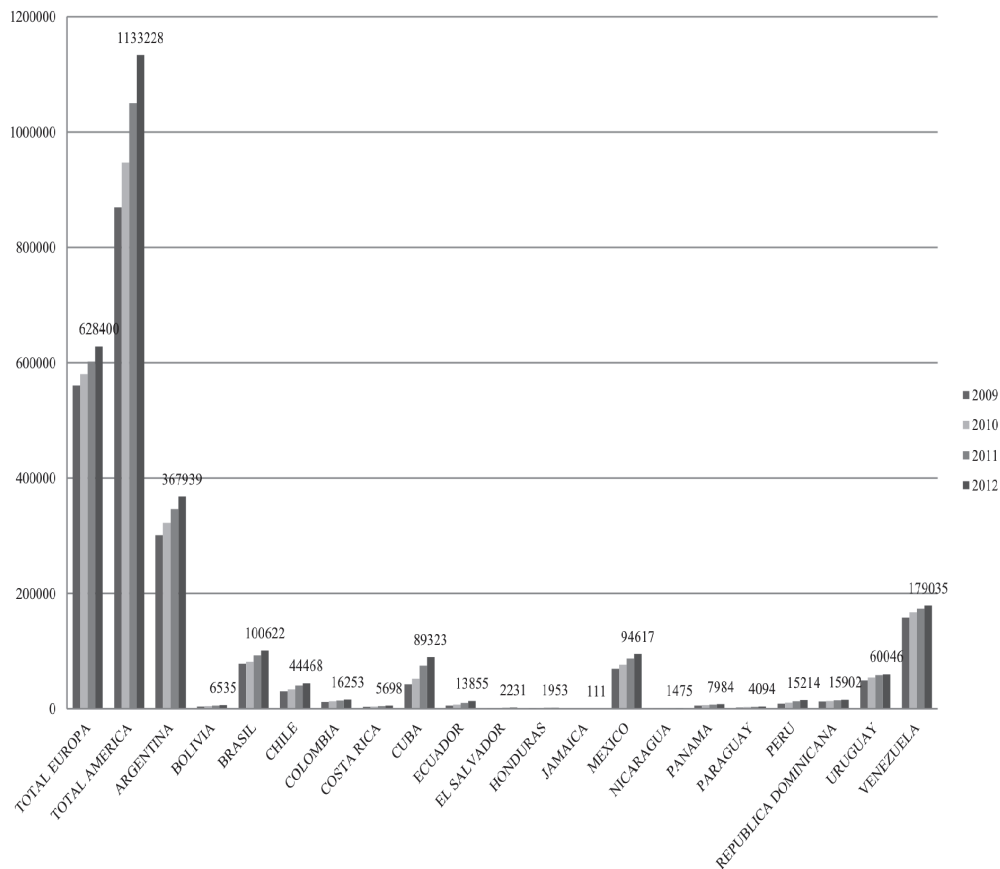


Figure 3. Evolution of Spanish immigrants in Latin-America.

Source: INE 2012

One of the best approach to the phenomenon of Spanish migration because of the crisis is the Residential Variation Statistics (EVR) [12], which have recorded casualties that occur in the records of municipalities for change of residence abroad (see Figure 4). Although the Spanish stock residing abroad is indeed greater than the records reflect because in many cases it is easy to live in other EU countries without having to register in the Spanish Consulate and not all are recorded, even incentives to do it have not changed much in the last years.

