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THE IMPACTS OF THE CURRENT FINANCIAL AND ECONOMIC CRISIS ON MIGRATION IN THE SPAIN-MOROCCO CORRIDOR T

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CARIM Analytic and Synthetic Notes 2009/39

Series on the Impact of the Economic Crisis
Demographic and Economic Module

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Series on the Impact of the Economic Crisis
on South and East Mediterranean Migration

CARIM-AS 2009/39

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Abstract

In 2009, it seems clear that the period of relatively rapid and sustained increase of international migration has come to a halt or, at any rate, slowed down as a result of the financial and economic crisis that started in the summer of 2007. It can be surmised that Spain is likely to be counted among the countries in which the multiple repercussions of the crisis on immigration will be larger and deeper. One reason for it is the fact that in Spain the economic downturn results in exceptionally higher rates of unemployment. Another reason is that the contrast of the new reality generated by the crisis is bound to mark an especially stark contrast with the preceding one. This paper aims at analyzing the major implications of the present financial and economic crisis on Spanish immigration, with particular attention to the community of Moroccan background that lives and works in Spain. The consequences of the recession on migration flows, their changing volume and trends are analyzed, together with its impacts on the demand for labor, unemployment and living conditions. With the many limitations that the paucity of data impose, trends in return migration and in the volume of remittances are examined as well. Looking at the future, it is likely that a long time frame will be required in Spain until the deep effects of the crisis disappear, due to the peculiar characteristics of the Spanish labour market. In such a scenario, it is clear that the forecasts for the employment and opportunities of the immigrant population cannot avoid a certain degree of pessimism.

Résumé

En 2009, l’augmentation des flux migratoires a subi un fort ralentissement suite à la crise financière et économique qui a commencé au milieu de l'année 2007. On peut affirmer que l'Espagne va probablement figurer parmi les pays dans lesquels les répercussions multiples de la crise sur l'immigration seront plus grandes et plus profondes. Ceci dépend du fait qu’en Espagne le ralentissement de l'économie a provoqué des taux de chômage exceptionnellement plus hauts par rapport à d'autres pays. Une autre raison est que la nouvelle réalité produite par la crise est difficilement réversible. Cette étude propose d’analyser les implications de la crise financière et économique actuelle sur l'immigration espagnole, avec une attention particulière à la communauté marocaine qui vit et travaille en Espagne. Pour répondre à ces objectifs, sont analysés les implications de la récession sur les flux migratoires, leur ampleur et tendances, ainsi que l’impact sur la demande du travail, le chômage et les conditions de vie. Malgré les nombreuses limitations imposées par le manque de données, les tendances de la migration de retour et des transferts financiers sont également examinées. S’agissant des prévisions, il est probable que les effets de la crise ne disparaîtraient de sitôt, en raison des caractéristiques spécifiques du marché du travail espagnol. Dans un scénario pareil, il est clair que les prévisions concernant l'emploi et les opportunités de la population étrangère soient plutôt pessimistes.

I. Foreword

In recent years immigration has come to the fore of attention everywhere in the world, probably with greater intensity than at any other time in history. In a recent document, the UN suggest that the world is going through a new era in terms of migration, one that in many ways stands in marked contrast with the Great Migration of the period between 1870 and 1914. According to the same document, since 1990 the volume of the immigrant population worldwide has increased by 36 million, 33 of which have taken place in high-income countries. The US registered the largest increase, 17 million, followed by Europe with 15 million. The US, Germany and Spain were the three countries which received the largest number of immigrants during that period (United Nations, 2006a; United nations, 2006b). After 2005, the last year considered in the aforementioned document, the number of immigrants continued to increase.

Yet, in 2009 it seems clear that the period of relatively rapid and sustained increase of international migration has come to a halt or, at any rate, slowed down as a result of the financial and economic crisis that started in the summer of 2007. At the time of this writing, the duration of this slump appears uncertain, and the long-term effects of the crisis on the international mobility of people are impossible to ascertain.

When an economic crisis falls upon a country – and the present one is global in scope, and unusually acute – few spheres of social life remain untouched by it. International migration, a phenomenon deeply affected by the fluctuations of the economy, is far from being an exception. In this area, nothing commands as much attention in our days as the present and likely impacts of the recession on migration flows and policies. There is ample consensus that these impacts are bound to be powerful, both on countries at the receiving end and on sending ones.

It can be surmised that Spain is likely to be counted among the countries in which the multiple repercussions of the crisis on immigration will be larger and deeper. One reason for it is the fact that in Spain the economic downturn results in exceptionally higher rates of unemployment. Another reason is that the contrast of the new reality generated by the crisis is bound to mark an especially stark contrast with the preceding one. Indeed in the ten years or so elapsed between the end of the century and 2008 Spain has known an immigration boom of unusual intensity. In that short time the immigrant population settled in Spain has almost sextupled, passing from less than a million to over five. It appears that some of the factors that during those years contributed to such a phenomenal increase are now at the roots of massive unemployment. And this not only affects Spanish society but also, in different degrees, the countries from which the immigrants that contributed to a high rate of economic growth came. Among those countries of origin few, if any, are as central in Spanish immigration as the closest one of them all, Morocco. And there are reasons to think that Moroccan immigrants may be among those hardest hit by the economic crisis, and primarily by unemployment, in Spain.

This paper aims at analyzing the major implications of the present financial and economic crisis on Spanish immigration, with particular attention to the community of Moroccan background that lives and works in Spain. Moroccan immigrants have had a relatively long presence in Spain, even if their numbers, as it happened with other national groups, markedly increased since the turn of the century. From an early date in the short history of Spanish immigration, they have constituted one of the largest national groups – if not the largest – established in Spain. Their aggregate socio-demographic characteristics and their insertion in the labor market make them one of the most vulnerable segments of the immigrant population, and, therefore, one very likely to suffer from the consequences of the crisis.

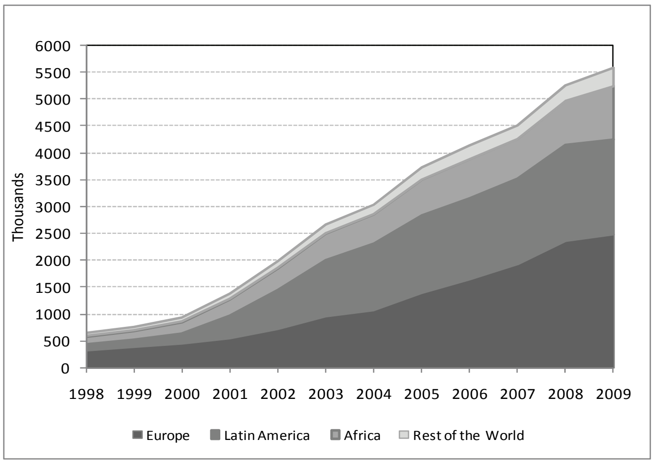
Before entering the central part of this paper, which is the impacts of the crisis on the immigrant population, and especially that of Moroccan background, a cursory view of the evolution of immigration in Spain in recent years is offered. Special attention is paid in that context to the most salient characteristics of the Moroccan community established in Spain, including its socio-demographic profiles and the peculiarities of its labor market insertion. A few strokes about the financial and economic crisis in Spain will precede the analysis of the manifestations, impacts and most visible consequences of the crisis on the immigrant population. The implications of the recession on international migration flows, their changing volume and trends will be analyzed, together with its impacts on the demand for labor, unemployment and living conditions. With the many limitations that the paucity of data impose, trends in return migration and in the volume of remittances will be examined as well.

II. From boom to crisis: the evolution of Spanish immigration in recent years

As said before, in recent years Spain has undergone an impressive immigration boom. In a short span of time, Spain has become one of the ten largest immigration receiving countries in the world. Immigrants have come in large numbers from a vast array of countries in four continents. As a result, the composition of the immigrant population settled in Spain has become increasingly diverse.

As of 1 January 2000, the number of foreigners registered in the *Padrón Municipal de Habitantes* (Population Register), a source which includes both legal residents and irregular immigrants, was somewhat below one million, 924,000. The rate of increase was already considerable, as no less than 175,000 had been added in the last year. Yet, the most recent data coming from the *Padrón* put the number of foreigners living in Spain at the start of 2009 at 5,598,000[1]. This means that in the ten years elapsed between 1999 and 2009 the number of foreigners in Spain has multiplied by a factor of six, or a total of 4,850,000. The proportion that immigrants make of the total population has reached 12 per cent, from 2 per cent at the beginning of the period. The average annual increase during the ten-year period has been close to half a million (485,000), tending to rise as time went by. Growing numbers have run parallel to increasing diversity. No less than 114 nationalities are represented in the Population Register, and at least 20 of them count a sizeable number of residents in Spain. Figure 1 illustrates both the increase in the number of immigrants and the contribution of the main regions of origin to it. Data for the last year indicate that the foreign population kept growing during 2008, in spite of the economic crisis, although not with the same vigor than before. The net increase in 2008 was of the order of 330,000, implying a 55 per cent reduction if compared to the almost 750,000 added during 2007. The deceleration is also evident as far as the main source regions are concerned, particularly Latin America and Europe.

Figure 1. Foreign-born population in Spain by origin, 1998-2009



Source: Annex Table A1

[1] Provisional data published by the National Statistical Office (INE) in early June 2009 (www.ine.es)

No doubt, the impressive growth described constitutes both the most salient feature of the immigration landscape in Spain, one that has attracted considerable international attention in recent times. Indeed for most of these years Spain has been the country that has made the largest contribution to the growth of the immigrant population in the European Union, the second receiver in absolute terms in the OECD after the U.S. and the first in relation to population. Admittedly, the extraordinary fact that the statistical source primarily used to measure the size of the immigrant population in Spain includes also irregular immigrants somewhat affects the comparability of the figures. This notwithstanding, this peculiarity does not detract from the impressive rate of growth described. Other indicators - such as legal residents, students of immigrant background, or even the volume of remittances – point in the same direction. The comparison stands out no matter which indicators are preferred.

