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## **Economic crisis and changes in international mobility patterns of young adults in Spain (work in progress)**

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### **Abstract**

The long economic crisis in which Spain is plunged since 2008 has had a particularly virulent effect on employment. Unemployment has rocketed to unbearable levels. Even if economy is just starting to timidly grow again, the expected slow pace of the recovery is far from solving the problem of several millions of people without employment for several years. In this context, young adults, especially those born abroad, are one of the groups suffering the biggest impact. On the one hand, there are those incorporating to a closed labor market and, on the other, those who have lost their jobs just because they had more precarious contracts and were cheaper to be sacked. This is happening despite the shrinking cohorts that are now entering in the active age, showing how Demography has less influence than Economy, as demonstrated by Gil-Alonso&Domingo (2006) and Domingo&Gil-Alonso (2007) for the former period (economic boom and high immigration, coinciding with the full incorporation to the labor market of large cohorts from the Spanish baby boom, 1960-75).

This situation must have consequences on the mobility patterns of this group, usually the most mobile, that may become a strategy of response to the crisis. In this sense, we consider several questions. On the one hand, from foreign migrants point of view, it can be expected a 180 degree turn following the classical theory. Nevertheless, other factors may influence the intensity, such as the migration project and the differential effect of the crisis by sex, age, qualification or origin.

On the other hand, as for the Spaniards, the devastating unemployment figures have not been accompanied by massive outmigration. It shows a traditional reluctance of Spaniards to move abroad (González-Enríquez, 2013). Nevertheless, last months there is an increasing preoccupation related, not to quantity, but to quality, and brain drain is having growing presence in the media and the political debate. Along these lines, it can be considered the hypothesis launched by Méndez (2013) that points to the effect of austerity policies since 2011 that are having a bigger impact on high skilled jobs. Following the human capital theory, these high skilled unemployed are the most likely to migrate, since they would have more possibilities to succeed abroad and more earnings to lose if they stay. It poses the question on the project of future for Spain, throwing away its young talent when there resides the key for competitiveness.

This paper aims to analyze the impact of economic crisis and international mobility patterns of young adults in Spain through available official statistics. We will distinguish when possible the differential effects by sex and nationality or country of origin.

## **Introduction**

The economic crisis in which Spain is plunged since 2008 is threatening many of the advances achieved during the precedent period of strong economic growth (1995-2007). In these years the number of employed people grew from 12.6 (first quarter of 1996, EAPS) to 20.5 million (third quarter of 2007, EAPS) and unemployment rate fell to 8.2 (7.6% between the Spanish population). The expansion also attracted more than five million net immigrants, since continuous growth of native active population was not enough to fulfill the demand of workers. Unfortunately, growth was increasingly sustained on internal demand, fueled by cheap credits and population increase, and led by the construction sector (González, Pumares and Rojas, 2010). When in 2007 the international financial crisis burst, it swept along the construction bubble in Spain and a deep crisis started in a very complicated international context.

The recession has had a particularly virulent effect on employment. Due to Spanish economic structure, there is a need of relatively high rates of GDP increase to achieve similar employment growth. But during the periods of crisis the employment usually falls much more than GDP contrary to what happens in more advanced economies of European Union. As a result unemployment has rocketed to unbearable levels (only similar to those of Greece) and there is no expectation of significant change in the short term. In this context of large and long term unemployment rates mobility patterns are also changing, especially for those more prone to move and for those more affected. In this context, young adults, especially those born abroad, are one of the groups suffering the biggest impact. On the one hand, there are those incorporating to a closed labor market and, on the other, those who have lost their jobs just because they had more precarious contracts and were cheaper to be sacked.

This paper aims to analyze the impact of economic crisis and international mobility patterns of young adults in Spain through available official statistics<sup>1</sup> to give a general outlook of the main trends and main questions to pose. We will distinguish when possible the differential effects by sex and nationality or country of origin. Our hypothesis is that this shift in the economic context is changing the international migration flows, and those groups more affected will be the handiest to mobility, although taking in consideration also other factors such as age, social network and opportunities in the country of origin of immigrants.

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<sup>1</sup> Sources used in this paper are:

