

**“AFTER THE PARTY IS OVER”-
26th June 2009 - Cristina Cherino**

IMMIGRATION, AMNESTY, AND THE ROAD TO CITIZENSHIP

Countries such as Ireland and the UK have been major recipients of immigrants in recent years, but no other EU country has experienced immigration on the same scale as Spain. According to the OECD, Spain has received the second largest number of immigrants (after the US), and has had the highest number relative to its population [Pajares 2009:24].

1st January 2000 -----801,329 Legal Immigrants
1st January 2008-----3,979,014 Legal Immigrants

1st January 2000-----923,879 Legal & Illegal Immigrants
1st January 2008-----5,220,577 Legal & Illegal Immigrants
[Pajares 2009: 24]

There are now over 5 million immigrants who have not yet acquired Spanish nationality [I. N. E. (National Statistics Institute) 2009]. However, it is relatively easy to do so through either *Ius Sanguinis* (right of blood) or *Ius soli* (right of soil). For example, every child born in Spain with a Spanish parent is automatically entitled to claim nationality. Those born outside Spain with a Spanish parent or grandparent can also claim nationality after 1 year of residence, as can children born in Spain with non-Spanish parents. Political refugees are eligible for nationality after 5 years of residence, South Americans after 2 years, and any legal immigrant with a valid work permit, after 10 years.

In addition, the steady stream of immigrant naturalisation has been punctuated by several large-scale “mass naturalisations” during the last 23 years. When Spain joined the EU in 1986, the Socialist government of Felipe González declared the first of a series of amnesties for illegal immigrants, allowing them to acquire nationality. Despite introducing more restrictive laws in 2000, José María Aznar’s centre-right government awarded nationality to over 380,000 existing immigrants in the same year. Similarly, in 2005, the socialist government of Zapatero naturalised a further 800,000. This move attracted criticism from the Dutch and German governments, who feared an influx of newly designated Spanish citizens into their own countries [mQh 2005]. Recent theories suggesting that immigration favours globalisation identify naturalisation as a key factor in achieving successful socio-economic integration. This has led to calls for the general relaxation of restrictions on naturalisation in all countries [Solé 2006:23]

Spain has many immediate sources of immigrants, such as the South American countries, and the newer member states of the EU (for example, the accession to the EU of Rumania and Bulgaria in 2007). However, it is clear that the large-scale immigration experienced by Spain has been fostered by policies of encouragement and integration. For example, aside from the ease of naturalisation, generous provision of rights and services are extended to immigrants (both legal and illegal), including free Health Care and Schooling until the age of 16.

IMMIGRATION AND ECONOMIC DEVELOPMENT

There is clear recognition of the contribution of immigrants to Spain's economic development, which, over the last 14 years, has exceeded the EU average. An underlying motivator has been Spain's low birth-rate: 1.36% in 1990; 1.16% in 1996, 1.40% in 2007 [I. N. E. (National Statistics Institute) 2008]. This raised fears that the active population would become too small to support the inactive population, precipitating an economic collapse [Hooper 2006:291].

From 1994 to 2001 the number of jobs created in Spain stood at 3.3 million; between 2001 and 2008 it increased to 4.5 million: 2.3 million of these were given to immigrants [Pajares 2009:27]. Without the arrival of immigrants to Spain in the last 7 years, this rapid growth could not have been sustained. Hence, there is clear evidence that immigration has been positive for Spain regarding the labour market, as well as the positive financial effects in the Social Security and pensions scheme.

Spain's economic growth during this period was driven by exceptional expansion of the construction and real state sectors (and associated high levels of job creation). To illustrate this point, Spain was the largest European consumer of concrete in 2006, and the fifth largest in the world. The dramatic expansion of these sectors during this period can be attributed to a number of factors:

- The government of the 1960s and 1970s actively encouraged property purchase, through financial incentives, resulting in a culture of mass ownership. The OECD 2005 stated that 65% of Spaniards owned at least one home, compared to an EU average of 38% .
- Interest rates were relatively high prior to adoption of the Euro in 2002: the sudden drop in rates made borrowing more affordable for many individuals.
- Local and international speculation in the Spanish property market.
- The continuation of tax incentives for home ownership.
- The "wealth effect" due to initial increases in house prices fuelled a demand for second homes for both investment and personal use.
- An increased divorce rate which lead to a demand for more homes.
- High immigration itself lead to further demands for housing
- Retired and wealthy people relocated from other EU countries, for lifestyle reasons.

THE ECONOMIC CRISIS

2007 saw the beginning of one the biggest global economic crises in history: a crisis which is now affecting Spain severely. 2,700,000 new jobs were created by the construction and related sectors prior to 2007. However, the building sector lost 560,330 Social Security members in 2008, which was 63% of the total for this sector [Pajares 2009:147]. The construction sector has acted as a catalyst both for the economic boom, and for the following downturn: excessive speculation prior to 2007 contributed to the development of a "property bubble" which burst abruptly when economic conditions became less favourable.

