

# **The Spanish labour market, from boom to recession: Are foreign workers more excluded or better adapted?**

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## **Introduction**

From the early 21<sup>st</sup> century to the upsurge of current global crisis (The Great Recession), foreign population living in Spain –mainly arriving for labour reasons– has significantly increased. As Spanish workforce has also been growing, particularly female one, we would not be before a case of “replacement migration”. This “migration boom” is partly due to the educational, labour and social promotion of the autochthonous workforce (Domingo y Gil-Alonso, 2007; Gil-Alonso y Domingo, 2008). In turn, this upwards mobility attracts foreign workers who, in a segmented or dual labour market (Piore, 1979), fill the vacant jobs which national workers do not want, or are no longer able, to cover.

Even though this situation is not new, the Spanish case is particularly interesting due to its speed and numbers involved. In a context of female education level improvement, these trends would be partly related to the increasing local female labour market participation and the extension of two salary households. As household reproductive tasks (domestic work, including child and elderly care and housework) are still unequally distributed by sex and the Spanish welfare system is weak, they have been externalised into the market and internationalised. Thus, the arrival of foreign immigrants and autochthonous population educational, labour and social promotion are “complementary” processes –but this “complementarity” is clearly uneven as foreigners mainly find jobs in sectors requiring a low skilled workforce. That is to say, they occupy the hardest, worst paid, and more unstable jobs.

The paper’s aim is firstly to analyse this labour market complementary during the economic growth phase (2000-2007), focusing on the differences between foreigners and Spaniards’ participation by activity sectors, as there are sectors where the foreign population had partly substituted the autochthonous one, others where the two populations had competed, and finally other more segregated sectors which had nearly become exclusive Spanish worker niches.

In a second phase, the impact of the current economic crisis on both populations’ labour patterns is analysed (2008-2015), in order to check our two hypothesis: 1) foreigners have been more affected by crisis than national workers, or in other words, they have been more “excluded” from the labour market; and 2) foreigners working in sectors where they competed with Spaniards (e.g. construction sector) have been more affected by unemployment than those employed in those where substitution is the dominant dynamics.

## **Theoretical framework (I): Foreign workers integration in a segmented labour market (2000-2007)**

These last decades, Spain has become a new immigration country (Muñoz Pérez and Izquierdo Escribano 1989; Arango 1997 and 1999; Salt and Almeida 2006). Studies focusing on foreign citizens’ participation in the Spanish labour market have not only underlined their increasing volume, but also the qualitative aspects of their incorporation by activity sector (Colectivo IOE 2002; R. Carrasco 2003; C. Carrasco and C. García 2004; L. Garrido and L.

Toharia 2004). As explained by L. Cachón (1997), following Michael J. Piore's work (1979), this role would not basically be related to the Spanish recent demographic change, but to the local labour market characteristics and its strong segmentation. This process is particularly visible when focusing on how the young (mainly female) nationals, who have attained a much higher education level than older generations, get socially promoted when they incorporate the labour market (A. Domingo and F. Gil Alonso 2007).

Even though this situation is not new, and has already been experienced and studied in other countries (W.T. Dickens and K. Lang 1988; M. E. Enchautegui 1998; D. Coleman and R. Rowthorn 2004), the Spanish case –analysed for the booming years by U. Martínez Veiga 1999; L. Abad 2002; C. Solé and S. Parella 2001 and 2003; R. Carrasco, J.F. Jimeno and A.C. Ortega 2004; Balch 2005; H.J. Simón, R. Ramos and E. Sanromá 2007, among other authors– is particularly interesting due to how widespread the process is and the large number of immigrants involved. These trends would partly be related to the increasing local female labour market participation and the extension of two salary households in a context of female education level improvement. As household reproductive tasks are still unequally distributed between men and women, family's older generations are increasingly carrying out these tasks (L. Garrido 1992; J. MacInnes and J. Pérez 2008). When this is not possible, they are externalised into the market, as, in comparison with other EU countries, the Spanish welfare state is relatively weak. This has favoured an internationalisation of domestic work –both including dependent care and housework.

### **Theoretical framework (II): Foreign workers and the Great Recession, more excluded or better adapted? (2008-2015)**

In general, most immigrants demographic characteristics are similar to those of the most vulnerable autochthonous workers during recessions, that is to say, they are relatively young, have lower education levels, and have recently entered the labour market. Immigrants are also highly overrepresented in many of the most vulnerable industries –including construction, many low added-value manufacturing sectors, leisure, hotels and restaurants, and support and personal services– and in many of the most vulnerable jobs within those industries. However, immigrants (and especially recent ones) may be able to adjust more quickly than native-born workers to changing labour market conditions because they are more ready to adapt to changing jobs and move to a new place of residence for work-related reasons (Papademetriou and Terrazas, 2009).