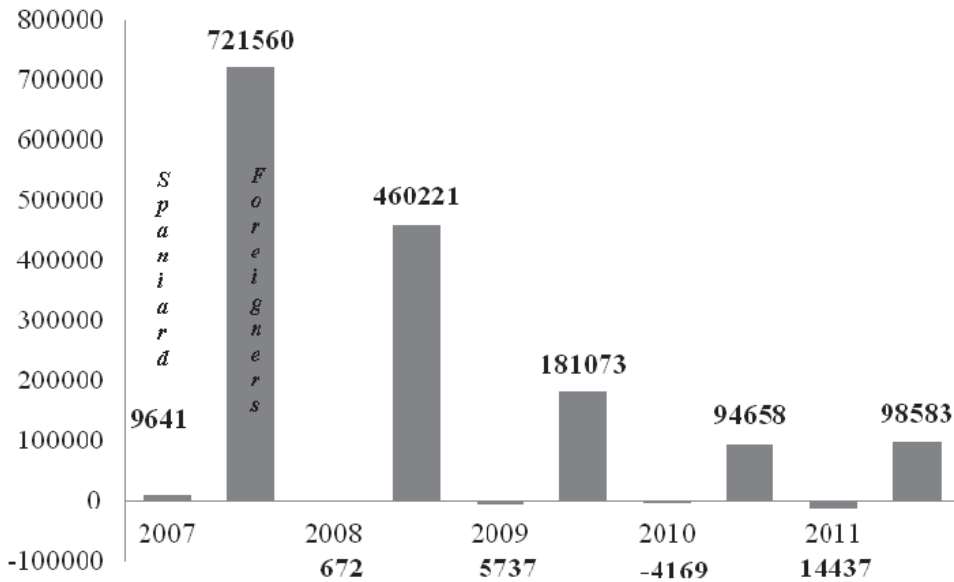


Figure 4. Residential variation Balance

Source: INE 2012

The migration policy was linked to the Labour Ministry of the central government. Figure 5 has shown the organization of migration policy. The General Secretary of Immigration and Emigration develops the government policy on foreigners, immigration and emigration. Technical Office supports to the head of the Secretariat General of Immigration and Emigration. Migration Board coordinates actions of the peripheral organs of the Central Government on immigration. Spanish Observatory on Racism and Xenophobia collects and analyses information on racism and xenophobia and its future trend through the implementation of an information network. Planning and Economic Management plans the actions of economic and organizational content, report and proposal on human resource needs and coordination of citizen information system. Permanent Immigration Observatory acts as a permanent body for the collection, analysis and exchange of quantitative and qualitative information that is received from the organs of the Central Government with responsibility for immigration, asylum and immigration.

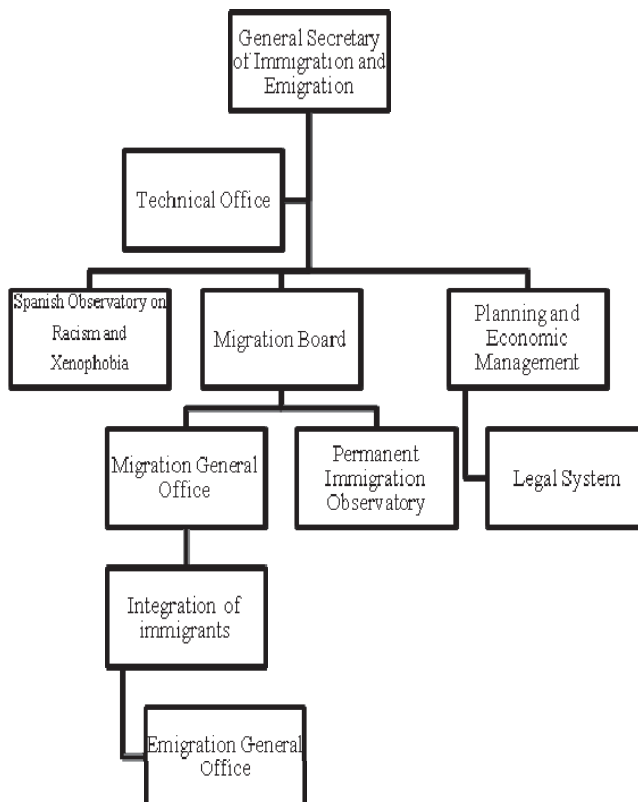


Figure 5. Institutions of migration of Spain

The migration policies in Spain are strongly determined by two circumstances: the membership in the European Union and the economic situation, especially since Spain has become from a host destination to a sending country of emigrants.