Without disregarding the importance of push factors in sending countries, of historical linkages and of geographic proximity to important source countries, the phenomenal increase of the immigrant population in recent years in Spain has to be sought primarily in the realm of economic-demographic interactions, and more precisely in the strength of the demand for foreign labor generated by an economy that experienced sustained growth in the thirteen years between 1994 and 2007, in a context of shrinking native labor supply stemming from sustained low fertility. Labor immigration has accounted for the lion's share of the rapid increase, although ensuing family reunion flows have increasingly added to it.

The changing interplay between economic and demographic factors has been highly influential in different phases of recent Spanish history, under different combinations. Between the mid-70's and the mid-90's, an excess of native labor supply was frequently highlighted as one of the factors contributing to a high unemployment rate. That period witnessed the arrival of the large cohorts born during the *baby boom* of the 1960's and early 1970's to the labor market, at the same time that the labor participation rate of women was undergoing a marked increase. As a result, the increase of the active population was constantly challenging the ability of the economy to generate the necessary jobs.

Yet, a turnaround was simmering and taking shape precisely during the same period. It had one foot in the dramatic fertility decline that was taking place since the mid-70s. As a result, the number of births went down from 677,000 in 1977 to 323,000 in 1996, less than half. Correspondingly, native labor supply was becoming increasingly scarcer, as ever smaller cohorts came of age.

At the other side of the interplay, the dynamics of the economy were also contributing to generate an altogether different equation. Since the mid-90's to 2008 the Spanish economy enjoyed one of the largest and most vigorous periods of growth in its history. The rate of growth hovered around an average of 4 per cent, well above the rate of the European Union as a whole[2].

In a labor-intensive economy as Spain's, such growth entailed a vigorous expansion of the labor market. For many years, employment creation was robust, accounting for up to 40 per cent of the new jobs in the euro zone of the EU. This expansion first absorbed the bulk of previously accumulated unemployment[3], and then, in a very short time, became a powerful pull factor for the large reservoirs of surplus labor existing in close countries such as Morocco, not as close as Romania or Bulgaria, and even distant ones as several in Latin America. Additional drivers for this unquenchable demand for foreign labor have included 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 that requires the contribution of a large number of care workers, and little internal migration that is incapable to solve regional mismatches. Especially significant among these drivers has been the construction sector, that has undergone an extraordinary boom, and which demands large numbers of immigrant

[2] http://epp.eurostat.ec.europa.eu

[3] In 1994, 75 out of every 100 active members of the population were working, while 25 were unemployed (Pajares, 2009:26)

workers and generates spillover effects over other sectors. For many years it was a major engine of growth, before becoming the major exponent, and aggravating factor, of the economic crisis. The tourism and hospitality sector has also made a strong demand for immigrant labor.

Table 1 synthesizes the outcomes of such a process of growth, as far as its volume and composition in terms of origins are concerned. As stated before, the number of immigrants kept growing during 2008. By national groups, Romanians and Moroccans experienced the largest increases – 65,000 and 58,000 respectively -, thus buttressing their position at the top of the ranking with shares of 14 and 13 per cent of the total foreign population. Other prominent groups, such as Ecuadorians, Argentines, and Bolivians, saw their numbers significantly shrink in the course of 2008, while smaller ones, including Peruvians and Paraguayans, tended to increase.

Table 1. Selected regions and countries of origin of the foreign-born population in Spain

Regions and countries of origin:	*Foreign-born population* (Thousands)*							
	2009	*%*	*2008*	*%*	*2005*	*%*	*2001*	*%*
Total Foreign-born	5,598.7	100	5,268.8	100	3,730.6	100	1,370.7	100
EUROPE	2,487.8	44.4	2,314.4	43.9	1,400.1	37.5	557.6	40.7
Germany	190.6	3.4	181.2	3.4	123.5	3.3	92.6	6.8
Bulgaria	164.4	2.9	154.0	2.9	91.3	2.4	11.9	0.9
United Kingdom	374.6	6.7	352.9	6.7	215.9	5.8	99.8	7.3
Romania	796.6	14.2	731.8	13.9	308.9	8.3	31.3	2.3
AFRICA	998.0	17.8	909.8	17.3	663.2	17.8	298.9	21.8
Morocco	710.4	12.7	652.7	12.4	468.8	12.6	216.5	15.8
Other African countries	287.6	5.1	257.1	4.9	194.4	5.2	82.4	6.0
CENTRAL AMERICA AND CARIBEAN	191.8	3.4	172.2	3.3	119.8	3.2	62.2	4.5
Dominican Republic	86.9	1.6	77.8	1.5	55.7	1.5	30.3	2.2
NORTH AMERICA	51.9	0.9	49.6	0.9	47.1	1.3	23.0	1.7
SOUTH AMERICA	1,573.3	28.1	1,563.1	29.7	1,321.8	35.4	356.9	26.0
Argentina	140.4	2.5	147.3	2.8	185.4	5.0	37.6	2.7
Bolivia	227.1	4.1	242.5	4.6	96.4	2.6	6.6	0.5
Brasil	124.7	2.2	116.5	2.2	54.9	1.5	17.3	1.3
Colombia	293.0	5.2	284.6	5.4	268.1	7.2	86.9	6.3
Ecuador	413.7	7.4	427.7	8.1	480.0	12.9	137.2	10.0
Peru	137.2	2.4	121.9	2.3	84.9	2.3	34.7	2.5
ASIA	293.0	5.2	256.7	4.9	176.3	4.7	70.5	5.1
China	145.4	2.6	125.9	2.4	79.9	2.1	25.2	1.8
REST OF THE WORLD	2.9	0.1	3.0	0.1	2.4	0.1	1.6	0.1

*Provisional

Source: INE, Padrón de población (National Statistical Institute, Population Register)

III. Immigrant workers in Spain: labor force participation and employment rates

Between 1995 and 2001, the number of Spanish workers in employment increased by 3.3 million and the unemployment rate dropped to 10.7 per cent. Yet, the increase of the native labor force in the same period was only 1.6 million. By itself, the fact that the rate of increase of the active population was lagging behind that of employment creation made it clear that immigrant labor would be increasingly indispensable to meet the demand of the economy. Indeed, by 2001 the foreign population aged 16 and over had grown by more than 800,000, and the number of employed immigrant workers by half a million, with an unemployment rate of 14.7 per cent. From there on, the labor market reliance on immigrant workers would only grow bigger.

As indicated before, the growth of the Spanish economy remained robust along the ensuing seven years, while the contribution of the native population of working age progressively diminished[4], a fact

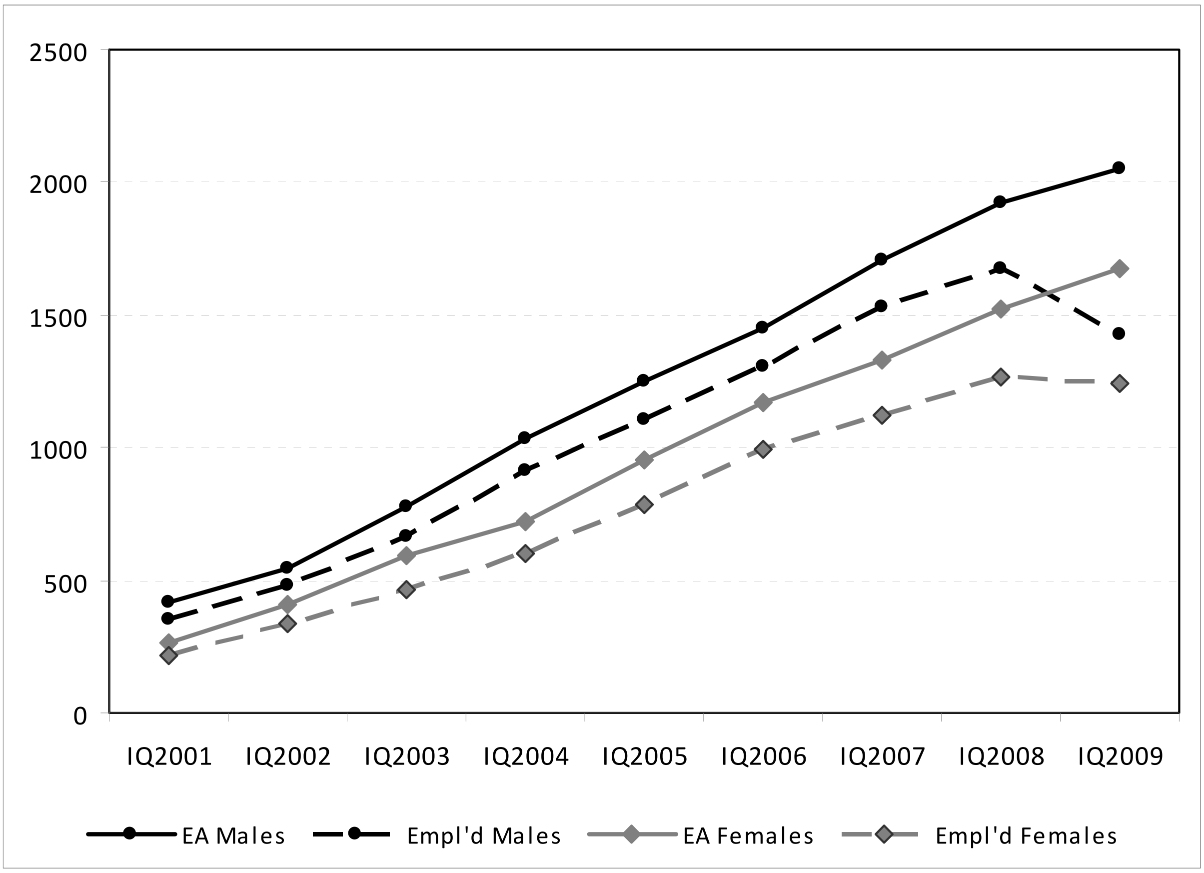
[4] In 2008 there were 700,000 Spaniards aged 16-64 less than in 2001

that was not fully compensated by the increase in female activity rates. In the course of these seven years, total employment grew by 4.5 million. Immigrants accounted for over half of such increase (52 per cent), despite the fact that their unemployment rate remained practically unaltered.