In the same line, Fielding (2010) believes that, in the current phase of capitalism, countries with a two-sector (high-productivity/low-productivity) economies where immigrant mainly get the low-wage jobs –for instance, Southern European countries– have a 'new immigration model' (King et al., 1997). In times of recession, these increasing differences between local and immigrant workers may play in favour of the latter. As most immigrant workers are 'gap fillers' –i.e. they are doing the jobs that members of the host population will not, or cannot, do (Abella and Ducanes, 2009)– when there is an economic downturn domestic workers are not at all likely to replace foreign workers, even if some countries have implemented policies favouring foreigner laying-offs. This is, perhaps, particularly the case with care and domestic workers (Ghosh, 2009). More vulnerable will however be those who have a job in construction, tourism and manufacturing industries (Martin, 2009), where sudden decreases in demand can lead to important lay-offs. Yet, so many small and medium-sized companies have become so dependent on foreign labour (Awad, 2009) that they are likely to oppose expulsion policies (Castles, 2009). In simpler words, when the economic situation becomes more difficult, jobs become more precarious, and this can be an advantage for foreigners. As a consequence, Fielding (2010) and other authors (Castles, 2011, 2012; Ghosh, 2009; Dobson et al., 2009) shed doubts on the validity of "buffer theory", which

posits that migrants return home when the economy of a country contracts, thereby freeing up jobs for the non-immigrant population. This, which could be true in the previous Fordist economy, seems to be less valid in the current neoliberal ‘casino’ capitalism (Fielding, 2010).

### **Data source**

The Spanish labour force survey, that is to say, the *Encuesta de Población Activa* (EPA) is the paper’s data source. This survey, carried out by the INE every three months since 1964, collects data on the labour force, its different components (employed and unemployed), and the economically inactive population. The sample is made up of 65,000 families, which, in practical terms, are reduced to about 60,000 interviewed families, or in other words, about 200,000 people, which it is a reasonable size for the paper’s aim. Several waves of this survey are used, covering both the economic expansion and recession years.

### **Preliminary results**

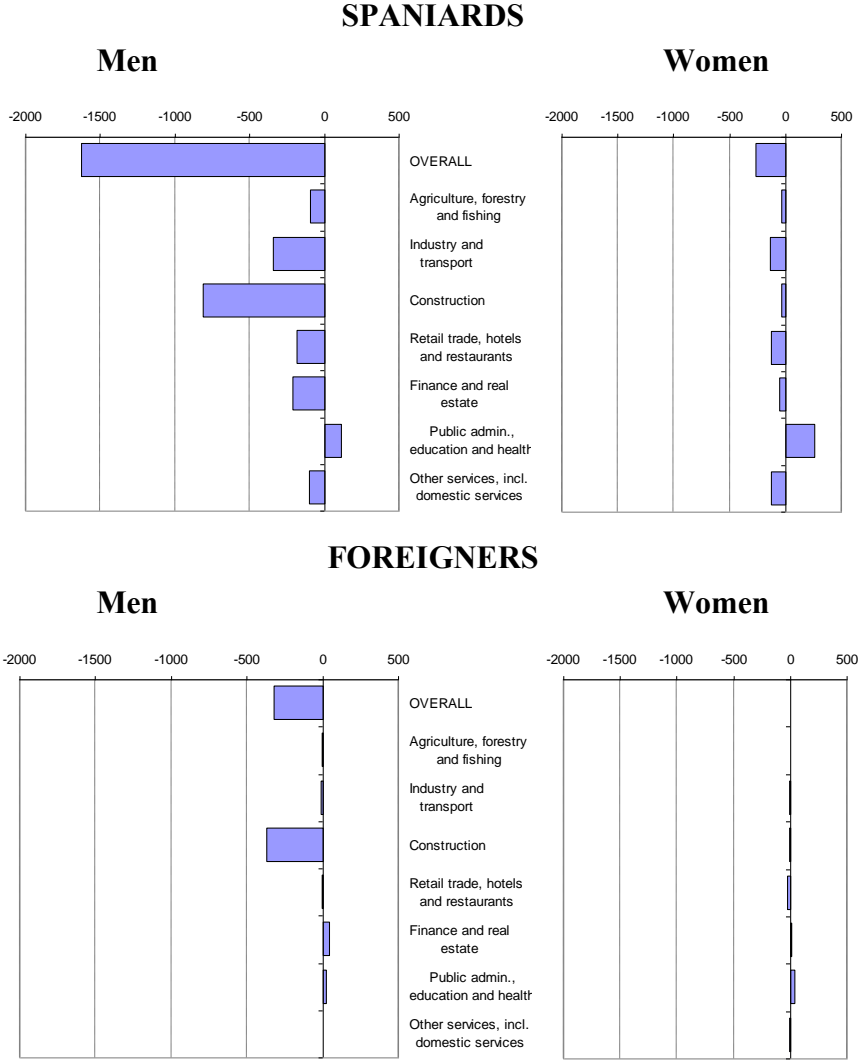
According to the EPA, 2.3 million, out of the 4.9 million new jobs created in Spain between 2000 and 2007, were occupied by foreigners. Immigrants who reached the country had an increasingly low education level. This could be considered to a certain extent logical, as most of the jobs offered to them only required low qualification levels. As reproductive work, which had formerly been carried out by non-remunerated female family members, has been externalised, the process has accelerated. Moreover, foreigners are overrepresented in certain new employment niches.