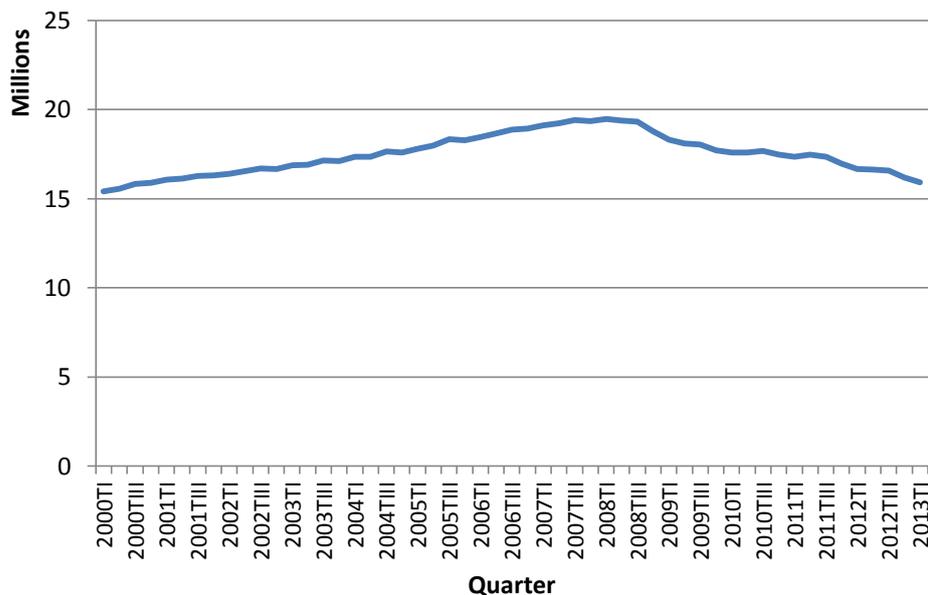
Quarterly Spanish National Accounts for GDP values and full time equivalent jobs  
Economically Active Population Survey (EAPS) for employment, unemployment and participation figures  
Migration Statistics for migration flows. Residential Variation Statistics for outflows (country of destination)

All of them are produced by the National Statistics Institute (INE)

## Differential effects on employment

The fall of Spanish GDP in 2009 (-3.7%) was not as intense as the average of European Union (-4.3%), but the recovery was much shyer and the budget cuts of 2011 led to a new recession that has just finished yet. Nevertheless, as said before, the impact on employment was much bigger, and the unemployment rate increased 7.5 points in just one year (to 17.9% in 2009, second quarter) and kept on growing until now (27.2% in 2013, first quarter). In terms of full time equivalent jobs, Spain is back to the figures of 2001 (almost one fifth less than at the beginning of 2008) (Fig. 1).

**Fig. 1. Full time equivalent jobs in Spain**



Source : Quarterly Spanish National Accounts (INE)

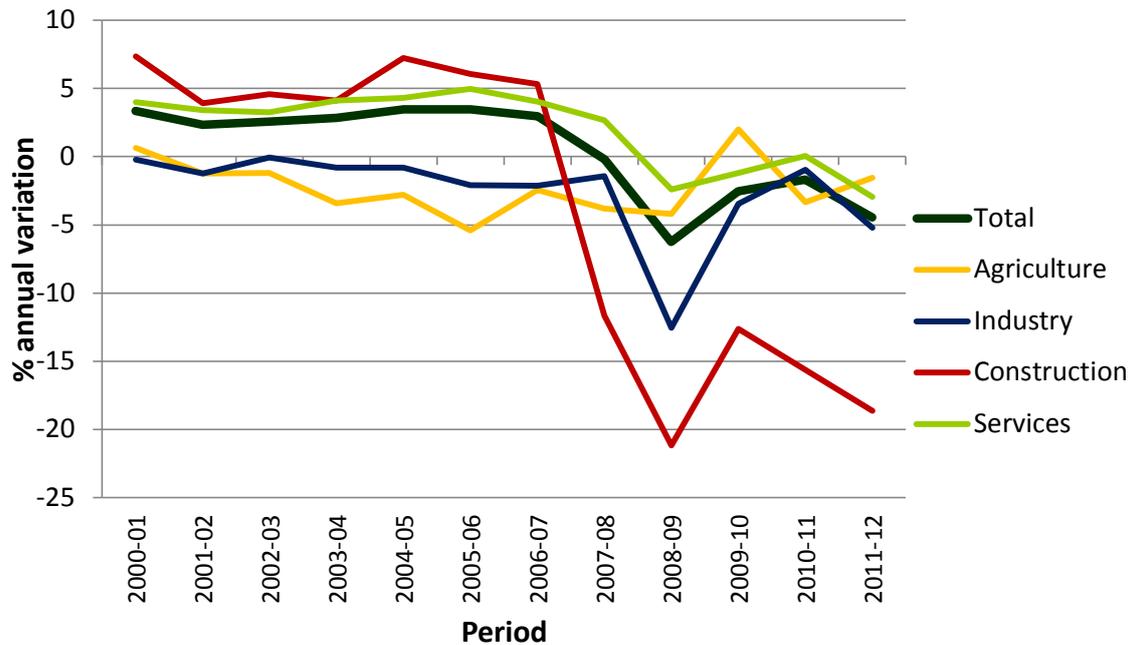
Of course the effects have varied in intensity depending on several factors (basically economic sector, qualification and type of contract) and consequently have diversely affected certain groups by age, sex, country of origin and level of studies.