There can be little doubt that without the massive inflow of immigrant workers the Spanish labor force would have been unable to meet the strong labor demand generated by the economy. Moreover, immigrant workers were filling the spaces and occupations which were increasingly hard to fill with native workers. Accordingly, as immigration solved the imbalances and mismatches generated by the expansion of the economy, many native workers were finding new opportunities in sectors, branches of activity and job categories higher in the occupational ladder, thus fueling social mobility.

Figure 2 highlights the respective trends of the active and employed population of immigrants, male and female, according to the information provided by the Encuesta de Población Activa (Labor Force Survey, LFS) in the first quarter of every year between 2001 and 2008. These trends make it clear that the growth of the immigrant population and the evolution of employment have gone hand in hand, both in the case of males and of females. Yet it also reveals that already in 2007, but above all in 2008, such association breaks down and trends start to diverge. The number of economically active immigrants, which constitute over three quarters of the population 16 and over, continues to increase, as immigration was still on the rise in that year. On the contrary, the change registered in the number of the employed highlights the initial impacts of the economic decline resulting from the crisis.

Figure 2. Economically active (EA) and employed immigrants by sex in Spain
(1st Qtr. 2001-2009 in thousands)



Source: Annex, Table A2.

The LFS data for the first quarter of 2009 compared to their equivalent one year before show a decline in employment for the first time in the last ten years. Such reduction is much more marked in the case of immigrant men – around 250,000 – than in the case of immigrant women – around 25,000 or one-tenth. The severity of job destruction was very differently felt by different national groups[5]. For instance, Romanians tended to increase in occupation during this period, while the major Latin American groups suffered losses. The largest decline in employment corresponded to Moroccans: no less than 52,000 lost their jobs in net terms.

IV. Moroccan immigrants in Spain

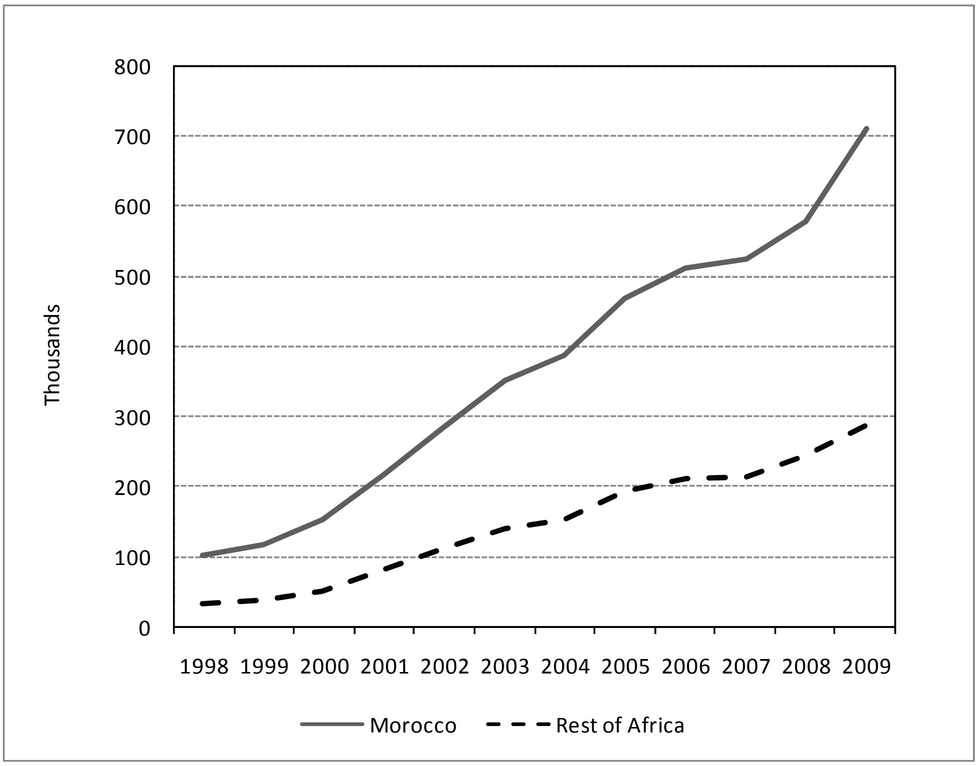
All over the short history of immigration in Spain, Moroccans have ranked as one of the largest immigrant communities in Spain. Yet, the history of Moroccan emigration clearly antedates their significant presence in Spain, reaching back to the beginnings of the XX Century. Several major phases have been identified since then. The first one, linked to the colonial system, had France as the main destination. Belgium, The Netherlands, and Germany also competed to recruit Moroccan workers for their expanding economies in the central decades of the century. A second phase starts in the 1970's, when the European-wide economic crisis makes no longer necessary the contribution of immigrant labor coming from the Maghreb countries. As a result immigration flows slow down, albeit the interstices of family reunion keep them alive. In turn this gradually changes the socio-demographic profile of the Moroccan population in Europe, drastically reducing the gender imbalance in favor of men that had prevailed hitherto. During this period, Italy and Spain become new important destinations for Moroccan emigrants, and the nature of the flows changes gradually, as a clandestine, low-skilled emigration, originating in peripheral neighborhoods of regional cities, takes shape (Berriane, 2004).

A third phase can be recognized since the early 1990's, when migration flows between Morocco and Europe grow larger and more diverse. As of 2002-2003 the size of the Moroccan diaspora is estimated at over a million in France, around 214,000 in Belgium, around 277,000 in The Netherlands, almost 100,000 in Germany, 287,000 in Italy and over 350,000 in Spain. Yet, the diaspora had also spilled over out of Europe to such disparate destinations as Libya, Jordan, Saudi Arabia, and North America, especially Canada (Berriane, 2004).

According to the most recent data available at the time of this writing, as of 1 January 2008 there were 579,300 Moroccan-born people registered in the *Padrón*. Until then, the Moroccan community had traditionally been the largest one among those established in Spain, albeit at some point tied with the Ecuadorian one. In the last count it has been surpassed in number by Romanians, who have registered a marked since their accession to the EU in 2007. This notwithstanding, the number of Moroccans in Spain has tended to increase in a sustained way, especially since the turn of the century. The largest increase, however, took place between 2001 and 2005, when 252,000 were added, with an annual average increase of 63,000, which decreased to 37,000 per year from the last date until 2008. Immigrants from other African countries have had a much slower rate of growth.

[5] In this case the data used compares the first and last quarters of 2008, as the data for the first quarter of 2009 broken by nationalities were not yet available when this text was written.

Figure 3. Immigrants from Morocco and rest of Africa in Spain, 1998-2009



Source: Annex, Table A1

Historical relationships between Spain and Morocco have been deeply affected by geographic proximity and by deeply-rooted perceptions in both directions that remit to long-standing underpinnings. A host of factors, including geographic proximity, confer highly idiosyncratic characteristics to the Moroccan community that clearly differentiates it from the other national groups settled in Spain. Some of these characteristics result in a high degree of labor market vulnerability.

Until a couple of decades immigration issues did not figure prominently in the context of Moroccan-Spanish relations (Hernando, 2004). Yet, this context started to change in 1991, when in the framework of the European Communities Spain imposed visa requirements for Moroccans bound for Spanish territory. Since then, the number of irregular immigrants of Moroccan background tended to increase gradually. In addition, the gradual buttressing of border control measures and facilities has sparked not a few bilateral frictions and skirmishes. In recent years some of them have had to do with the accumulation in Morocco of transit migrants from Sub-Saharan countries aiming to enter Spain and the European Union. This notwithstanding, diplomatic relation between the two countries experienced considerable improvement since 2004, and this has entailed a marked increase in cooperation in matters of migration.

Economic development has been relatively sluggish in Morocco since the 1960’s and especially in the last two decades, resulting in a worsening of inequality and poverty in urban areas, especially in large cities. According to a report from IMF in 2008, prospects seem to be improving in recent years. This notwithstanding, push factors, including unemployment and underemployment, poor housing and unfavorable social conditions, will likely remain strong in coming years, fueling emigration hopes.

1. Socio-demographic profile

The overwhelming majority of Moroccan immigrants in Spain have come for economic reasons, either to find a job that could not be found at home or to get a better paid one. The available evidence suggests that many of them attain their goal and settle in Spain[6].

Young adults tend usually to predominate among labor migrants. This is clearly the case of Moroccan immigrant in Spain, with the added trait that they tend to be overwhelmingly men. Indeed, two thirds of them (67,2 per cent) are in the 16-39 group, a fifth are between 40 and 64 and less than 1 per cent are above that age. Their relative youth, in aggregate terms, contrast somehow with the relative seniority of their presence in Spain. Moroccans have a higher proportion of people in the 40-64 age group when compared with other, more recently established national communities, but their average age of arrival in Spain, 26, is among the lowest. Another characteristic feature of the Moroccan Community in Spain is the very high proportion of men. Other African groups share this feature, but not to the same extent than Moroccans. No other national group does, especially not the Latin American ones, in which women tend to prevail. In the case of Moroccans, the bias in the sex ratio may go up to 200 men for every 100 women in such significant stages of the life cycle as the 25-34 age group, decisive in terms of family formation. Moreover, such a heavy imbalance is not corrected by the length of residence. On the contrary, those that arrived a long time ago exhibit it no less than those who arrived recently[7]. It would appear that the development of the family cycle, that ought to generate a more balanced sex ratio, is absent from the migration project of many Moroccans in Spain[8].

According to the National Immigrant Survey (ENI), the average educational attainment of Moroccan immigrants in Spain is among the lowest. More than one out of five (21 per cent) declare that are unable to read and write, and almost six out of ten (58 per cent) have not completed secondary education. Their educational levels are below those of other African immigrant groups, and very far from those of all other immigrant groups in Spain. Marked gender differences constitute another distinctive feature of Moroccan immigrants: women are much more likely to be illiterate and unable to complete secondary education, contrary to other immigrant groups, which present a more balanced picture or even one which places women ahead of men.

