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Guglielmo Meardi, University of Warwick, UK

Antonio Martin, Universitat Autònoma de Barcelona, Spain

Axel van den Berg, McGill University, Canada

A Canadian Immigration Model for Europe?

Labour Market Uncertainty and Migration Policy in Canada, Germany and Spain

Introduction

Within a context of increased labour market uncertainty, its distribution between different groups is of increased political and social relevance (Crouch 2015). According to labour market segmentation theory, as proposed in the seminal work by Piore (1979), immigrants may carry an over-proportional burden of uncertainty and act as a 'buffer' in cases of employment level shocks, alongside other peripheral employment groups. Immigrant workers may be subjectively more prone than others to accept high levels of flexibility, mobility and overall uncertainty. Moreover, segmentation has the political advantage, for national policy makers, of shifting the burden of uncertainty unto non-citizens, who cannot punish the government through their democratic vote when they experience unemployment or forced mobility. Immigrants might even abandon the country in case of downturns, whether freely or forcedly. However, an intentional use of migrants as secondary segment of the workforce implies a high degree of integration between migration policy and labour market policy – otherwise, the demographic consequences of unplanned immigration may be even more costly, politically, than labour market uncertainty as such.

Since the early 2000s, the EU has markedly increased its advocacy of the economic benefits of employee mobility for labour market flexibility and to fill skills shortages, especially but

not only within the EU (EC 2008). While intra-EU unrestricted labour mobility was proving more important than expected, it was never seen as sufficient for reasons related to skills (including language) and demography (rapidly ageing societies in most new EU member states). From a labour market segmentation perspective, EU citizens, even when hypermobile, have the 'limitation' of enjoying virtually the same rights as nationals and having the potential for integrating into the primary segment. Research shows that for employers, EU migrants can quickly lose the attribute of 'good immigrants' and be replaced with non-EU ones (MacKenzie and Forde 2009).

Therefore, at the same time as the EU was being enlarged, the idea of 'active management' of third-country immigration according to 'labour market needs' gained traction. The preamble of the Directive on the 'blue card' for highly skilled workers (EC Directive 50/2009) announced a 'plan on legal migration, including admission procedures, capable of responding promptly to fluctuating demands for migrant labour in the labour market'. Discussions of European policies are frequently supported by comparisons, including with North America (e.g. Papademetriou and Sumption 2011). A particularly frequent reference in European debates is to a 'Canadian model' with its point system, which is assumed to be able to select the right quantity, quality and timing of immigration in relation to the host labour market.

The comparison with Canada as ideal case of migration management, and as a politically more attractive liberal reference than USA or Australia, is prominent in migration policy analysis and debates in Germany. Canada is the first comparator in the 2015 Annual Report of the Expert Council of German Foundations on Integration and Migration (SVR 2015). In autumn 2010, after the experience of labour market adjustment during the short but sharp occurrence of the crisis, many German media published reports on the Canadian system as a model, describing it as 'welcoming' (*Frankfurter Allgemeine Zeitung*, 7/11/2010) as well as 'flexible' and 'a model for other countries' (*Berliner Zeitung*, 18/10/2010). However,

migration scholars have highlighted that migration policies have a tendency to fail, both because of overarching global contradictions and because of inconsistent interests within immigration countries (Castles 2004). Is it therefore realistic to subordinate migration to labour market policy?

This article compares the actual evolution of the Canadian system with the migration policies of the two EU countries with the largest numbers of immigrant workers, Germany and Spain. Germany and Spain differ sharply in terms of economic and labour market structure and migration history: the former is considered to be a co-ordinated market economy with a strong manufacturing sector where immigration started in the 1950s, while Spain is a semi-peripheral liberal market economy (of a 'Mediterranean' kind with familistic and statist elements), where the sectors of agriculture, construction and tourism are larger than average, and net immigration only started in 1986 and peaked after 2000. By covering these two extremes, the analysis can provide indication on the extent that labour-market centred migration policy can suit western European economies.

The broad question of how far migration can be a socially sustainable policy response to the governance of labour market uncertainty is tackled through a historical analysis of the links between migration flows and employment trends, and of migration policy formation in the three countries. It will be investigated how far, and how intentionally, migration has been linked to the labour market in Canada, as compared to Germany and Spain, to inform a conclusion on both the desirability and possibilities for these two countries to imitate the Canadian model.