By economic sector

By economic sectors (Fig. 2), as it could be expected construction was terribly affected. It reached a maximum of 2.7 million full time equivalent jobs in the third quarter of 2007, but lost 22% of its workers in 2009, and currently it doesn't reach one million full time equivalent employed people, which is the lowest value since 1996. Construction is a very important economic sector for Spain because of its weight on economy and employment and its effect on other activities. But also, from the social point of view, it is a sector where workers with low level of studies can obtain relatively good wages and there are high possibilities of promotion when getting new skills. So it was very attractive for these people. This easy way to earn money had the negative effect of encouraging young people to abandon early their studies. When native workers became scarce then foreign workers entered massively, reaching 25.6% of total labor force in the Construction sector at the beginning of 2008. For these foreign workers, usually stuck in jobs with little future, it offered a great opportunity for social

mobility. Unfortunately, the crisis took all this away and put the construction workers in a very disadvantaged position.

**Fig. 2. Full time equivalent jobs by sector**



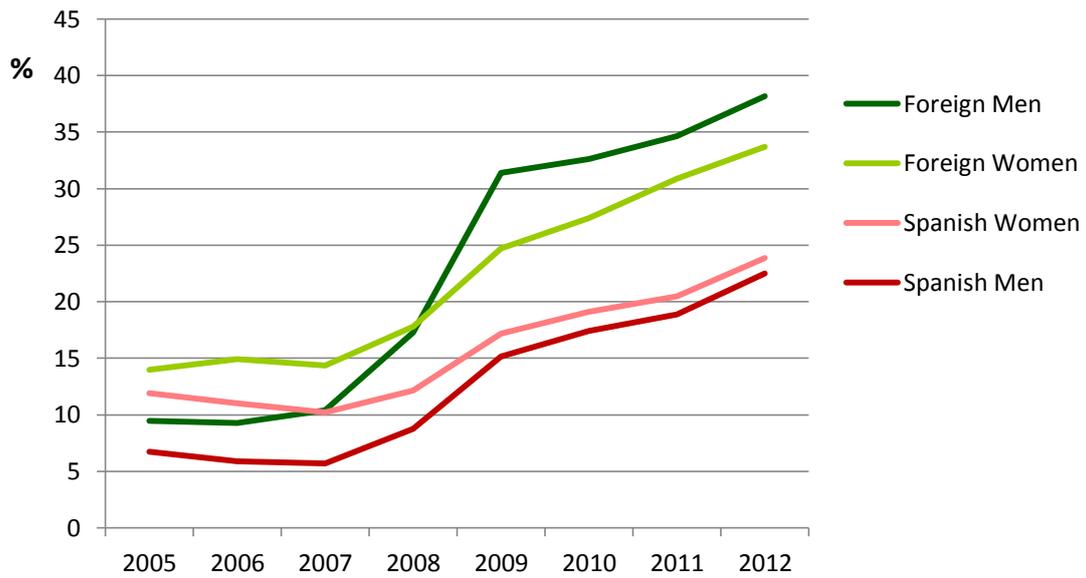
Source : Quarterly Spanish National Accounts (INE)

#### By nationality and sex

Male workers have been more affected by unemployment, basically because it was Construction and, secondary, Industry who were more hit by the recession and these sectors are very male oriented. As a consequence the unemployment rates by sex are approaching, and in the case of foreign workers the male's unemployment rate has overtaken the female's.

Foreign workers have especially suffered the crisis exceeding the unbearable frontier of 35%. For male foreign workers the situation is even worse, passing from an unemployment rate of 9.3% (2006) to 38.2 (2012). The difference with Spanish male workers grew from 5 points in 2007 to 15 in 2012 (Fig. 3). Their specialization in construction, their more fragile contracts and, maybe the nationality made them the main victims of the crisis. Foreign women were less affected, but also the distance with Spanish women increased from 5 points to 10.