Table 3. Level of education by origin of immigrants in Spain, 2007

Regions and countries of origin	*% Illiterate*	*% Under Secondary*
Other developed countries	0.1	5.0
Rest of Europe	0.8	17.3
Andean countries	0.9	19.5
Rest of Latin America	0.4	19.6
Europe 15, EEE, Switzerland	1.7	21.9
Asia and Oceanía*	2.1	30.3
Ecuador	0.4	33.1
Africa (Morocco excluded)	18.7	42.2
Morocco	21.2	57.7

*Not included: Japan, Korea, Australia and N. Zealand.

Source: INE (National Immigrant Survey, 2007)

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[6] The characterization that follows comes from the data provided by the National Immigrant Survey 2007, carried out by INE (National Statistical Office). Therefore the data refer to that year.

[7] The data of the continuous Population Register confirm the foregoing.

[8] Moreover, the Moroccan community exhibits the highest rate (87 per cent) of endogamic marriages in Spain (Cebolla and Requena, 2009)

2. Origins and destinations

Disregarding year of arrival, the Northern areas of Tangiers and Tetouan and the Eastern region are the ones that send the bulk of Moroccans immigrants to Spain. Yet, as a number of studies points out, the geographic origin of Moroccans bound for Spain has tended to evolve with the passage of time (López, 2004). According to the data provided by the National Immigrant Survey, the innermost areas of Morocco (Fes, Mecknes, Beni Mellal, Marrakech) have gained increasing relevance since the 1990's, challenging the traditional predominance of Atlantic areas.

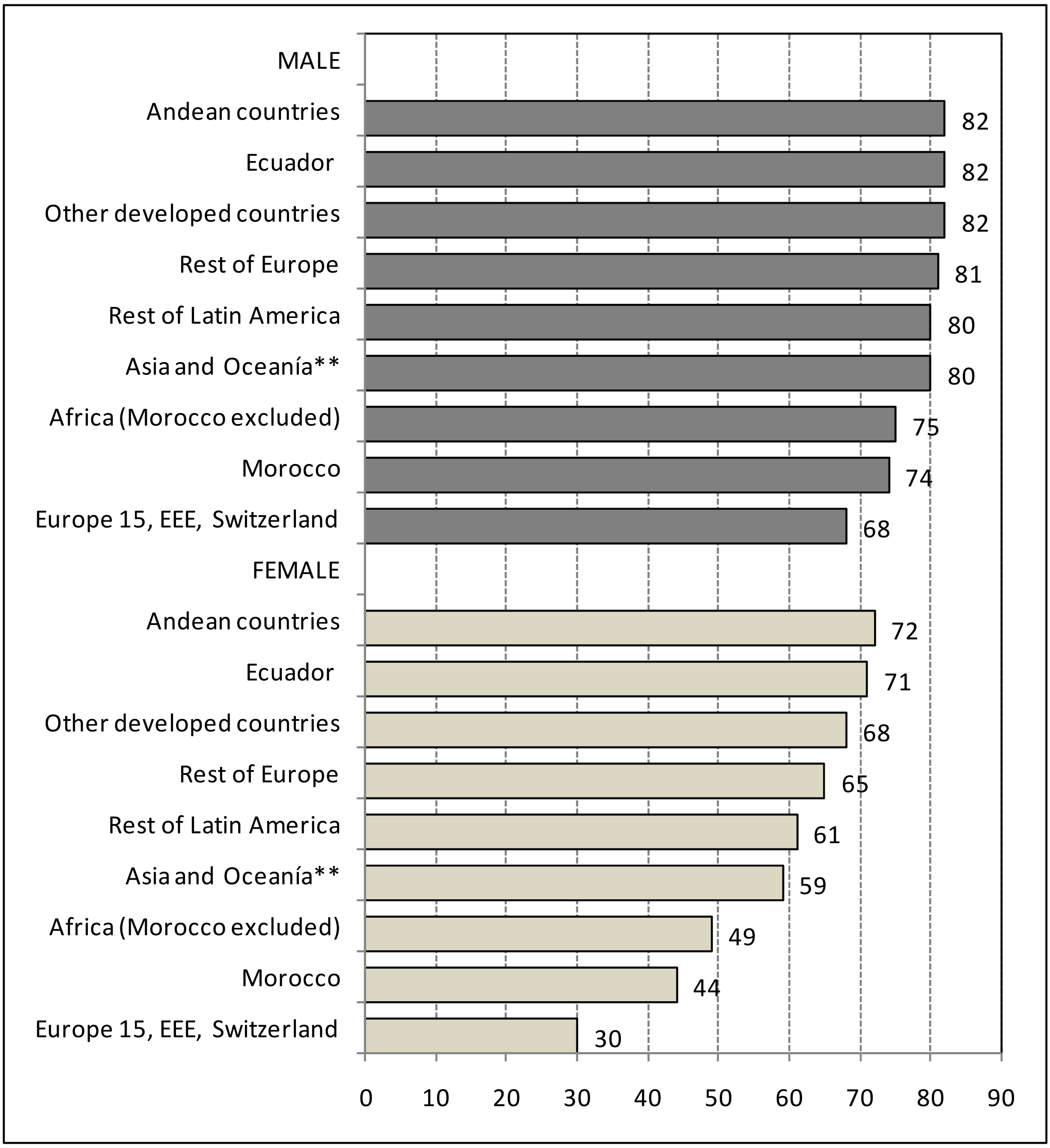
As far as their settlement in Spain is concerned, Moroccan immigrants are unevenly distributed in the territory. Four regions (Catalonia, Madrid, Andalusia and Valencia) account for 69 per cent of the total. Moroccans make up 12,6 per cent of all foreigners in Spain, but their proportion is higher in Murcia (25.9 per cent), Extremadura (25.7), Catalonia (18.9), La Rioja (16.3), Andalusia (15.1) and Castilla-La Mancha (14.0), regions in which the demand for labor in the agricultural sector is more prominent.

3. Labor market insertion

The labor market insertion of Moroccans appears as less favorable than that of other immigrant groups in Spain. Taking the population between 16 and 64, their activity and employment rates are lower in comparative terms (Garrido, 2005). According to ENI, the labor force participation rate of Moroccans is below 70 per cent, the lowest of all immigrant communities in Spain with the exception of OECD countries, which tend to have a high proportion of retirees. The main reason is to be found in the scant presence of Moroccan women in the labor market, as eight out of ten of those who are inactive take care of domestic chores. Moroccans also tend to have a lower employment rate: in 2007, before the start of the crisis, 26 per cent of active men and 70 per cent of active women were unemployed.

As for types of occupations, three well defined profiles can be identified in the labor market insertion of immigrants in Spain. The first, corresponding to managerial and professional occupations, finds a relatively small number of immigrants, mostly from highly developed countries. The second employs a larger number of immigrants from developed and non-Andean Latin American countries in non-manual jobs that require skills of an intermediate level. The third, finally, consists of manual and low-skilled occupations that cater for the bulk of immigrants, predominantly from Andean, African and Eastern European countries (Reher et al., 2008). The majority of Moroccan immigrants find employment in this lowermost section of the occupational scale. Three quarters of Moroccans work in manual and unskilled jobs, and almost nine out of every ten in wage jobs. Construction (31 per cent) and agriculture (16 per cent) are the foremost sectors for Moroccans, in higher proportions than for other immigrant groups. It can be said, thus, that a high proportion of manual and low-skilled jobs, and high rates of turnover, temporariness and unemployment characterize the insertion of Moroccans in the Spanish labor market.

Figure 4. Proportion of employed immigrants* by sex and origin, 2007



* Age 16-64 years.

**Not included: Japan, Korea, Australia and N. Zealand.

Source: INE (National Immigrants Survey, 2007)

V. The impact of the economic crisis on immigrant labor

Immigration to Spain has been above all labor migration. As stated before, most of them have come to find a job and to improve their material condition. For many years, a vigorous economy and an expanding labor market have been able to provide jobs and opportunities to over five million immigrants. Since 2008, the financial crisis has deteriorated the state of the economy and curtailed its ability to satisfy the needs of a growing segment of the population. It has worsened the lot and darkened the prospects of a large number of individuals and families. It has especially hit immigrants.

In the course of the year 2007, especially during its second half, the first symptoms of the financial crisis started to be felt in Spain. The aggregate data for the year announced the turnaround. Yet, the full impact of the crisis would not be felt until 2008, when its different components were gradually displayed, more or less in parallel with the rest of Europe. First of all, banks started to face problems of liquidity, and drastically curtailed credit. Then the credit pinch started to suffocate firms. Many of them were unable to pay creditors or meet their financial obligations, and were constrained to close down. Others were forced to reduce output, as demand failed. A rapid rise of the unemployment rate soon set in. In turn this further reduced demand, as did the psychological impact of the crisis. Declining expenditure and consumption brought about increasing difficulties for enterprises, which saw their sales and benefits fall. In the second quarter of 2008 investment started to decline, and in the third aggregate consumption was severely reduced, something that had not happened in Spain for almost thirteen years, and which added to the deceleration of the economy. By 2009 the recession had become global. Its most distinctive feature in Spain is rate of unemployment much higher than in the rest of Europe, one that is explained more by the peculiarities of the Spanish labor market than by the level of contraction of GDP, similar to other countries.

Much as any other facet of economic and social life, the immigration reality has been ever since presided over by the irresistible influx of the economic and financial crisis. This seems to be true of the largest part, if not of all, the countries that have significantly participated in international migration flows, either from the sending end or at the receiving one. In the former the demand for labor languishes and unemployment mounts; for the citizens of the latter, the opportunities to find fortune abroad diminish, and income from remittances declines.

Yet, the impact of the crisis on immigration appears as especially acute in Spain, on account of four main reasons: a) for the special severity of the crisis in terms of unemployment; b) for the unusual volume and intensity of immigration flows in recent years; c) because in Spain immigration is above all labor migration, more so than in most European countries; and d) on account of the outstanding weight that both in terms of economic growth and of employment, direct and indirect, both of natives and of immigrants, has had the construction sector, the first and hardest hit by the recession. In such a labor-intensive as Spain's, a drastic deceleration of economic growth is bound to translate into a sharp contraction of the demand for labor and a rise in unemployment. In both counts immigrants tend to be among the first to suffer it. It comes as no surprise, therefore, that the crisis is falling heavily upon the immigrant population.