Migration policies and labour market flexibility

Piore observed that migrants, inherently more mobile and more sensitive to economic incentives, tend to be employed in a secondary segment of the labour market, characterised by flexibility and insecurity: 'it is chiefly the temporary character of the migration stream that makes these migrations (…) of value to industrial society' (Piore 1979: 52). The stress on flexibility went beyond the Marxist stress on wages, according to which immigration was aimed at reducing the power of labour through the provision of a 'reserve army' (Castles and Kosack 1973). Precariousness has been presented as a distinctive feature of recent migration (Anderson, 2010; Standing, 2009), and this has become more sensitive in the light of the economic crisis in western economies.

There are also reasons, however, to expect differences in the degree of linkage between labour market uncertainty and migration. Comparative studies of immigration and labour markets inspired by a 'Varieties of Capitalisms' (VoC) approach expect Liberal Market Economies (LME) to rely more on migrant labour for both skilled and unskilled labour, while Co-ordinated Market Economies (CME) would tend not to attract unskilled immigrants (Menz, 2008). The distinction is not always as fixed as VoC theory would expect, though: recent studies have detected the capacity of LMEs, such as Ireland and the UK, to move away from their liberal path dependency, towards more restrictions on migration and more investment in skill creation (Devitt, 2010). Overall, this growing body of research has tended to focus on skills and on the welfare state, but with little consideration of flexibility and insecurity.

Yet from the policy maker's perspective immigration and labour market flexibility are intimately linked. Thus, the European Commission's *Employment in Europe Report* of 2008 points out that

> 'employment and unemployment rates fluctuate more strongly for migrants than for non-migrants in response to changes in economic growth, suggesting not only that migrants' labour market outcomes are

> more sensitive to economic developments, but also that this provides an extra degree of flexibility (EC 2008, 51).

It is precisely this supposed 'extra degree of flexibility' that is the basis of much of the Commission's positive evaluation of immigration in the pre-crisis period, for instance in the 2006 'European Year of Worker Mobility'. The evidence of the 2008 report was however quite selective, including only Belgium, Denmark, Spain, Greece, Sweden, UK, and excluding the Central European co-ordinated economies.

The crisis that affected western economies since 2008 shed more light on the unequal distribution of employment insecurity. Already in 2007, before the crisis, immigrants were more likely to be in temporary rather than permanent employment contracts (34% for non-EU immigrants, against 14.5% for the EU population average) and suffered higher unemployment in all EU countries (a 4% gap EU-wide) (EC 2008). Since the onset of the crisis, immigrants have also suffered more frequently from job losses, especially in Ireland and Spain. To what extent is this the product of a combination (intentional or not) between migration and labour market regimes?

This paper follows two steps to clarify this issue. Firstly, it examines the link between labour market uncertainty, defined as employment and unemployment shocks, and migration flows, asking if migration reacts elastically to fluctuation in the demand for labour, and to what extent immigrants end up disproportionately in sectors that are volatile in terms of employment. The second section looks at the role of immigration policies: to what extent do policies respond to labour market needs, and what are the differences – and scope for mutual learning – between western Europe (represented by the extreme poles of Germany and Spain) and Canada? Besides secondary literature, the information is gathered from national immigration and labour market statistics, government documents, and interviews conducted

with employer and union representatives involved in migration policy in Germany and Spain in 2010-11.

These two steps lead to a critical conclusion on the extent to which migration policies can be used, in a socially sustainable way, as a societal strategy to cope with uncertainty, notably through the use of migrants as a 'buffer' absorbing employment shocks and carrying a disproportional burden of uncertainty.

Some obvious macro differences between the countries must be kept in mind. Canada has a population density of 3 persons/km^2 (even though 90% of the country is uninhabitable) and no border with poorer emigration countries; Germany and Spain have population densities of 229 and 91 persons/km^2 respectively and border on poorer emigration countries. Moreover, Canada and Spain, but not Germany, have large immigration pools with knowledge of their languages. Nonetheless, different contexts do not preclude policy comparisons – they only preclude easy transpositions from one country to the other, and make the influence of the Canadian model in Europe even more striking and worth investigating.

Migration and unemployment

Canada

The correlation between labour market and immigration can be gleaned from Figure 1, which plots the numbers of immigrants admitted to the country (left scale) and a measure of unemployment (right scale), as a proxy of job vacancies, for the period from 1950 until 2014. The curve indicating the number of immigrants admitted to the country fairly closely mirrors the curve representing the (one-year lagged, due to the deferred effect of labour market conditions) unemployment rate, at least until 1990: according to a labour-market rationale, when unemployment falls, immigration increases, and vice versa. After 1990, the relationship

is less clear with immigrant levels first declining in spite of declining unemployment and then rising more or less continuously only partially mirroring the movements of the unemployment rate. Statistical tests have borne this pattern out (Green 1999: 129-130; Islam 2007).