The Spanish migration policies were explicitly adapted from European requirements. The last decades immigration flows coordination by Spanish government was limited. It was usual the immigrants that arrived Spain illegally firstly obtain informal employment and later receive legal status through regularization programs managed to meet low-skilled labour needs [11; 16; 17]. Over the latter decade, migrants' policies (as visa requirements for citizens from various Latin American countries, agreements with native countries regarding seasonal workers) were to fight illegal migration and increase border security but it were not effective, and again several regularizations were made between 2000 and 2005 in order to deal with the labour demand [11; 16]. Since 2005 more proactive regulations has been done [11]. The evolutions of migration policies could be summarized in Table 1.

*Table 1. Evolution of migration policies in Spain*

<b>Year</b>	<b>Action</b>
1985	First migration law. First regulation of immigrants
1991	Second regulation of immigrants
1992	Distinction between European and non-European citizens
1993	Schengen Agreement. New visas and quota system for admitting foreign workers
1994	New Asylum law
1996	Reform of migration law. Third regulation of immigrants
1997	Proposals to reform the migration law
1999	Discussion of new migration law
2000	New migration law 4/2000 and reform 8/2000. Greco Programme. Fourth regularization of immigrants
2001	Special agreements with Latin-America countries about control of migration. Fifth regularization
2003	Spanish Voluntary Return Program
2005	Sixth regularization of migrants

Since, a new quota system was established for admitting foreign workers that includes recruitment from abroad according to demand. It was also increased the number of workplace inspections. In addition the control of seasonal work was intensified allowing ensuring that temporary workers do not overstay the terms of their visas, and besides new bilateral agreements with countries of origin to ensure cooperation on managing labour immigration flows. And regarding the skilled immigrants such as business executives, internet technology workers, scientists, university professors, and internationally renowned artists their job authorizations and residence permits become more flexible and with less requirements.

In addition, the Schengen treatment had as main objective to abolish internal borders (between the signatory countries) in exchange for securing control of common external borders, in order to "ensure the safety of citizens." From that moment the measures related to immigration and the presence of citizens of "third countries" becomes a safety issue, why develop measures of police and judicial cooperation between the signatory states.

The new migration law supposed a new regularization of immigrants and it also created an administrative body (Directorate of Immigration), which paid special attention to coordination between various departments of the central administration. It



was the origin of the current migration structure (Figure 5) and it added a social integration plan for immigrants in 1994 through the creation of institution for the social participation (Immigration Forum, with representatives of government, trade unions and NGOs and immigrant associations Spanish).

The 2000 law involved the plan GRECO to regulate and coordinate the foreign residents affairs and Immigration in Spain. It is based on the territorial organization of the Spanish state, and its political and administrative decentralization and it was supposed the development and implementation of integration policies at the local level would have the greatest impact on integration.

### **The mechanism of migration regulation in Spain against the crisis**

Since the economic crisis several short and long-term reforms on immigration laws and regulations were done [9; 11; 16]. Thus the government modifies regulations to permit greater mobility among sectors and from self-employment to salaried employment of foreigners who before only were tied to specific regions and industries. And it also changes the country's immigration laws to grant labour market access to the direct family (age 16 and older) of immigrants in order to strengthen family reunification. Additionally the Social Integration Fund was created to support immigrant social integration. This fund has been reduced over the past two years because of growing fiscal pressures. Currently it is for three purposes: welcoming and integration (41.2 million euros), education (27.4 million euros), and unaccompanied minor immigrants (1.3 million euros).

One of the more important policies that suppose turning into more restricted migrant policy has been a pay-to-go program called Spanish Voluntary Return Program that encourages unemployed migrants to return home offering economic incentives and it is managed by NGOs.