1. The impact of the crisis on immigrant employment

Unemployment is severely hitting Spanish society as a whole, but immigrants are the ones more affected by it. In the first quarter of 2009, according to the Labor Force Survey, immigrants, who make up 12 per cent of the population, accounted for over one fourth (26,4 per cent) of the four million workers who were out of work. The jobless rate of native workers had risen to 15.2 per cent, but among immigrants it was 28.4 per cent. Although by then the decline in employment had been extended to all non-agricultural sector of the economy, the largest accumulated impact on unemployment was to be found in construction, where the share of foreign labor was one fourth, and the services sector, where immigrants accounted for 14 per cent.

According to the same source, aggregate results for the year 2008 indicate that the native labor force was initially more affected than the immigrant one by the destruction of jobs, but unemployment among the latter increased at a faster pace. Indeed the demand for immigrant labor grew by 278,000, and an slightly number of jobs were lost (243,000), but the number of the unemployed increased by over half a million if compared with the previous year. The crisis took a turn for the worst during the final months of the year and the beginnings of 2009. Thus, half of the total loss of employment and of the rise in unemployment accumulated since the beginning of 2008 took place between the last quarter of 2008 and the first of 2009.

Table 4. Population 16 years and over, according to its relation with economic activity

Years/Quarters	*Population 16 years and over*	Thousands of persons				Rates (%)	
		Active	*Employed*	*Unemployed*	*Inactive*	*Activity*	*Unemployment*
Spanish-born population:							
2007	33,486.1	19,018.5	17,570.9	1,447.6	14,467.6	56.8	7.6
2008	33,580.4	19,296.8	17,328.0	1,968.5	14,283.6	57.5	10.2
I/2008	33,544.0	19,130.7	17,461.2	1,669.5	14,413.3	57.0	8.7
II/2008	33,569.1	19,283.6	17,482.0	1,801.5	14,285.5	57.4	9.3
III/2008	33,593.9	19,374.1	17,398.4	1,975.7	14,519.8	57.7	10.2
IV/2008	33,614.4	19,398.8	16,970.3	2,428.5	14,215.6	57.7	12.5
I/2009	33,632.7	19,377.0	16,423.8	2,953.2	14,255.7	57.6	15.2
Change 2008-2007	94.3	278.3	-242.9	520.9	-184.0	0.7	2.6
Change I/2009-I/2008	*88.7*	*246.3*	*-1,037.4*	*1,283.7*	*-157.6*	*0.6*	*6.5*
Change I/2009-IV/2008	*18.3*	*-21.8*	*-546.5*	*524.7*	*40.1*	*-0.1*	*2.7*
Foreign-born popularion:							
2007	4,176.8	3,171.4	2,785.1	386.3	1,005.4	75.9	12.2
2008	4,627.4	3,551.4	2,929.6	621.8	1,076.0	76.7	17.5
I/2008	4,498.7	3,445.8	2,941.1	504.7	1,052.9	76.6	14.6
II/2008	4,592.4	3,523.1	2,943.1	580.0	1,069.3	76.7	16.5
III/2008	4,676.8	3,571.0	2,947.9	623.1	1,105.8	76.4	17.4
IV/2008	4,742.1	3,665.9	2,886.5	779.4	1,076.2	77.3	21.3
I/2009	4,775.9	3,724.5	2,667.0	1,057.5	1,051.4	78.0	28.4
Change 2008-2007	450.6	380.0	144.5	235.5	70.6	0.8	5.3
Change I/2009-I/2008	*277.2*	*278.7*	*-274.1*	*552.8*	*-1.5*	*1.4*	*13.7*
Change I/2009-IV/2008	*33.8*	*58.6*	*-219.5*	*278.1*	*-24.8*	*0.7*	*7.1*

Source: INE, EPA. (National Statistical Institute, Labor Force Survey)

For the immigrant population, in 2008 the rise in unemployment resulted more from the persistent increase of the active population, despite the state of crisis, than from sheer job destruction. Data from the LFS until the third quarter of 2008 indicate that the aggregate number of jobs occupied by foreign workers remained stable since the beginning of the year. In net terms, no job destruction had taken place until then, contrary to what was happening in the native labor force. Many jobs held by immigrants were lost in the construction sector, but their loss was compensated by employment creation in other sectors, such as the hospitality sector. Most of the new ones were filled by immigrant women. Despite this, unemployment was gradually growing, due to the continued increase of the active population of immigrant background. Indeed the number of jobless immigrants rose to 780,000 in the last quarter of 2008 and surpassed the million in the first quarter of 2009. The unemployment rate spiraled to 21 per cent and then to 28 per cent.

Job destruction became evident between the last quarter of 2008 and the first of 2009. The entire loss of employment and half of the increase in unemployment since the start of the crisis happened during those months.

In net terms, the recession was only translated into loss of immigrant jobs in the second half of 2008, and especially since August, as the crisis expanded into segments of the hotel and restaurant sector. In this way unemployment, which had started in the construction sector and affected especially male workers until then, extended also to female workers in the last quarter of 2008 and the first of 2009, as it hit the tourism industry.

The foregoing suggests that the impact of the crisis on immigration flows has taken place with a time lag. Indeed, its effects on the Spanish economy were already visible at the end of 2007, and in spite of it immigration flows persisted at a significant level all along 2008 and the first months of 2009, and with them the increase of the active population. In particular, the rhythm of growth of the 16 and over immigrant population remained at the very level of the preceding years during the first semester of 2008, despite rising unemployment. This explains the apparent paradox that aggregate immigrant employment has coexisted with a marked increase in the unemployment rate. In addition, a growing number of previously inactive members of the immigrant population, both men and women, joined the labor force in search of jobs, probably as a reaction to deteriorating conditions.

Since then, immigrants have kept coming, but at a slower pace. The deceleration of the pace was perceptible between the third and fourth quarter of 2008, but became much more evident in the first quarter of 2009, when the level of new arrivals declined by 50 per cent compared to previous levels. Because of that, the increase in the immigrant population in 2008 was smaller than in the pre-crisis years, as Figure 1 expressed, although it was still considerable, and disproportionate to the dire state of the economy. Attributing it to lack of information sounds implausible, given the density of the migrant networks. A better explanation can probably be found in the inertias generated by previous flows and, especially, in the relative autonomy of family reunion flows from economic fluctuations. It points to the fact that between the intensity of migration flows and the oscillations of the business cycle there is a lesser degree of automatism than what is often supposed.

2. The unemployment of Moroccan immigrant workers

The fact that the entire immigrant population is suffering from the economic crisis, Moroccans are among the most severely affected by unemployment, together with Romanians and Ecuadorians. These are the three largest national groups within the immigrant population in Spain, and in recent years they have been changing relative positions at the top of the ranking by size. It goes without saying that this, considerable size, is not the reason behind their high rate of unemployment, but rather their significant presence in the sectors that have been hardest hit by the crisis and in which job destruction has been most prominent. Thus, according to the National Immigrant Survey of 2007, 31 per cent of Moroccans, 30 per cent of Romanians, and 23 per cent of Ecuadorians were working in the construction sector. Over 40 per cent of both Ecuadorians and Romanians were employed in the services sector, as well as 28,4 per cent of Moroccans. Moroccans and Ecuadorians were prominent in the retail trade sector, with a presence of 12 and 14 respectively. In manufacturing the three groups had a similar presence, of around 11 and 12 per cent, slightly higher in the case of Moroccans. The latter were much more likely to be employed in agriculture than any other group, reaching a level of 16 per cent.

According to the Labor Force Survey, in the first quarter of 2009 the rates of unemployment of foreign workers reached astonishing levels: 31 per cent in the case of men and 25.5 per cent in the case of women, 8 and 5 points respectively higher than in the preceding quarter. The data are broken down by large groups of national origins, namely the European Union, rest of Europe, Latin America and the rest of the world. Europeans and Latin Americans have unemployment rates similar to the total, both in terms of absolute levels and of the rate of increase. However, this is not the case of the 'rest of the world groups', in which Moroccans account for a clear majority[9]. The data available for the first quarter of 2009 indicate that this is the group in which the steepest increase in joblessness has taken place in recent months. The number of unemployed in this groups rose to 308,000, after an increase of 85,000 since the last quarter of 2008. The rate of unemployment grew ten points among men and five among women, reaching levels of the order of 38 per cent for both.

From this information it can be surmised that Moroccans have been accounting for the bulk in the rise in unemployment. This is borne out by the more disaggregated data offered by the Immigration

[9] At the end of 2008, according to the LFS, Moroccans made up 68 per cent of all the unemployed in this group.

and Labor Market Report 2009. Indeed, since the end of 2007 Moroccans were suffering from a larger increase in the total number of jobless workers, even larger than that of groups with a higher number of workers, such as Romanians and Ecuadorians. The number of unemployed Moroccans went from 82,000 to 151,000 in the course of 2008, and their unemployment rate was estimated at 35 per cent at the end of that year, 15 per cent higher than that of Romanians and Ecuadorians, and 14 per cent above the average for all groups at that time. Contrary to what happened in the case of Romanians, where the number of unemployed workers was partly fed by the increase in the active population, for Moroccans the rise in unemployment stems primarily from the loss of jobs among those previously employed, whose number fell by 53,000 during 2008.

Table 5. Changes in the employment situation of immigrants of selected origins during 2008 in Spain.

Origin	*Quarterly data in thousands*						*IVQ2008 Unemployment Rate (%)*
	Employed		*Unemployed*		*Change*		
	IVQ2007	*IVQ2008*	*IVQ2007*	*IVQ2008*	*Employed*	*Unemployed*	
Morocco	333.1	280.6	82.3	151.0	52.5	-68.7	35.0
Romania	429.4	455.5	60.8	114.7	-26.1	-53.9	20.1
Ecuador	443.8	418.7	42.7	101.7	25.1	-59.0	19.5
Colombia	235.5	232.4	33.7	71.2	3.1	-37.5	23.4
Bolivia	190.4	181.2	17.6	40.5	9.2	-22.9	18.3
Bulgaria	79.2	82.6	11.1	25.1	-3.4	-14.0	23.3
Argentina	129.6	104.8	11.0	21.7	24.8	-10.7	17.1
Peru	80.3	76.3	9.7	12.6	4.0	-2.9	14.2
Total origins included	1,921.3	1,832.1	268.9	538.5	89.2	-269.6	66.7
All inmigrants	2,887.0	2,886.5	407.7	779.4	0.5	-371.7	65.7

Source: Inmigración y Mercado de Trabajo, Informe 2009, table 28, p. 54.