Figure 1. Immigration flows and unemployment rate in Canada, 1950-2014

A major reason for the weakening of the inverse relation between unemployment and immigration in recent times is that with respect to refugees and family class immigrants the Canadian government has not been able or willing to adjust the numbers of immigrants accepted to short-term economic conditions. Successive Canadian governments have found it difficult to resist the pressures from 'ethnic' voters and their organizations in favour of liberal family reunion regulations. The only category of immigrants whose numbers have been relatively manipulable, particularly after the introduction of the points-based system, are the economic or independent class immigrants, and the number of this specific category has increased since 1995 in a cyclical manner that has kept mirroring the unemployment rate, at least until the mid-2000s.

Canadian immigration policy has always had an important short-term component with immigrant flows being regularly adjusted to the labour market's short-term 'absorptive capacity'. This remained true even after the Canadian government had explicitly adopted a more long-term orientation, although from 2005 to 2011 the inverse relation between unemployment and immigrant intake briefly appears to break down.

In order to test if these fluctuations correspond to a concentration of migrants in insecure occupations, we now look more closely at the *differential* fate of immigrants and native-born

Canadians in the Canadian labour market. Recent data from a Statistics Canada analysis (Gilmore 2009) confirm earlier studies showing a bifurcation in the occupational distribution of immigrants relative to the Canadian born, with immigrants being overrepresented in *both* highly skilled occupations and the professions and in some of the less skilled occupations (cf. Green 1999; Hiebert 1999). As a result, the degree of segmentation of immigrants, and particularly their concentration in less desirable, insecure jobs and occupations, appears to be moderate in Canada. However, there is a great deal of variation between immigrants of different countries of origin or ethnicity, with, for instance, Vietnamese and Filipino women immigrants and generally visible minority women doing particularly badly (Hiebert 1999). In addition immigrants *do* contribute a degree of flexibility to Canadian labour markets that would not be there in their absence: their occupational mobility appears to be higher than that of nationals (Green 1999; Goldmann et al. 2009).

With respect to unemployment risk, while until the 1980s immigrants were less likely to be unemployed than native-born Canadians, from the 1990s the situation has reversed so that in the most recent years immigrants' unemployment rates have remained between 1 and 2 percentage points above those of native born Canadians. This gap holds also for the best educated among immigrants, which indicates a worrying trend: immigrants receive less recognition and lower rewards for their human capital than the native born, and increasingly so over time. It is also worth noting the paradox that the reversal takes place at precisely the time when the proportions of economic class immigrants, who are most rigorously selected on the basis of skills and educational credentials (see below), are growing rapidly as a result of the federal government's deliberate policy to increase the overall skill level of immigrants admitted to the country. The most plausible explanation is the change in the countries of origin of the more recent cohorts of immigrants (Picot and Sweetman 2005; Reitz 2007).

Germany

Figure 2 shows the trends in immigration (entries) and unemployment rate (one year-lagged). As in Canada, it is possible to detect a countercyclical relation between the two trends: when unemployment falls, immigration rises, and when unemployment rises, immigration declines.

Figure 2. Immigration flows and unemployment rate in Germany, 1950-2014

However, this link operates only for entries: exits, and therefore net migration, have been much less reactive to labour market conditions and even government policies, and have been nearly constant at around 600,000/year since 1966, regardless of the level of unemployment.

In other words, it appears that immigration has been very important to face labour market change: the recruitment of *Gastarbeiter* between 1955 and 1969 to meet labour shortages; the restricted immigration in the 1973-mid 1980s period in the face of rising unemployment; and again, at a faster pace, in the late 1980s a rise of arrivals while unemployment was falling, but then a decline when (following the reunification shock) unemployment rose in the 1990s; and a decline again in the early 2000s, as unemployment was rising, and a recent rise after economic recovery. By contrast, the expectation that people would leave when no longer needed by the labour market was not met: after 1968, the share of *Gastarbeiter* returning home declined, and many of them settled after the *Anwerbestopp* (end of the *Gastarbeiter* scheme) of 1973. Moreover, exits increased to 700,000/year at the end of the 2000s and peaked at over 900,000 in 2014, in spite of emerging labour shortages.

