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Addressing this most distinguished gathering is both an honor and a pleasure.

Let me start with a few, rather bold propositions. I trust that you will attribute their boldness to sheer time limitations.

1. Managing labor migration is exceedingly difficult everywhere, but in some countries more than in other.

2. All developed countries, and even a few developing ones, need immigrants, or, as some prefer to call them, foreign workers. Several reasons contribute to this, albeit in varying degrees. One is, obviously, population ageing. By itself, this breeds a need for immigrants, more for filling labor shortages than in order to correct demographic imbalances, for which immigration has only a limited potential. Some of these shortages stem from mismatches between the educational system and the requirements of the economy, particularly and increasingly in knowledge-based economies. Other social dynamics, such as processes of job stigmatization, are also part of the equation. Rather than subsiding with the passage of time, it can be surmised that the need for immigrants will remain and increase in the years to come, *inter alia* because demographic trends can be seen as almost irreversible.

3. Most countries are reluctant, in varying degrees, to admit immigrants, especially of the unskilled sort and when admitting them may entail permanent residence and/or citizenship.

4. There is, therefore, a tension between the need for immigrants and the reluctance of fears to admit them, a tension that was categorized fifteen years ago as Markets vs. States, and that might be translated today as politics vs. economics. Different contexts of national traditions, legal frameworks, values and patterns determine different answers to this conflict.

5. The abovementioned difficulties of managing labor migration are nowhere larger than in European countries, on account of a combination of significant needs with considerable reluctance.

To the risk of incurring in excess generalization, three major types of immigration regimes can be identified in the world of today. The first is the one found in the classical countries of immigration in North America and Australasia. These countries admit every year large numbers of immigrants, according to pre-established targets, the majority of them on permanent bases, and with the accepted expectation that they will be incorporated in the economy, the society and the nation, as indeed most of them do after some time. With the major exception of H-1 visas in the U.S., most immigrants are admitted without any

connection with a particular job. In other words, their admission is not contingent upon filling specific vacancies. On the contrary, the task of reuniting labor demand with labor supply is left to the labor market. These countries do not admit workers, but rather people who in turn will enter the labor market. The foundations of this peculiar migration regime have to be sought in history; more precisely, in the fact that these are genetically countries of immigration. Although discomfort with immigration may be mounting in our days, particularly in the U.S., in these countries almost no one questions its continuation.

At the other end of the spectrum, a second type of migration regime is the one practiced by a number of fast-growing countries in the Persian Gulf and the Asia-Pacific regions. Their thirst for foreign workers – who are not considered immigrants – goes hand in hand with their rejection of the very possibility of accepting them as permanent members of society, not to say of the nation. The more or less autocratic character of their polities allows them to restrict the rights of foreign workers, including those of family reunion and asylum. The foremost reason if not the only one, for admitting foreign workers is to fill interstices in their labor markets on a temporary, rotational basis. The utilitarian conception of immigration is thus taken to its fullest extreme, as the very limited endowment of rights recognized to foreign workers minimizes the social implications of immigration. The only significant difficulties this type of migration regime presents is assessing labor needs and assuring temporariness, sometimes through rather harsh methods.

The third and last migration regime is the one that prevails in most European countries. Being democratic states, they recognize rights and moral obligations, which are translated into entitlements for third country citizens that, in turn, condition and limit the discretion of immigration policies. Basically this implies that many third country citizens will be able to enter and stay on account of the rights of family reunion and of asylum, and that the possibility of staying and even becoming citizens cannot be denied. At the same time, in most European states there are significant degrees of reluctance to admit immigrants and to fully incorporate them in the society and the nation. Such reluctance presided over the option made in the third quarter of the 20th century by a number of countries to satisfy their large labor needs through guest-worker or otherwise temporary schemes. The difficulties, when not the impossibility, of assuring temporariness when prosperity gave way to recession and widespread unemployment since the mid-1970's reinforced the initial reluctance. The ensuing decision to close the borders to immigration, and the adoption of a policy paradigm that was often referred to as zero migration, affected above all to the admission of workers, given the practical impossibility of denying entry on grounds of family reunion and asylum. Exceptions to the principle of severely restricting the admission of immigrant workers should in any case be justified by the existence of vacancies in the labor market, and subject to the labor market test.

This third type of regime is probably the one that faces more difficulties for the management of labor migration. Indeed migration regimes based on accepting immigrants to fill specific vacant jobs usually do not work very well. Immigrants are admitted to fill labor and skills shortages or to take jobs that locals will not or

cannot do. Yet, evaluating these claims is often fraught with difficulty and carries important implications for policy. And admission procedures are often bureaucratic and slow.

Probably because of all this, restrictive policies – often highly restrictive ones – have been the norm in many receiving countries in Europe. Politics has tended to prevail over economics.