**Fig. 3. Unemployment rate by sex and nationality**

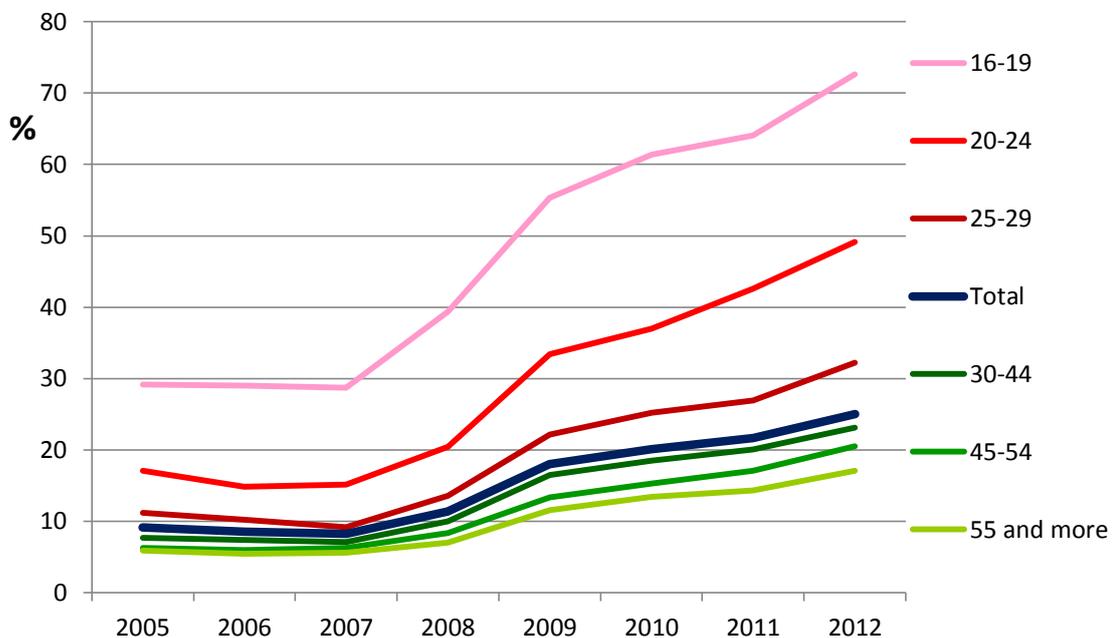


Source: EAPS (INE)

**By age**

Unemployment rates decreases with age. Usually the younger people are more affected by unemployment and their contract conditions are worst. Along with the crisis, differences between the different age groups have increased, notably for those under 25 years old, with rates over 50%. The rate for young adults between 25 and 29 years old is also over 30%. These rates influenced the high percentage of these people living with their parents (Observatorio de Emancipación, 2013): 92% for the age group 16-24 and 60% for the age group of 25-29.

**Fig. 4. Unemployment rates in Spain by age group**



Source: EAPS (INE)

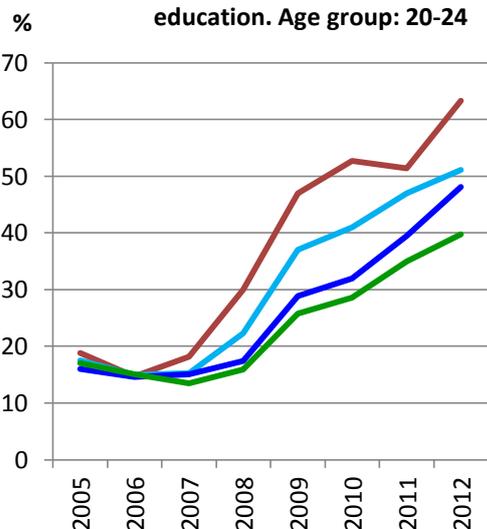
This is happening despite the shrinking cohorts that are now entering in the active age, showing how Demography has less influence than Economy, as demonstrated by Gil-Alonso&Domingo (2006) and Domingo&Gil-Alonso (2007) for the former period (economic boom and high immigration, coinciding with the full incorporation to the labor market of large cohorts from the Spanish baby boom, 1960-75). This situation must have consequences on the mobility patterns of this group, usually the most mobile, that may become a strategy of response to the crisis.

Nevertheless, it should be also paid attention to those aged 45 to 54, with an unemployment rate over 20% and may have very hard to find a job before reaching retiring age. It will be a great problem for them not only in the next future, but in order to receive future pension in a context of reducing amounts and increasing restrictive conditions to receive it. So this should be a social concern that is often forgotten.

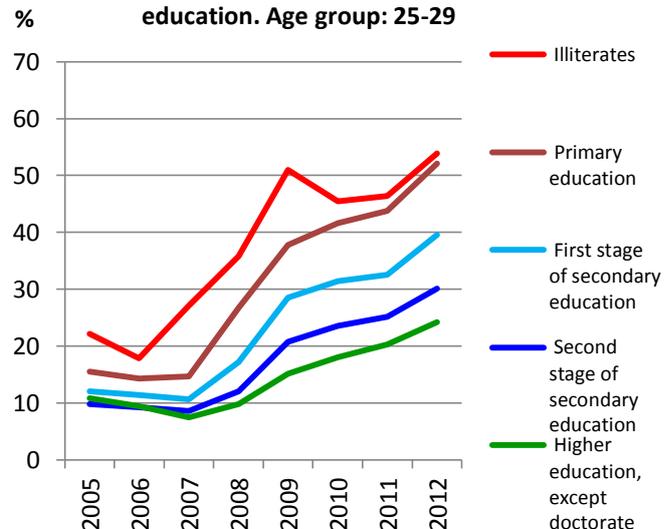
**By skills**

Level of education usually has an inverse relation to unemployment. During the years previous to the crisis, these differences were very narrow in the youngest age groups (16-24), and even those with secondary education had a lower unemployment rate than those with higher education in the group of 25 to 29 years old (Fig. 5a and 5b). The crisis implied a return to a strict hierarchy by level of education and the differences between levels in terms of unemployment rate spread rapidly away. Although the rate grew in all cases, those with higher education were less affected. It has also had the effect of reducing the participation rate for the 16-24 age group, and prolonging their studies.