However, the property bubble arose alongside a genuine boom in property development, and is not the only cause of Spain's current economic problems. Indeed, the root cause can be traced to a build up of bad debt in the Spanish banking sector, mirroring external triggers (the global "credit crunch" starting in the US in August 2007). This resulting loss of financial liquidity affected businesses in all sectors, leading to a high rate of bankruptcy and mass unemployment. The EPA (Active Population Survey) of the 4th trimester in 2008 showed that unemployment in Spain had reached 3,207,900. By March 2009, this figure had risen to 4,010,700 (17.36%). In April 2009 Spain had the worst unemployment figures in the Eurozone with 18.1%, followed by Latvia at 17.4% and Lithuania at 16.8% [Eurostat Newsrelease Euroindicators no. 79/2009, 2.06.09].

The increase in unemployment in 2007 was less than 120,000.

The increase in unemployment in 2008 was 1,280,300.

(908,600 Spaniards and 371,700 immigrants, mainly from Rumania, Ecuador, and Morocco).

[Pajares 2009:49]

Indeed, the property bubble itself may be partly attributed to the widening availability of credit during the boom years, which further facilitated speculation. Other factors which may have contributed to over-zealous speculation in construction include the lack of suitable building land, and reclassification of land usage. The resulting upward pressure saw a 116% increase in property prices between 1998 and 2007 [Trujillo, 26.06.09]. The effect of the sudden downturn in the Spanish economy was catastrophic, exposing over-supply in the property market, and contributing to a collapse in property prices.

During the years 2005, 2006, and 2007 a large amount of immigrants bought their own property. However, many immigrants have now left their properties in order to share with another family (as they did when first arrived in Spain). Unemployment among immigrants is thus further exacerbating problems in the property and construction sectors.

RESPONSE TO THE CRISIS. Where are we now?

In the annual address on the State of the Nation on the 12th May 2009, the current Prime Minister, Jose Luís Rodríguez Zapatero, explained that mitigating the effects of the crisis had been the main priority of the government over the preceding twelve months. The minimum pension has been increased by 30 cents a day, as well as the minimum salary (though it had never been mentioned the exact amount). In addition, the following measures have been proposed for the near future:

- Small companies (PYMES) with less than 25 workers and 5 million Euros profit who have kept their staff will benefit from a 5% decrease in taxes.
- All primary students will be provided with a laptop to work at school and home. This will initially apply to 420,000 students, and will increase yearly.
- Graduates aged between 25 and 40 years old will be able to enrol for a Masters degree without paying tuition fees.
- Taxes incentives will be offered to those renting a property, in order to improve this slow market.

- The government will give 500 Euros to the buyers of new cars, in order to stimulate purchases.

Zapatero's reaction to the crisis has not been without criticism. Five days after the 2009 European Parliament Elections (which the ruling Socialists lost to the centre-right), Zapatero increased taxes on fuel and cigarettes: a move which attracted much public condemnation. More significantly, Pedro Solves, who had been Minister of Finance since 2004, and previous EU commissioner for economic affairs, accused Zapatero of undertaking unaffordable spending plans. Zapatero restructured his cabinet in April 2009, and replaced Solves with the Minister of Public Administration, Elena Salgado.

Notwithstanding the above-mentioned measures, the economic outlook for Spain is grim. On 25th June 2009 The OECD improved its forecast for the US economy, but worsened its predictions for Spain. Indeed, the government's forecast that unemployment will increase from 18.1% (April 2009) to 18.9% in 2010 is viewed by many as unrealistic. The most optimistic independent forecast suggests a figure of at least 20%. In addition, Spain has seen 4,000 bankruptcies during 2009, and there are now 3 to 4 million empty properties despite a large demand for accommodation: many people are now simply unable to afford to rent or buy.

There is significant social impact associated with the worsening economic climate: many Spaniards over the age of 30 have returned to live with their parents, and young couples cannot afford to get married or live together. There has also been a worrying and growing hostility towards recent immigrants who are being made scape-goats for the current high levels of unemployment. Even the government has taken steps towards a policy of repatriation: unemployed immigrants with work permits have been granted financial help to return to their country of origin (in 2009 there have been 3,699 applications for this assistance mainly from people from Ecuador). Just as Germany and Holland foresaw in 2005, a significant number of Moroccans are leaving Spain in order to seek work in other EU countries. Among the general population, the phenomenon of Xenophobia has appeared at unexpected levels.

At a time when political confidence is paramount, Zapatero's response has been perceived by many as indecisive: he appears to change his mind daily about taxes and measures to be taken in the future, and has publicly rejected the advice of Solves, and also that of the Governor of the bank of Spain, Fernández Ordóñez, on essential labour reform. This weakness has been exploited by the leader of the opposition (Rajoy) to attack the government, and generated a general mood of pessimism. For example, Ordóñez stated only this month, that "unemployment rate will rise to a very worrying level...the crisis is getting worse and worse". Some analysts have referred to Spain as the "sick man in Europe again", and the Deputy prime Minister Fernández de la Vega stated in the Spanish national channel TVE in May: "Nobody knows when or how we will get out of the crisis". If unemployment can be equated with crisis, then Spain appears to face a long road to recovery.

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