No doubt, Moroccan immigrants were severely affected since the start of the crisis by the marked fall of the construction sector, and especially by their large presence in it. Later, unemployment in the services sector and in other sectors in which they have a significant presence has compounded their degree of joblessness, although not as much as that of the building sector.

Other factors at play deserve consideration as well. The reduction of the workforce usually starts by dismissing workers with short-term contracts, and these are very frequent in the building sector and in firms that service other firms in a number of sectors[10]. The majority of jobs that were lost until the last months of 2008 were not stable ones but temporary, especially those held by immigrants and especially among the most vulnerable ones, which included Moroccans. Moroccan workers tend to be low-skilled in a higher proportion than other national groups also hit by unemployment, and that hampers their versatility and flexibility to find alternative jobs in other sectors. Because of this, the agricultural sector has apparently been a shelter for a small fraction of the Moroccan manpower displaced from the construction sector. Indeed, the number of Moroccans affiliated to the agrarian branch of the Social Security went from 61,000 to 74,000 between 2007 and 2008.

[10] In the course of 2008, the bulk of the decline in the number of foreign workers affiliated to the Social Security took place in the construction sector and in the category “other entrepreneurial activities” in the services sector.

VI. The effects of the economic crisis on Moroccan immigrants. Major impacts

After almost one and a half year of the start of the crisis, both its depth and its likely duration remain unclear. It is still soon, therefore, for us to be able to draw a full and satisfactory picture of its impacts upon immigration. What can be offered at this time is, at best, a preliminary account, supported by partial evidence, of the first and most evident effects of the crisis on immigration flows and on the living conditions of immigrants, and of some of the reactions and behaviors it has induced.

1. Arrivals and returns

All along the years that preceded the crisis, the buoyant news that people in sending countries were receiving from the Spanish labor market attracted an ever growing number of immigrants. It could therefore be expected that the unfavorable signals stemming from the deterioration of economic conditions and the pessimist message of rapidly mounting unemployment would soon slow down the rhythm of inflows. Indeed, this is what has happened, albeit with a time lag, and immigration flows had tended to shrink as the crisis showed its ugliest face in the course of 2008 and the first part of 2009. However, the results offered by the statistical data in terms of the number of registered immigrants or documented foreigners is the outcome of several movements that at times remain in the shadowy side of statistics.

Return flows are among these movements that, although present in all migration processes, in our constitute a crucial question mark as far as the dimension of the change that is taking place in Spain in terms of the net increase of the immigrant population in Spain. Expert opinion is everywhere uncertain about the likelihood of increased returns in a time of crisis: there is the view that the crisis will induce many migrants to go back home, and there is the opposite one that holds that most will stay. In the case of Spain, there is no clear evidence yet to clarify the point. Returns are still an area surrounded by mist. Estimating their number is very difficult, for the limited volume of those who take advantage of the public programs set in to that effect, for the scant track that those who leave on their own leave behind them, and for the long time required to detect such movements and the two-year delay without renewal established for the cancellation of the inscription in the Population Register.

Return purposes expressed before the start of the crisis might provide some hint, if cautiously taken. The National Immigrant Survey of 2007 inquired during the first half of that year about the "intention to return home or to go to another country" or the "intention to remain in Spain". Eight per cent opted for the first answer, and 81 per cent expressed the second. Among those who said they would like to go back home, the largest proportions were found among Bolivians (24 per cent), Ecuadorians (15), Romanians and Bulgarians. At the other end of the spectrum, Chinese (3 per cent) and Moroccans (4) were the ones less prone to return. Moreover, the latter appeared as the group most intent on remaining in Spain (86 per cent).

The Statistic on Residential Variations, despite all its limitations, gives information on decisions, rather than on intentions. In 2007 it reported 199,000 foreigners exiting Spain, a significant number which implied an increase of over 80,000 exits registered the year before. Only 2,488 of those exits were bound for Morocco, while 4,003 were directed to Romania and almost 11,000 to the Americas (Pajares, 2009).

The number of registered returns in the framework of the two existing official programs offers only an indication of possible trends. The first one has been in operation in the last six years in cooperation with the International Organization for Migration (IOM), and is sponsored by the Spanish Government and implemented by eight NGO's. It covers the cost of transportation plus 450 euro for related expenses. In 2008 the program took care of over 1,800 migrants, an increase of 54 per cent over the

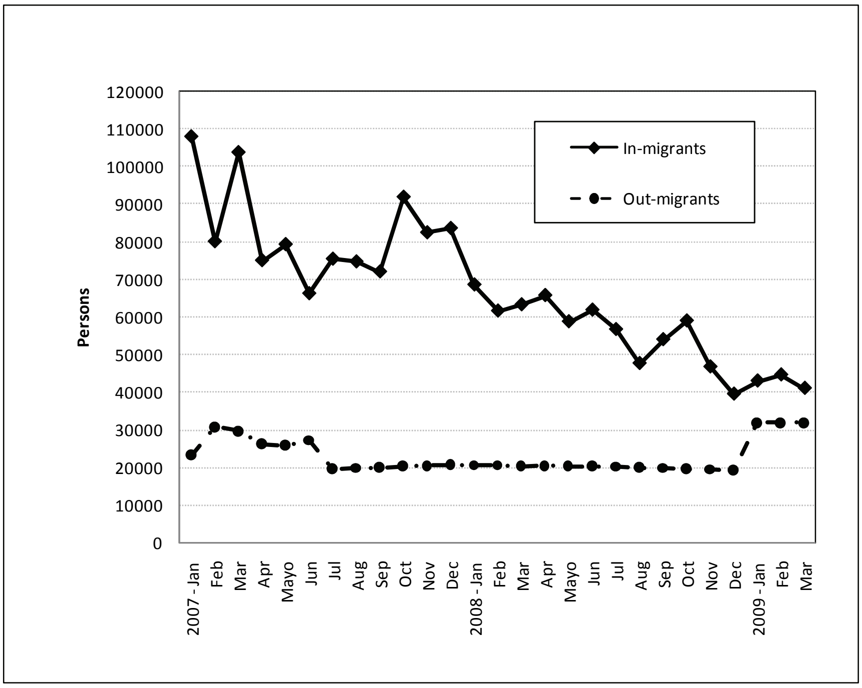
1,200 of 2007. Bolivians, Argentines, Brazilians, Colombians, and Ecuadorians were the most likely candidates. No returns of Moroccans were registered in this program.

A second program, the Plan for Voluntary Return, was launched last year by the Government when the crisis was already in full swing. It was much debated in the media, as some saw it as an inducement to return. It is directed to unemployed migrants from non-EU countries which have bilateral agreements in matters of social security with Spain, around twenty, most of tem in Latin America. Those of them who decide to go back home will get 40 per cent of the unemployment benefits they are entitled to before departure, and the remaining 60 per cent after one month of arrival in the country of origin. The counterpart is that they have to renounce their work and residence permits and commit themselves not to return to Spain in three years. After that delay they can apply again for admission, and if they do so after five years they will have preference for work visas and will get back the legal status they had at the time of departure. As of March 2009 the program counted only 3,700 returns, of which 1,636 Ecuadorians and 684 Colombians, while only 20 Moroccans availed themselves of this possibility.

It is clear that the program has met with little success, despite the impressive increase in joblessness, confirming the view that plans to induce voluntary return through benefits are likely to work when prospects for employment in the country of origin look promising, a situation which does not seem to be the case in the countries from which most migrants came to Spain. Additionally, the benefits offered in the Spanish plan will be only significant in the case of immigrants who have been in Spain for a number of years, and these are the ones most likely to have reunited their families and to be more settled, and therefore the least prone to leave.

All this notwithstanding, there are hints that point to the likelihood that the number of migrants who go back home is rising, most of them outside of official programs. In an exercise with the statistics of the movement of entries and exits of the foreign population, the National Statistical Office has identified a pronounced declining trend of monthly entries along 2008 and an increase in exits of foreigners between December 2008 and March 2009.

Figure 6. Number of In and Out-migrants in the foreign-born population, Spain. Monthly estimates from January 2007 to March 2009



Source: Annex, Table A3

As far as Moroccans are concerned, the available data indicate a significant reduction in the number of permits granted. Thus, the number of work permits granted started to decline markedly since June 2008: the 17,000 given in that month had shrunk to only 3,450 in December. As for family reunion permits, they went down as well, from 37,000 in 2007 to 27,000 in 2008.

All the existing evidence suggests that, in general terms, return does not seem to be, up to now, an option favored by many, not even among those who are hard hit by the crisis, albeit it is an option on the rise. A number of impressionistic hints point in that direction. Ecuadorian associations in Spain tell of a multiplication of the queries about information and assistance fro return, although those who make the final decision are much fewer. Other sources refer increasing difficulties to find plane tickets for Bolivia and other Latin American destinations.

Moroccans, as seen before, are not prominent in return statistics. Yet, and despite the fact that officers of Moroccan association confirm that return is not a frequent behavior among Moroccan migrants, it nevertheless seems to be on the rise in recent months. Moroccan men are not going back, but there are many instances in which the wife and the children do while the husband stays, and other in which the children are sent to Morocco while both the husband and the wife remain. Falling incomes make it difficult to keep the whole family in Spain, but some members may stay if the family is divided between the two countries. These strategies, in addition, make it possible to maintain the linkages with Spain and, above all, to keep alive residence permits (Pajares, 2009).