**Fig. 5a. Unemployment rate by level of education. Age group: 20-24**



**Fig. 5b. Unemployment rate by level of education. Age group: 25-29**



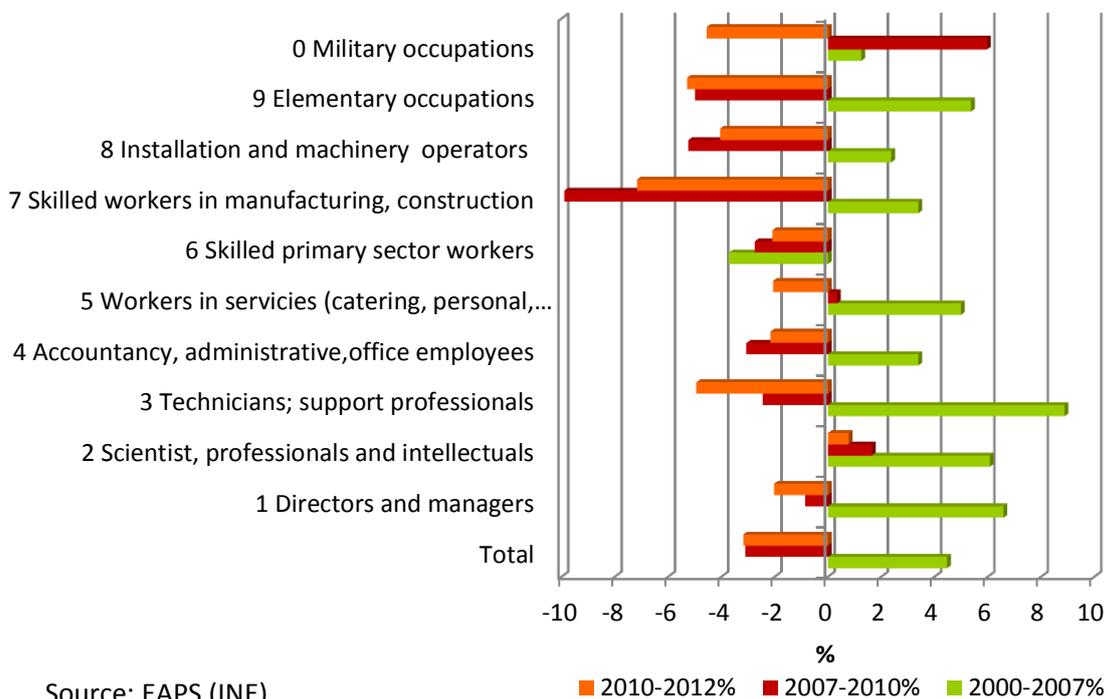
Source: EAPS (INE)

Looking at the range of occupations (Fig. 6) it can also be said that elementary occupations and skilled occupations related to construction and industry suffered the biggest loss of jobs. On

the other side, services workers, directors and managers, and scientist and professionals (the only category that has kept on growing) lose proportionally less jobs.

It can be conclude that low levels of education and low skilled occupations have been largely punished by economic crisis. This is very influenced by the economic sectors that were more hit in 2009 and haven't recovered yet (not in the near future). Nevertheless, the fear is now the extension of unemployment to other segments, as the crisis goes on, especially those with high skilled workers. This is what suggests Méndez (2013) with a recent study of registered unemployment in cities, indicating that the public budget cuts derived from austerity policies since 2011 are hitting these segments. The EAPS data don't show this clearly until now, although the important decrease of technicians and support professionals, the one of directors and managers and the stagnation of scientists and professionals in the last two years might be pointing in this direction. This should be a motive of major concern for the Spanish project of future, but Government doesn't look to worry about this.

**Fig. 6. Employed persons in Spain.  
Annual medium growth by occupation**



**Migration flows. Who are emigrating?**

Given the radically different economic context it can be expected an important change in the external migration flows. But there are many questions remaining. First, to what extent are the flows changing in quantity and direction? Second, which are the groups, by sex, age, origin or skills more prone to emigrate? Knowing the limits of statistics we will try to analyze what the available data tell us about these questions.

## The limits of statistics

There are several problems with the statistical sources of information. On the one hand, there is an important one from the point of view of accuracy of registers. Registers tend to underestimate the emigration flows since there is no real need for the migrant to notify it to administrative authorities and so only a minority does it. For Spanish people, they are supposed to register in the consulates but it doesn't happen always, especially at the beginning. The comparison between the registered adult people Spaniards entering the National Insurance Recording System of the UK (30,370 in 2011) and the estimated outflow of Spaniards going to the whole European Union in 2011 by Spanish Migration Statistics (25,162) reflects considerable underestimation of the outflows (González-Ferrer, 2013).

In the case of foreign people it is even more difficult since there is no this option. Trying to be more accurate the municipal register obliges since 2004 to renovate the inscription of foreigners without a long term permit each two years. Those who don't do that are considered to have gone abroad and are counted as emigrants, although of course there are no data about their country of destination. This kind of "outflow" means the majority of the total registered outflow. On the other hand, there are also those who don't need to renovate their inscription because they have a long term permit. Then, probably only in the case they participate in a return program their emigration will be registered.