Given this uneven entry, foreigner labour market insertion has generally been perceived as “subordinated”. However, non-nationals have very diverse labour itineraries, and, in this sense, each sector’s specificities should be taken into account. Until 2007, both origin groups’ employment strongly and simultaneously grew in some sectors: wholesale and retail trade, hotels and restaurants and, especially, construction. The main sectors where Spanish workers were being substituted by foreigners were agriculture, followed by industry and transport. Finally, those which had the greatest capacity to attract Spanish workers –the financial and real estate one, and particularly public administration (including health and education)– were also those that were more inaccessible to foreigners, becoming Spanish national workforce, particularly female, segregated niches.

The present global economic crisis, starting in 2008, has particularly affected Spain. As its “construction bubble” burst, the real estate market and the construction sector have collapsed. Nearly half of the jobs lost by Spanish men have been in this sector. However, its impact is even stronger among foreign men. Indeed, if this sector were to be ignored, between 2007 and 2011 they would have actually gained jobs (fig. 1). Moreover, in the case of immigrant women, the situation is even better. In fact, between 2007 and 2011, in absolute terms, they did not lose jobs (see fig. 2). Confirming Fielding’s theory, results show that, until 2011, foreign immigrants had resisted the crisis much better than local workers (construction being the only exception). In other words, they were more “resilient” –or adapted better– than Spaniards to the crisis.

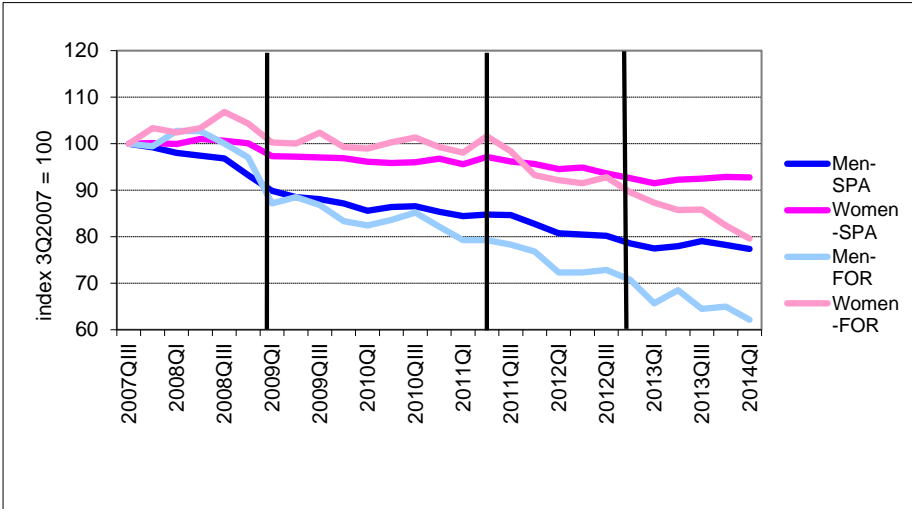
However, since mid-2011, and especially since 2013, both foreign men and women have suffered the worst consequences of the economic crisis (fig. 2), probably because Spaniards have reoccupied those activity sectors which they had previously abandoned during the booming years in favour of foreigners. As a consequence, these last years foreigner unemployment levels have raised even more than those of Spaniards, their employment rates have decreased more, and thousand of them have finally emigrated from Spain. The latter has been favoured by the fact that many immigrants, especially Latin-Americans have acquired Spanish nationality, so this allows them to exit Spain and re-enter in the future when the economic situation improves.

**FIGURE 1. Employment change (in thousands) between 2007-2011 by activity sector, sex and nationality. Spain, 2007 - 2011.**



Source: Encuesta de Población Activa (EPA).

**FIGURE 2. Employed people by sex and nationality, Spain, 2007 - 2011.**



Source: Encuesta de Población Activa (EPA).