A number of signs point towards the reduction in the number or irregular entries, but pondering their significance and relevance is difficult, and impossible to ascertain to which extent there stem from the dissuading effects of the crisis and to which of the increased efficacy of control mechanisms. According to the available data, irregular entries resulting from maritime crossings have experienced a sustained decline in recent years. From the 39.225 arrivals registered in 2006, the number shrank to 18,200 in 2007 and 13.555 in 2008. In particular, the number of irregular migrants who were able to set foot in beaches of the Canary Islands diminished by 46 per cent if compared with the preceding year. But the crossings originating in Morocco went down even more markedly, as the 1,725 registered in 2008 represent only one fourth of those who arrived through the same routes in 2006. Yet, this decline is hardly attributable to the crisis, since the trend started in 2006 and because it is unlikely that those that resort to such dangerous and desperate means would be dissuaded by the state of the economy. Attributing the decline to the increased efficiency of the policies developed to respond to the challenge posed by maritime crossings, including a buttressing of cooperation with a score of governments of sending and transit countries in Northwestern Africa seems a more plausible explanation.

2. Social consequences

As far as its consequences go, the crisis operates in different ways and through diverse situations. Unemployment is no doubt the most evident one, and the one with the most devastating implications for the living conditions, for the process of integration and for the development of migratory projects[11].

Unemployment is interrupting and often dismantling, and even reversing, the residential trajectories developed by migrants since their arrival in Spain. Many among them started their migratory experience in Spain living in apartments shared with other migrants. Many were later able to stabilize their labor market insertion, reunite their family, and buy or rent an apartment. Yet, there is evidence that many immigrants, especially Latin Americans and Romanians, have been forced to go back to shared housing to lower costs.

Another serious problem for many immigrants affected by the crisis has to do with paying mortgages. Hundreds of thousands of immigrants in Spain bought apartments in times of prosperity

[11] Information for this section comes mainly from the Immigration and Labor Market Report 2009.

taking advantage of low interest rates, long-term mortgages, and relaxed warranties from the part of banks. Especially since 2005, the rise in interest rates brought about higher monthly mortgage payments. In some recent periods, after the start of the crisis, the rise was very steep. When unemployment hit, especially during 2008, and incomes fell, many were unable to face the rising bills. A recent report of the United Nations Special Rapporteur for Adequate Housing, Raquel Rolnik, estimated in no less than 180,000 the number of Latin American families in Spain at risk of defaulting payments of their mortgages.

Not only immigrants defaulting mortgage payments find themselves in a critical situation, but also those who acted as guarantors for them, very often immigrants as well. As a matter of fact, when an immigrant family is unable to pay their mortgage dues, someone else is also hurt. Going back to sharing a dwelling becomes often the inescapable strategy to cope with the crisis for a growing number of immigrants.

Irregular migration is another facet of reality that seems to be changing under the influx of the crisis. After the last extraordinary regularization in 2005, the number of immigrants in irregular condition was drastically curtailed, and a concomitant reform of immigration policy widened the avenues to legally enter the Spanish labor market and gain a residence permit. In a number of national groups, such as Moroccans, after the amnesty the number of immigrants registered in the *Padrón* and that of immigrants in possession of a residence permit tended to converge. Yet, in the course of 2008 such a state of things took a turn for the worse, as unemployment increased and renewing the residence permits for those who did not have the condition of long-term residents became harder. To avoid this skidding into irregularity, the government has announced an amendment in legislation. This notwithstanding, a non-negligible proportion of workers seems to be passing from the formal to the informal sector of the economy, in the context of the crisis. Available data seem to bear this out: while the number of immigrants in employment remained stable during 2008, the number of foreign workers affiliated to the Social Security – which is mandatory for workers with valid contracts – significantly dropped. In the last two quarters of 2008 the sum of variations in the number of affiliated workers and that of unemployed lagged well behind the increase in the active population, when the two of them ought to be equivalent.

Immigrant workers who were in possession of work and residence permits are at pains in renewing their permits when they become jobless and cannot credit six months of Social Security dues. In the case of Moroccans and other long-standing groups even permanent residence permits are starting to be risk in the face of persistent unemployment. Since the start of 2009 the case of immigrants who are reaching the maximum time for unemployment benefits is becoming increasingly frequent. Obviously, the case acquires a tragic face when the loss of any income happens in families who have been reunited.

3. The impact of the crisis on the flow of remittances. Preliminary insights

The remittances that immigrants sent back to their relatives at home are the most immediate and tangible gain from international migration, according to a recent United Nations document (U.N., 2006a). Remittances represent a material manifestation of the linkages of solidarity and reciprocity that bind immigrants with their relatives and friends (Guarnizo, 2003), and part of the strategies of survival of a very large number of families in significant segments of the population in developing countries. To its primary goal of contributing to the sustenance of the families who stayed at origin other objectives are often added, including the improvement of living conditions, the diversification of sources of family income, and diverse forms of investment and creation of family businesses. A heated debate surrounds the consequences of remittances, especially upon the national community, but it seems clear that they contribute to poverty alleviation and to the reduction of inequality (Chami, Fullenkampf and Jahjah, 2003).

The increase of migration flows in recent decades has entailed a steep rise in the aggregate volume of remittances, turning it into one of the most prominent flows of private capital in the world and into one of the foremost sources of external financing for developing countries. The flow of remittances from Spain in recent years stands not only as one of the largest in the EU but also at the global level. In 2006 it amounted to 3 per cent of the total for the world (World Bank, 2006), and it continued to rise in 2007 and early 2008. The phenomenal increase in the volume of savings remitted from Spain paralleled the rapid increase of the immigrant population, but it was facilitated by legislative measures that bestowed more flexibility in its management and control. The regularization of a large number of hitherto irregular immigrants, including a sizeable proportion of Moroccans, also contributed to its growth.

Morocco belongs among the developing countries whose economies depend to a considerable extent of international migration. The flow of financial transfers generated by the almost three million Moroccans abroad place it among the top receivers of remittances. Both the number of emigrants and the volume of remittances reached its highest rates of increase after the turn of the century. According to World Bank data, Morocco received through that channel almost seven billion dollars, an amount which put it in 14th position in the world ranking (Criado, 2009).

It comes as no wonder that the flow of remittances in the Spain-Morocco corridor also registered a big increase, especially since the turn of the century. Within the total volume of remittance received by Morocco, those coming from Spain increase their weight from 4 to 15 per cent between 1998 and 2007. As for the total of remittances sent by migrants from Spain, those bound for Morocco ranked fifth, with 6,5 per cent, after Colombia, Ecuador, Bolivia and Romania, according to official data (Criado, 2009)[12]. Taking into account the total transfers from workers registered by the Spanish balance of payments in that year, the total amount of remittances to Morocco would be of the order of 549 million euro.

The bulk of transfers sent by Moroccans from Spain are channeled through the “bureaus of change and transfer of currency abroad” (ECTV), which includes all agencies licensed by the Bank of Spain for these operations. Around 70 to 80 per cent of all transfers are channeled through these agencies. The Moroccan community is among those that use preferentially this channel. Remittances in cash, whose more informal character may particularly appeal to irregular migrants working in the shadow economy, rank second. Finally, a minimal proportion of between 3 and 5 per cent of the total volume takes place through postal money orders. The increase in the volume of remittances entailed an expansion of the business known as “institutional management and transfer of remittances”. Thus, the number of agencies licensed to that effect went from 32 in 2002 to 46 in 2007, with a network of 13,500 agents, including individuals and businesses, with 23,500 offices strategically located in areas with a high concentration of immigrants (Criado, 2009).

As it was to be expected, with its marked effect on the employment and income of the immigrant population settled in Spain, significantly impinged on the decline of the volume of remittances sent by immigrants to their relatives at home. According to the most recent data about the Spanish balance of payments published by the Bank of Spain, the peak in the volume of remittances sent was reached in 2007, with a volume of 8,445 million euro. Despite the fact that the symptoms of the crisis were already evident in the second half of 2007, the amount of remittances continued to increase until the end of the year. Yet, the trend was reversed since the beginnings of 2008, as the quarterly figures reveal.

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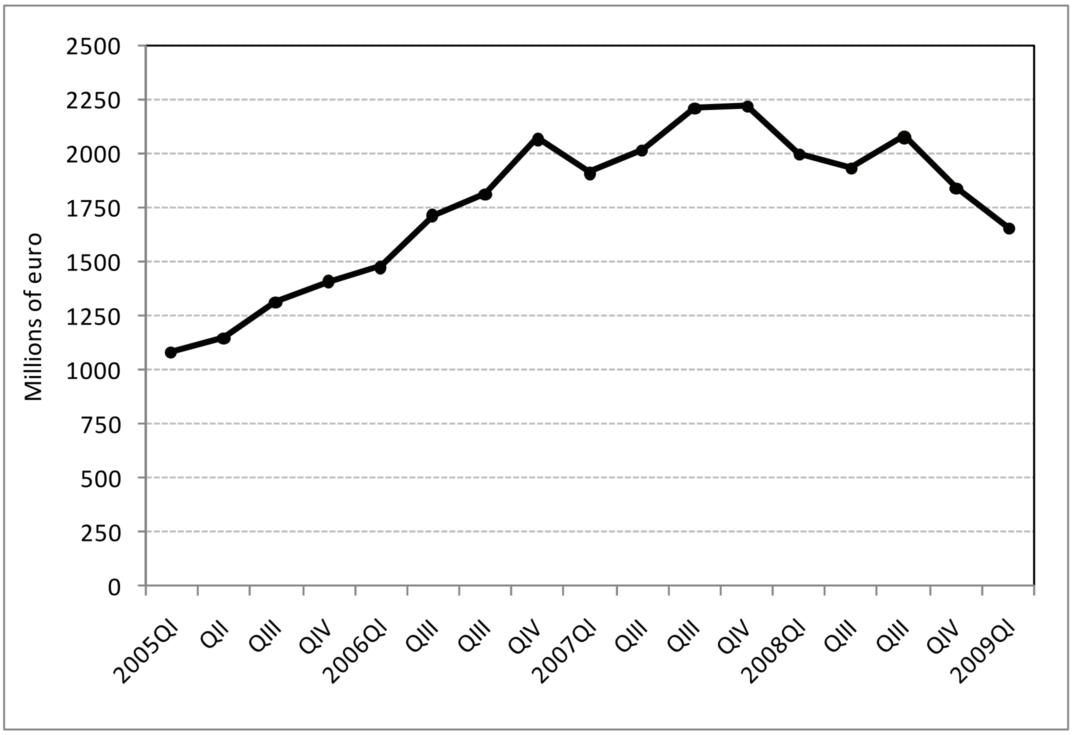
[12] The Bank of Spain publishes the geographic distribution of remittances by region: Latin America and the Caribbean, European Union, Rest of Europe and Rest of the World, where Morocco is included, singling out the foremost country in each.