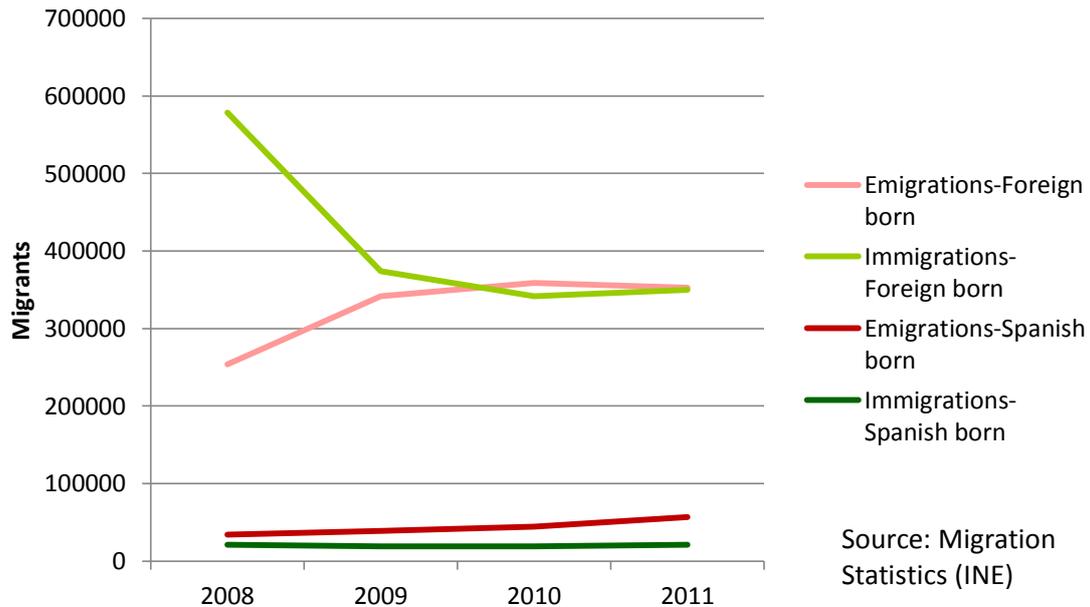
On the other hand, there is a problem with the scarcity of variables of the Residential Variations Statistics (which is the base for the Migration Statistics), just sex, age, nationality and place of birth, and origin (province and municipality) and destination of the migration. But it doesn't consider relevant variables such as education level, last job, and those related with the household or the family unit.

## Changing patterns of external migration flows

Given the devastating unemployment figures, it could be expected a 180 degree turn in migration flows following the classical theory. Effectively, the patterns of international migration flows have changed. Basically, because the new entrances in the country have decreased, while the number of people moving abroad has increased (Fig. 7). Nevertheless this change has been less clear than could be expected regarding the disastrous effects over employment that crisis has caused especially on immigrants. Around 2010 the foreign born net migration started to be negative, but very slightly. It reveals a strong resistance from migrants to leave the country. There are several factors affecting this:

First, migrants in Spain had a long term migratory project before the crisis: the ENI (National Immigration Survey, 2007) showed that only 8% of migrants had the project to return or migrate to another country in the next five years. This percentage was higher between those arrived later and bigger for those who had stayed longer. The difficulties they have had to overcome to get a legal status and the progressive settling down (with children going to school...) make this decision increasingly difficult. A survey carried out in the province of Almería revealed that even in 2010 the percentage of Moroccan and Romanian migrants planning to migrate in the next six months was quite low (Pumares, Marín-Cassinello, Rojas-Tejada, 2012).