This notwithstanding, economic circumstances have significantly evolved, especially since the 1990's, and outstanding labor needs are increasingly recognized. A number of European countries have in recent years opened channels for the recruitment of immigrant workers, but these tend to narrow and predominantly directed to skilled workers.

Indeed, it can be said that the labor migration policies prevailing in the European mainstream is to a large extent represented by the strategy expressed by President Sarkozy of replacing *unwanted* immigration by *selected* immigration (*immigration choisie* vs. *immigration subie*). This orientation is reflected in the Pact on Immigration and Asylum approved in October by the EU Council. Reasonable as at first sight this may sound, it is not devoid of problems. And, no doubt, it is easier said than done, and raises questions on both counts: first, how to reduce unwanted migration with full respect of human rights and without further feeding the anti-immigrant climate prevailing in some segments of European societies; and, second, how to be more competitive in the attraction of highly skilled migrants while at the same time caring about global justice.

A few countries have made strides in the direction of widening the avenues for legal migration in recent years. Among them, the United Kingdom and Ireland deserve special mention. They have done so through a series of schemes that include a shortage list, and also through the early acceptance of the full labor implications of the 2004 Enlargement. This has resulted in very large intakes, unknown before, especially between 2004 and 2007. Yet, this approach seems to have been abandoned, at least in the case of the UK, and replaced by a new tier, points system that will foster the upper two tiers catering for the highly-skilled and medium and high-skilled with a job offer. The third tier, the one for the low-skilled workers, will not be implemented for the time being, its place being taken by the expected supply from Enlargement countries. Tiers 4 and 5 are for temporary jobs. One of the underlying aims of the new policy is to limit immigration.

In addition to them, the Southern countries of Italy, Spain, Greece and Portugal have also proceeded to significantly enlarge the opportunities for legal migration. The first two have accounted for the lion's share of accrued immigration in the UE. Given time limitations, I shall focus on Spain, both because it is the country I know best and because for several reasons it can be seen as an interesting case.

It can be so, first of all, on account of the very large number of immigrants it has received in recent years. Indeed, something akin to an immigration boom has

taken place in Spain between the end of the past century and 2007. From around 1 million in the year 2000, the number of immigrants has risen to over 5 million at the beginning of 2008. The proportion the foreign-born make of the total population has increase from 3 to 12 per cent. In fact, the rapid increase has not subsided yet. In recent years Spain has accounted for between 40 and 50 per cent of net migration both in the EU-25 and in the Euro area. Probably no other country in the world has absorbed more immigrants, with the exception of the United States. Immigrants have come from a variety of countries in Latin America, North Africa, Eastern Europe and Asia. Most of it has been labor immigration, as the majority of immigrants have come to Spain for work-related reasons. Contrary to North Western Europe, asylum has not been a prominent gate in Spain. Family reunion flows are rapidly increasing, but primary flows still dominate.

The major driver of the rapid increase has been a vigorous demand for immigrant labor, fueled by sustained, labor-intensive economic growth, with a significant proportion of low-skill jobs. Employment creation has been robust - up to 40 per cent of new jobs of the Euro zone in some years. Additional drivers that have contributed to the demand for foreign labor include the strength of the occupational sectors more prone to hiring immigrants (domestic services, care of dependent persons, cleaning, construction, the hospitality industry, agriculture), a very rapid increase in the expectations of native workers (accelerated by demography, education and processes of job-stigmatization), a familistic, conservative welfare system, little internal migration, and an shrinking native labor supply, especially relevant since 2000.

Although evaluating the impacts of immigration is always fraught with difficulty, in Spain they seem to have been predominantly positive, at least in the short run. Immigration has had a clearly positive demographic influence. It has made a significant contribution to GDP growth, even in per capita terms, as a number of trustworthy studies attest. Immigrants have much higher rates of economic activity than natives, are more spatially mobile and more employable. Immigrants have insuflated flexibility in the labor market. They have lent invaluable services to firms and middle-class families. The fiscal balance of immigration has been clearly favorable for the public coffers. Immigrants have contributed to significantly postpone the date in which the pension system would incur in insolvency. On the negative side, it can be posited that immigration may have involuntarily contributed to reinforcing a model of low productivity, labor-intensive growth which is anything but sound or promising in the medium- and long-run.

Clearly, the favorable impacts are to a sizeable extent tributary of the socio-demographic profile of the immigrant population, characterized by a strong predominance of adults of working age, often single or unaccompanied. And, obviously, such a profile is bound to change as Spain advances into later stages of the migration cycle, and with it the impacts of immigration are likely to change as well. It goes without saying that the long-term impacts of immigration are impossible to ascertain.

These predominantly positive impacts may have contributed to a generally calm reception. As *The Economist* has recently put it, "Spain has so far lived in harmony with these newcomers." Xenophobic incidents have been scarce and isolated. The level of politicization surrounding immigration has been limited, and the political arena is so far free from populist, xenophobic right-wing parties.