It derives from the French program of 1977 designed to repatriate migrant workers that have had only modest results to date, in part perhaps because they do not take into account migrants' motivations to stay or leave [16]. It allows non-EU third country migrants to capitalize unemployment subsidies generated during their working years in Spain in two instalments: 40% before the return, and the remaining 60% in the Spanish Consulate or Embassy in native country. The average subsidies payment has been about 9.035 euros and in addition it also support travel costs for all family members, cash (50 to 400 per person) and a grant for project entrepreneurship (1500 to 5000 euros). It was designed for about 100.000 immigrants but since 2008 it was only requested by 23.500 foreigners [12]. In 2010 the most number of requests were from Bolivia (477), Argentina (325), Brazil (281), Ecuador (225), Uruguay (172), Chile (137), Colombia (115), Paraguay (104) and Honduras (63). Participants cannot come back to Spain after three years later, although they will have priority if they decide to come back. Besides economics benefits for migrants it supposes several advantages as immediacy, administrative simplicity and openness to modification. Among challenges of this program it is found that [16]:

- Returns depend on situation of the countries of origin and the average increase of their GDP was around 6% instead of -0.1% of Spain.
- The most of native countries were not prepared to offer returning migrants sustainable sources of income and housing, but even in crisis the Spanish law provides migrants with services such as free health care, free education for children and requalification programs, legal assistance and employment status.
- Furthermore, the crisis had a milder effect on the informal economy.

Additionally, the turn into more controlled migrant policy is leading from fiscal consolidation that will imply higher reductions in public services and it will affect immigrant integration programs, especially at local level with short-term deficits despite constant or increasing demand [11; 16].

However, aging will continue to generate demand for growing numbers of immigrant workers in health and social care, so immigration will continue to play a substantial role. As a result, there is still a challenge to design reliable responses during a period of extraordinary short-term uncertainty [11]; so it will shape migrant flow in the coming years. In this sense Papademetriou and Sumption [15] have proposed several good practices to improve immigration employment:

1. To permit temporary workers getting permanent visa when they can demonstrate successful integration in the labour market and society as efforts in this sense of Australia, New Zealand, Sweden, the United Kingdom, Canada and United States. It would need to provide clear and predictable rules for the transition to permanent residence to incentive workers and a progressive wider access to the labour market. But the effectiveness depends of real purpose of the government willing to regulate the number of permanent visas available to workers.

2. To attract more talent workers through policies that ensure applications programs of the United Kingdom, the Netherlands, Germany and other like-minded European Union Member States are satisfied quickly and reliably for those earning above a certain wage (typically set between 50,000 and 70.000 euros).

3. To retain selected international students with relevant education, language skills, and cultural knowledge, as policies that facilitate to apply for a new visa, and exemption of any requirement or demonstration about their recruitment efforts in countries as Australia, Canada, Hong Kong, New Zealand, and the United Kingdom.

4. To use the Visa fees to support investments on immigrants issues, as the United States programs to finance integration programs.

5. Rewarding employers who play by the rules.

6. Building institutions with adaptation and flexibility at their core.

7. A strategic approach to immigrant integration making senior officials within immigration agencies responsible for integration or specific ministers who are responsible exclusively for immigration in Australia, Canada, the Netherlands, and Sweden.

## Conclusions

This paper has analysed the migration flow of Spain that is currently characterised by the change of trend due to a long financial crisis with economic conditions deteriorating severely. Thus, two main tendencies have been addressed:

1. Firstly, a long period of diverse and growing Latin-American immigration in Spain under favourable conditions that have changed and increased population of Spain. Secondly, a big reduction of Latin-Americans immigrants' inflow along with an important increase of Spaniards emigrants, indeed, this phenomenon is greater than the most of statistics reflect as Residential Variation Statistics has shown. In addition, Spaniards are returning to traditional sectors as agriculture. The national budget deficit could make these trends more persistence.