**Fig. 7. Migration flows to/from Spain by origin**



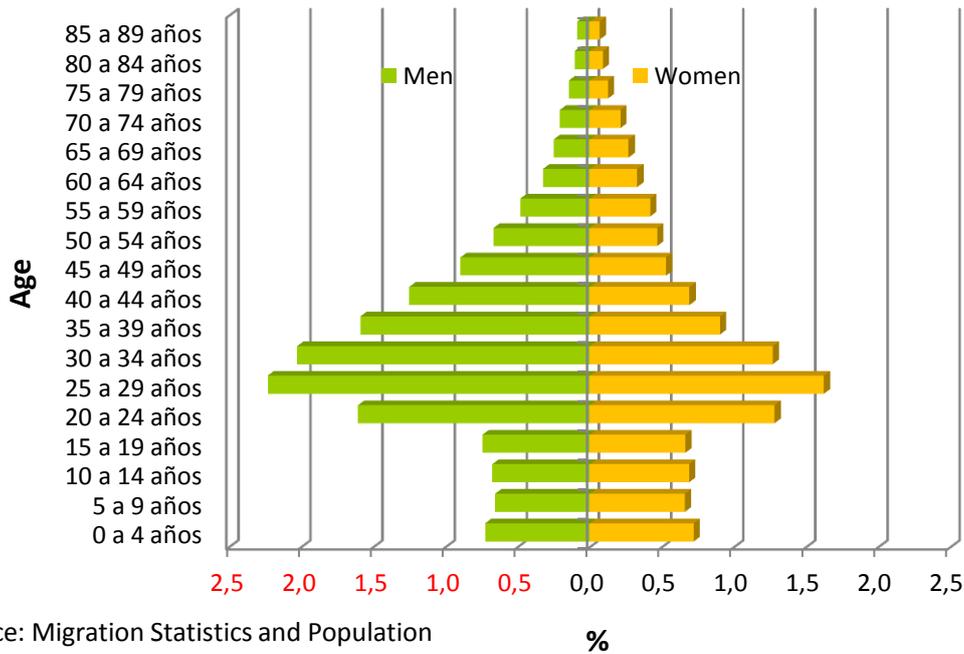
Second, it is very important migrants perception of opportunities in their own countries (Cassarino, 2008), since most of the outflows are returns to the country of origin. And it is not so evident there are good opportunities in many of these countries in a context of international crisis. Nevertheless, here there are differences and it looks that Latin America countries show a bit higher emigration rates (Domingo and Sabater, 2013), especially those with more recent immigration to Spain (Brazil, Bolivia), but also others more settled down such as Peru or Argentina. Domingo and Sabater (2013) also detect an outflow of Moroccan born with Spanish citizenship to EU countries with important Moroccan communities (Belgium and France) benefiting from their social network, their EU citizenship and the better economic and welfare situation of these countries.

On the other hand, as for the Spanish born, the high unemployment rates have not been accompanied by massive outmigration. It shows a traditional reluctance of Spaniards to move abroad (González-Enríquez, 2013), based on factors such as the role of the family and the lack of ability with foreign language. The flows are much smaller, but with a very clear trend: each year the outflows increase and the inflows decrease, as it does the net migration, in growing negative figures since 2008. As for the destination, around 40% goes to the UE (mainly UK, France and Germany) and around 20% to South America.

#### Outmigration by age and sex

The demographic structure of emigrants from Spain doesn't differ much from that of immigrants. It is the young adults (especially men) between 25 to 39 years old who constitute the majority of outflows revealing that more than being a "successful" return migration it is a new re-emigration (Fig. 8).

**Fig. 8. Annual emigration rate by age and sex  
Spain, 2008-2012\***

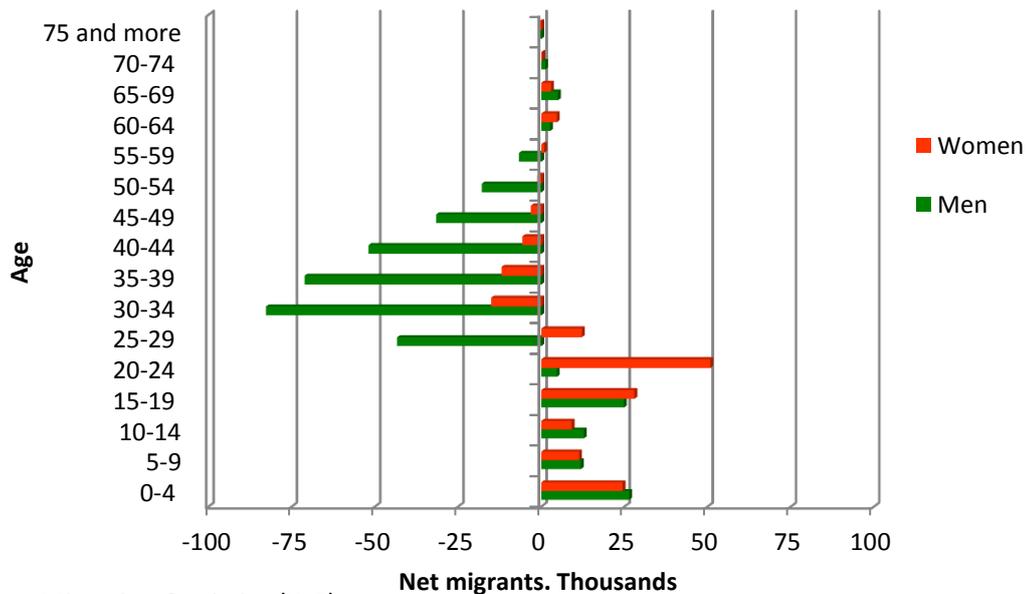


Source: Migration Statistics and Population Estimations (INE). \* 2012 Provisional data

Spanish born are even more concentrated between 25 and 34 years old without difference by sex. The net migration is negative for all age intervals except for people over 60 years old and it is bigger between 25 and 34 years old.