Needless to say, not everything has been as rosy as the foregoing could suggest. Problems are not lacking. One of them has been a persistent, structural mismatch between the demand for immigrant workers and restrictive admission policies, especially until 2005. As elsewhere in Europe, in Spain filling vacant jobs is the foremost aim and justification for the admission of foreign workers, and they should be recruited at origin. Between 1993 and 2005 the major instruments were the *contingente* - a sort of yearly labor 'quota', implemented through bilateral agreements with a number of sending countries - and the so-called 'general regime' of individual, nominal job offers subject to labor market test. They proved to be generally clumsy, bureaucratic, slow, or inadequate for the needs of most employers.

As a result, numbers and prospects were always superseded by reality, and labor supply and demand often met at the back door of irregular migration. Combined with staggering difficulties for the control of entries and stays, and a large informal sector, the major outcome of the regime was a high level of irregular migration, recurrently alleviated through periodic regularizations.

Indeed, irregular immigration has been a chronic feature of the immigration landscape and a permanent matter of concern. In the last eight years, two major policy responses, both preceded by large regularizations, have tried to reduce and combat irregularity. The first, adopted in the year 2000, responded to a markedly restrictive orientation that had its cornerstone in the narrowing of entry channels, coupled with the fight against illegal immigration by buttressing border control and expediting expulsions. Yet, the strength of the demand for foreign labor clearly took over a limited ability to control flows, and the end result was a phenomenal increase in the number of immigrants in irregular condition.

In 2004-2005 a more ambitious attempt to steer a new policy course saw the light. It aimed at no less than solving the equation of irregular migration and at setting the foundations of a more realistic migration regime. It was anchored on the following four pillars: a) widening the legal avenues for gaining access to the labor market, mainly through a 'shortage list'; b) redirecting the *contingente* towards work visas (for up to 9 months) for temporary and seasonal activities, mostly in agriculture; c) hardening employers' sanctions and buttressing the labor inspection; and d) cutting on red tape and bureaucratic slack. A large regularization was carried out as a pre-condition for the new system.

Leaving aside the 2005 regularization - a rather successful one that resulted unduly controversial -, the first two components of the reform seem to have been the most effective so far. The first centers on a list of difficult to fill occupations that the governments publishes every three months after consultation with the public employment services, employers' confederations and trade unions. Employers' applications for work permits to fill such

occupations are not subject to the labor market test and get an immediate green light. In turn, this entitles the worker to apply for a work and residence visa.

As for the second element of the reform, in recent years Spain has developed a considerable array of bilateral temporary labor migrant programs that adhere to what the EU defines as *global approach*. Some are linked with the control of flows but also, explicitly, with development goals, and involve significant cooperation with a number of source and transit countries. In the words of the foremost authority in the matter, American economist Phil Martin, "in many ways, Spain is a leader in the protection, development, and cooperation promises of migrant worker programs".

It is still too soon to evaluate the success of the new policies. No doubt, they have made possible the legal entry of much larger numbers of immigrant workers than before. It can be surmised that it may have implied a lesser intake of irregular ones, and a better satisfaction of labor demand. But, of course, they are far from flawless. While it has reduced the time required to fill vacancies, it has not done it as much as it might have, due to manpower insufficiencies in both the consular and the domestic immigration services. In particular, the issuing of work visas at origin has often lagged for months. An element of intentionality may have been present, as an undeclared means to reduce the volume of entries.

The new regime now faces a very different context, due the mounting recession, which is pushing unemployment up, especially among immigrants, and depressing the demand for labor. The number of hard to fill occupations has been considerably trimmed in the last quarterly versions of the list. The long-lasting effects of the recession on the system remain to be seen. Admission policies might take a more restrictive turn, both *de iure* and *de facto*. The possibility that both immigration trends and policy orientations undergo a profound change as a result of the recession cannot be dismissed. It is possible that, looking back in retrospect, we may soon say that the party is over and that the decade that ended in 2007 was an exceptional period.

All in all, the experience of Spain attests to the difficulties of managing labor immigration. For over twenty years it has strived, rather unsuccessfully - as the recurrent use of mass regularizations indicates -, to find ways to correct the mismatch between the demand for foreign labor and admission policies, and to come to terms with reality. A deleterious consequence of such mismatch has been a high rate of irregularity. Other undesired consequences of a migration regime presided over by an apparently unquenchable demand from employers and an unlimited supply fed by migrant networks may have been an excess of demand, not always connected to effective vacancies, the ensuing social dumping, the ethnicization of labor relations and the consolidation of the informal sector, favored by the weakness of the labor inspection. Yet, these effects have been insufficiently explored. A more thorough reflection is needed.

The need of such debate may be less urgent as a result of the present economic recession, but it remains necessary. After an unknown time, the recession will be over, and the need for immigrant workers will continue to exist,

in Spain and elsewhere in Europe. And with it the need to discuss policies to reasonably admit and accommodate them.