2. So the Spanish situation has shown less-skilled immigrants concentrated in cyclical industries (particularly construction) and how the recession has hit immigrants harder than the native born, leading to a widening unemployment gap. Immigrants who arrive when jobs are scarce will need many years to catch up with their counterparts who arrived in times of economic health. In addition, Spaniard migrants are most of them well qualified and they all, college students, recent graduated and experienced workers have to face a long-term recession and higher unemployment. This research reinforces the argument that at least some immigration flows respond to the economic cycle. Declining inflows could be positive because of Spanish economic weakness that does not have the same capacity to support new immigrants without reductions in wages or job prospects for the existing population.

3. Regarding these tendencies, the study has also analysed the migration policies of Spain. It has reflected a progressive turn to restrictive migrant policies because of fiscal consolidation pressure and the crisis along with more proactive policies to encourage migrants' integration. Among these restrictive policies the Spanish Voluntary Return Program with economic incentives and more administrative simplicity for repatriation of unemployed migrants has been particularly important. But to encourage return migration has not always been realistic and results of this kind of program have had modest success, especially for immigrants from native countries where they have not guarantee to find right economic conditions.

4. Despite all restrictions the recession has been relatively moderate. However, the impact of the fiscal crisis could be particularly affected by migrants' policies at the local level, where public authorities may not be able to borrow in the face of short-term deficits. It also makes more difficult and it will take more time and concerted investments in order to get the immigrant integration.

5. Finally, this research has analysed several good practices to improve migrants' policies effectiveness to avoid the recession's deep impact on the youth and minorities in a context of tighter public finances. Migrations used to be a faster thermometer of economic cycles followed by fertility [17; 18]; therefore in order to keep observing these indicators would be a good indicator about the next recovery or not of Spanish economy.

As data are not yet available on trends over the course of the current recession, as future research a longitudinal analysis including other social indicators as the age, level of education and genre is proposed, and also how it affects level of vulnerability of population. In addition, the analysis could be extended to other countries affected for global deep financial crisis.

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### **Ekonominių migrantų srauto pokyčiai: Ispanijos ir Lotynų Amerikos atvejo analizė**

#### Anotacija

Straipsnyje analizuojami migracijos srautų tarp Lotynų Amerikos ir Ispanijos pokyčiai. Nors tradiciškai abi šios geografinės vietovės yra susijusios istoriškai, pastaruoju metu imigracija iš Lotynų Amerikos šalių į Ispaniją smarkiai mažėja dėl ekonominės krizės. Vėl prasideda emigracija iš Ispanijos, savo ruožtu galinti intelektualiai nuskurdinti šalį. Taigi straipsnyje analizuojama esama situacija ir jos pasekmės Ispanijos vystymuisi bei migracijos politikos pokyčiams. Ispanijos situacija parodė, kad mažiau kvalifikuoti darbuotojai yra labiausiai susitelkę ciklinėse pramonės šakose (dažniausiai statybos), taigi ekonominė recesija, dėl kurios didėjo nedarbas, imigrantus paveikė labiau nei gimusius Ispanijoje. Tai rodo, jog iš dalies imigracijos srautai yra susiję su ekonomikos ciklais. Be to, tokia situacija pirmiausia dėl fiskalinio konsolidavimo poreikio lėmė progresyvų posūkį kurti varžančią migracijos politiką. Kartu buvo taikomos ir migrantų integracijos priemonės, tačiau jos davė menkus rezultatus. Taigi straipsnyje aptariami keli gerosios praktikos pavyzdžiai, kaip didinti migracijos politikos efektyvumą ir taip siekti, kad jaunimas ir mažumas išvengtų ekonominės recesijos poveikio. Migracijos srautai yra tarsi ekonominių ciklų termometras, tad jų stebėjimas galėtų padėti prognozuoti Ispanijos ekonomikos atsigavimo tendencijas.

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