Figure 7. Quarterly workers' remittances from Spain



Source: Annex, Table A4

The decline accumulated during 2008 amounted to 605 million, or 7.1 per cent of the preceding year. In the course of the year the volume of remittances went down practically at the same rhythm than the rise in unemployment. Thus, in the fourth quarter remittances fell by 20.6 per cent, 476 million euro less than the same quarter of the preceding year. As it could be expected, taking into account the worsening experienced by the unemployment picture in the first quarter of 2009, the volume of remittances fell an additional 200 million, to place themselves at the level they had at the beginning of 2006, when Spain counted almost one and a half million immigrants less.

Although no information about the decline of remittances going from Spain to Morocco is available, there can be little doubt that it must have been substantial. On the basis of an admittedly gross estimate, assuming that in 2008 the remittances bound for Morocco maintained the same weight in the total of remittances they had in 2007, the amount of transfers to Moroccan families would have suffered a reduction of almost 50 million euro in the first quarter of 2009. Therefore, the crisis, in addition to falling upon Moroccan immigrants in Spain, with deleterious effects on their income and living conditions, extends its negative shadow on their families at home.

VII. Concluding remarks

As it could be expected, the economic crisis is having deep and vast effects on the immigrant population settled in Spain. However, ascertaining these impacts in full and in detail is still impossible. The data available until the time of this writing only allow a first approximation to the most visible effects. Yet, a most salient and influential peculiarity of the impact of the crisis in Spain clearly stands out, and this is the vast and devastating extent reached by unemployment. This is both the most telling and influential feature of the crisis in Spain and of its impact upon the immigrant population.

In the summer of 2009, unemployment threatens to affect no less than a fifth of the active population. Yet , its toll is still larger among immigrants: almost three out of ten are out of work. The loss of income it entails is deeply affecting their living conditions and the residential stability that many families had successfully attained, and it is resulting in a marked decline in the volume of remittances immigrants in Spain are able to send back to their relatives at home. The impacts of the crisis are considerable in every national group of immigrants, but they are particularly large among the largest groups: Romanians, Ecuadorians and Moroccans. The latter is the group to which all the available evidence points as the most vulnerable and more heavily affected by the crisis, on account of their preponderant insertion in manual, low-skilled jobs, and their high ratef of temporariness, occupational turnover, and unemployment.

Another salient feature of the situation is the lack of automatism, the considerable time lag that has mediated between the manifestations of the crisis on the state of the economy and its impacts upon the size of immigration flows. Indeed, flows have persisted at a very high level until at least one year after the start of the crisis, and have not been diminished in proportion to it later. There has been a rise in returns, but it also appears as out of proportion with the magnitude of the crisis, something which, nevertheless, seems less surprising than the limited effect on entry flows.

Looking to the future, the degree of uncertainty looms even larger. Forecasts concerning the end of the crisis are unclear and highly debatable. Yet, even if signs of recovery in Europe in the course of next year are possible, although uncertain, it is likely that a longer time frame will be required in Spain until the deep effects of the crisis in terms of employment disappear and normalcy is restaured. The explanation has to do both with a number of dysfunctions of the Spanish labor market that need structural reform and with the excessive weight of the construction sector in the years that preceded the crisis. In these times of crisis there is much talk among experts and politicians about the necessary reorientation of the Spanish economy and the adoption of a new model of growth. On the basis of all this, it can be predicted that full recovery will most likely take longer in Spain than in mainstream European countries. This may involve not only the year 2010, but may even extend to 2011 if not more, especially in terms of employment.

In such an scenario, it is clear that the implications in terms of labour force and employment will be considerable, and that the forecasts for the employment and opportunities of the immigrant population cannot avoid a certain degree of pessimism. Over four million workers are unemployed in the summer of 2009, and the number is still growing, although at a slower rhythm than at the beginning of the year. Even if the deceleration registered in the second quarter of 2009 is confirmed in the coming months, absorbing such a mass of joblessness will take a long time after the end of the financial and economic crisis, especially if economic growth is not vigorous then. The immigrant population is bound to suffer especially from the protracted effects of the crisis. It is likely that the reduction of entry flows will continue and even intensify, as prospects become increasingly dire, and an increase in returns could be expected, as many evidences of an impressionistic nature suggest. The depression of family incomes is forcing many immigrants to revise their residential strategies and their prospects of family formation and reunion in Spain, as it is happening with those of Moroccan background. The restoration of pre-crisis conditions and situations will have to wait. The effects of the crisis will continue to spill over to the countries of origin, first of all because remittances from Spain will keep declining and because a number of families will witness the return of their relatives. For the Spanish society as a whole, the next two years are likely to be difficult ones, in a measure that will depend on the time required for recovery. To which extent this will translate into tenser social relations – something that has not happened significantly until now – is impossible to predict.

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ANNEX

Table A 1. Foreign-born population in Spain by origin, 1998-2009*

		Foreign-born by origin (Thousands)					
			Latin		Rest of	From Africa:	
Years	*Total*	*Europe*	*America*	*Africa*	*the World*	*Morocco*	*Rest of Africa*
1998	637.1	332.2	112.7	138.1	54.0	103.2	34.9
1999	749.0	396.4	134.0	157.7	60.9	117.7	40.0
2000	923.9	460.9	183.5	207.4	72.1	154.2	53.2
2001	1370.7	557.6	419.1	298.9	95.0	216.5	82.4
2002	1977.9	728.7	725.9	399.8	123.5	286.3	113.5
2003	2664.2	965.2	1044.7	493.0	161.3	352.5	140.5
2004	3034.3	1079.6	1237.4	541.5	175.8	388.0	153.5
2005	3730.6	1400.1	1441.6	663.2	225.8	468.8	194.4
2006	4144.2	1651.6	1510.0	726.0	256.7	513.0	213.0
2007	4519.6	1933.0	1595.5	737.4	253.6	524.0	213.4
2008	5268.8	2314.4	1735.2	909.8	309.3	652.7	257.1
2009	5598.7	2487.8	1765.1	998.0	347.8	710.4	287.6

*Data on Jan 1st (for 2009 provisional)

Source: INE, Padrón de Población (National Statistical Institute, Population Register)

Table A 2. Economically active (EA) and employed inmigrants by sex, Spain. (1st Quarter 2001-2009 in thousands)

1st. Qtr.	Economically active			Employed		
	Total	*Male*	*Female*	*Total*	*Male*	*Female*
2001	685.7	418.5	267.2	575.4	355.8	219.6
2002	953.7	543.9	409.8	816.5	482.2	334.3
2003	1369.5	775.3	594.2	1125.8	663.9	461.9
2004	1756.6	1032.7	723.9	1508.8	909.6	599.2
2005	2203.6	1248.6	955.0	1896.0	1108.5	787.5
2006	2622.7	1452.9	1169.8	2299.4	1306.4	993.0
2007	3036.3	1707.6	1328.7	2653.3	1530.1	1123.2
2008	3445.9	1922.2	1523.7	2941.2	1672.0	1269.2
2009	3724.5	2053.6	1670.9	2667.0	1422.8	1244.2

Source: INE, EPA (INE, Labor Force Survey)

Table A 3. Immigration and outmigration, Spanish-born and foreign-born populations. Monthly estimates, 2007-2009

	In-migrants		*Out-migrants*		*Net migration*	
Months	*Spanish-born*	*Foreign-born*	*Spanish-born*	*Foreign-born*	*Spanish-born*	*Foreign-born*
2007 - Jan	3,078	108,029	2,448	23,398	630	84,630
Feb	2,480	80,130	2,127	30,776	353	49,354
Mar	2,562	103,831	2,664	29,724	-102	74,106
Apr	3,176	75,073	2,261	26,286	915	48,787
Mayo	3,614	79,348	2,600	25,860	1,014	53,488
Jun	3,250	66,292	2,786	27,235	464	39,057
Jul	4,052	75,492	2,618	19,800	1,434	55,692
Aug	3,827	74,759	3,267	19,965	560	54,794
Sep	4,236	72,103	2,769	20,018	1,467	52,085
Oct	3,515	91,968	3,097	20,415	418	71,553
Nov	2,703	82,500	2,668	20,578	35	61,922
Dec	2,850	83,655	2,065	20,841	785	62,814
2008 - Jan	2,920	68,622	4,411	20,623	-1,491	47,999
Feb	2,688	61,674	2,568	20,604	120	41,070
Mar	3,061	63,354	3,673	20,544	-612	42,810
Apr	3,190	65,793	1,652	20,570	1,538	45,223
Mayo	2,962	58,831	1,701	20,482	1,261	38,349
Jun	3,379	61,928	1,205	20,465	2,174	41,463
Jul	4,007	56,760	3,378	20,324	629	36,436
Aug	3,427	47,724	2,573	20,146	854	27,578
Sep	3,777	54,065	3,049	19,935	728	34,130
Oct	2,594	59,048	3,678	19,774	-1,084	39,274
Nov	1,944	46,804	3,205	19,497	-1,261	27,307
Dec	2,004	39,565	2,824	19,310	-820	20,255
2009 - Jan	2,166	43,057	1,917	31,772	249	11,285
Feb	2,117	44,684	1,630	31,901	487	12,783
Mar	2,145	41,107	1,635	31,878	510	9,229

Source: INE (National Statistical Institute)

Table A 4. Workers' remittances from Spain (Millions of euro)

Quarters	*2005*	*2006*	*2007*	*2008*	*2009*
Total	4,936	7,059	8,445	7,840	1,654
QI	1,080	1,473	1,908	1,998	1,654
QII	1,142	1,712	2,011	1,928	
QIII	1,307	1,808	2,210	2,075	
QIV	1,407	2,066	2,216	1,838	

Source: Banco de España, Boletin Estadístico (Banco of Spain, Statistical Bulletin)