Foreign born outmigration reflects differences along the time. In 2008 the net migration was still positive for all age groups and bigger in the case of women and in the case of young adults, 20 to 29 years old. In 2009 male adults turn into negative net migration, while women, especially young adult, and children show a clearly positive net migration. The following years the net migration of adult women turns progressively to negative. This reveals inertia during the first year of the crisis, 2008, while a process of family regrouping affecting young adult women and children remains until 2009-2010. Since 2011, the maintenance of the economic crisis leads to a negative net migration in most of age and sex groups. The result for the period 2009-2012 reflects a very negative balanced for adult men, while positive for children and young adult women (Fig. 9).

**Fig. 9. Net migration to Spain by age and sex.  
Foreign born, 2009-2012\***



Source: Migration Statistics (INE)  
\* provisional data for 2012

**Outmigration by skills: Is it the best who are emigrating the most?**

Last months there is an increasing preoccupation related, not to quantity, but to quality, and brain drain is having growing presence in the media and the political debate. This is an important question that is worrying public opinion. Several media are paying increasing attention to the effect on young talented Spaniards that have to go abroad to find a job. The severe budget cuts in Research and Development have put many public universities and even the CSIC (Spanish National Research Council) in a very difficult situation, with growing debts and big problems to pay for the light of the buildings or the salaries of their workers. Research contracts and grants have been drastically reduced and some of the scientists that had returned from abroad with programs like Ramón y Cajal are now without employment. This situation may be worsening if as Méndez says the second recession in 2011 is extending the impact over the more skillful workers.

In this sense, human capital theory point out that these high skilled unemployed are the most likely to migrate, since they would have more possibilities to succeed abroad and more earnings to lose if they stay. On the other hand, until now, the crisis has hit more dramatically low skilled sectors that may be in a bigger need to migrate. Unfortunately data say nothing about this and it is really difficult to venture a result. The most clear is the pattern of young adult people that are more capable because of studies and foreign language knowledge or just because they have the energy to try to learn them while working abroad.

The question can be posed also for foreign immigrants. Is it the most settled down, who have the resources and the skills, and sometimes the legal status, to return to their countries of origin with more possibilities to succeed, or is it the younger and recently arrived migrants who are more prone to start a new emigration, since they don't have created yet special links with the receiving country and they still have the energy and a project to be fulfilled? In this case, data give us some clues of what is happening. The pattern by country of birth, sex, and age suggests that, at least at the beginning, it was the most settled down who resisted the most (continuing family regrouping), while more recent migrants returned or re-emigrated quite fast. Nevertheless, migrants employed in the construction sector who had reached quite a good position have been very affected by crisis, and especially those who had bought a house or flat with a mortgage that can't pay after losing their job. Sometimes, return represents a certain solution for them.

### **Conclusions**

The economic crisis has had an enormous impact on employment in Spain. The weakness of the economic sectors leads to an adjustment through employment destruction that has very negative consequences on the public financial balance since the income tax decreases as the expenses on unemployment benefit rise. The impact has been bigger on the construction sector and low skilled occupations, on foreigners and on young people. The effect on young people occurs despite the shrinking cohorts that are incorporating into the labor market for demographic reasons and it is due to the scarcity of new jobs. It leads to a waste of new blood, to big difficulties to become independent and to an increasing potential to migrate. Also a positive collateral effect is the trend to prolong their studies. Nevertheless, probably the worst problem from the social point of view is the one of unemployed old adults in a context of reducing pensions and growing conditions to receive them. Many of them are unlikely to find a new job before they reach retiring age and are also unlikely to migrate abroad due to their age. Foreigners are also especially affected because many of them were working on the Construction sector and because they had more recent and more precarious jobs (they were easily made redundant). They also have a big potential to migrate. Finally, the persistence of the crisis and the budget cuts are also threatening skill jobs. Skilled workers may be more prone to migrate, which may have negative qualitative consequences on the future.

The economic crisis has had an impact on migration flows, changing the pattern from being an important immigration country to become a country with negative net migration. Although statistics don't show a change in the flows as deep as the economic shift, this trend looks far from having finished as crisis erodes the resources of the households. It reflects a certain resistance from migrants and from natives to leave the country, although data limitations may also affect these considerations. Emigration flows have been more intense between foreign born (especially from countries of recent migration to Spain) than between natives, although net migration is more clearly negative between natives. Most of foreign born emigrants return to their countries of origin. The balance is particularly negative for male foreign born young adults, giving the idea that the less settled down are those who are more likely to re-emigrate. The positive net migration of female young adults until 2009 suggests on the other hand the maintenance of a regrouping process inertia that has been going down the following years.

The outmigration of Spaniards is not too large but is consistently increasing and concentrates between 25 and 34 years old, without distinction according to sex. So, the more active cohorts and maybe the best prepared, although there is controversy around this aspect that available data cannot elucidate.

Data limitation on outflows demands the complementary use of statistical sources of main destination countries to better specify the volume and characteristics of immigrants from Spain (and other Southern European countries), since it looks easier to register incoming migrants than those who left the country.

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