The employment rate of foreigners is more elastic downwards to economic swings than that of nationals, but less elastic upwards. This is particularly noticeable during the economic recovery after 2009, when foreigners appear to benefit from job growth much less than

nationals. The combined effect of this asymmetric elasticity, meaning that migrants suffer more from the crisis but benefit less from growth, is a rapidly increasing unemployment gap: in 2011, with unemployment at 6.5% for German nationals and 15.9% for foreigners, the gap reached a record 59%, up from a low of 40% ten years earlier, and it stayed at those level since then. In 2008-09, despite the German labour market performing much better than those of the rest of Europe and unemployment falling to the lowest level since unification, Germany temporarily became a net *emigration* country, with more people leaving than arriving (but many of those leaving are no longer of working age, and often return migrants) (data: Bundesministerium des Innern). Only in subsequent years did arrivals increase again, from crisis-affected European countries but also by non-EU refugees. As a whole, therefore, immigrants act only partially as an employment buffer, although the more recent ones appear to do so.

Recent immigrants, whether high or low-skilled, tend to be concentrated in flexible employment. Temporary employment and especially agency work have increased in recent years and in both cases foreigners are over-represented. 13.6% of employed foreigners have temporary contracts, as against 8.5% of Germans (data: Mikrozensus 2008, Statistisches Bundesamt). Foreigners are twice as likely, and three-times as likely if from outside the EU, as Germans to be in agency work (data: German Statistical Office). In total, 37% of non-EU employees, as against 25% of German employees, are employed in some 'atypical' forms (mostly part-time). The gap between Germans and foreigners tripled between 1997 and 2007: foreigners are taking over an ever larger share of the increasing insecurity.

For non-EU employees, residence permit regulations contribute to a precarious status: 28% of them are for a limited time and conditional on employment, which creates additional vulnerability and pressure to accept any job for immigrants.

Spain

In Spain immigration is more recent than in Canada and Germany and therefore we do not have long-term series. Spain only became a net immigration country in 1986, paradoxically at a time when unemployment was at 22% - but it was starting to decline. Data start being sufficiently precise from 2000, although distorted by the peak of a massive regularisation in 2005. Between 2000 and 2010 the number of employed immigrants grew almost five-fold, by far the largest increase in the EU. Figure 3 indicates the development in connection with the unemployment rate (one-year lagged). Some migration elasticity is visible, first in the faster increase since 2004, when unemployment was falling, but above all in the fewer arrivals since the beginning of the crisis in 2008. Since 2010, Spain became again a net emigration country, with over 400,000 exits per year, 80—90% of which by foreigners (primarily Romanians and Moroccans). Two sectors where strong new demand for labour has been met by immigrants in the mid-2000s were construction, due to a speculation bubble (Meardi et al. 2012), and care, due to ageing population, increased female labour market participation and public policies subsidising care work (Lozano et al. 2015).

Figure 3. Immigration flows and unemployment rate in Spain, 1992-2014

This is not surprising given the extreme labour market orientation of immigration in Spain, where asylum is of very little importance and family reunion rather recent: the economic activity rate of immigrants in Spain was, at 77%, 20 points above that of nationals.

However, as in the case of Germany's *Gastarbeiter*, Spain does not seem to be able to send no-longer necessary immigrants home, despite the introduction of some incentives to voluntary repatriation. Moreover, inflows take some time to adapt to sudden downturns. In

2008, 833,000 new work permits were given to foreigners, a 46% increase on the previous year, in spite of unemployment already increasing by more than 50%: it is estimated that half of those receiving these new work permits did not find employment (Tobes Portillo 2011).

Immigration has contributed to increasing the otherwise low geographic mobility on the Spanish labour market (Pumares et al. 2008). According to the ECVT (2007), 29% of immigrants, as against 10% of Spanish nationals, are ready to change residence to work.

The disproportional insecurity of immigrants in Spain became apparent during the recent economic crisis. Between 2007 and 2011, unemployment grew from 7.9% to 19.5% among Spanish nationals, but even more, from 12.4% to 32.7%, among foreigners. The increase has been particularly dramatic for foreign men, reflecting the role of the construction sector in the Spanish crisis and in foreigners' employment (Meardi et al. 2012). According to Alos (2014:75) immigrants are more likely to work with temporary contracts than Spanish nationals (37.6% against 30.1% in 2011). This is not only due to segregation in sectors with high incidence of temporary employment, such as construction and agriculture: immigrants are much more likely to be on temporary contracts in all sectors.

The evolution of migration policy in relation to the labour market

Canada

In the 1960s the Canadian federal government undertook a complete overhaul of the immigration regime, until then concerned mainly with 'preserving the fundamental character of the Canadian population' (Knowles 2007: 179). In 1962, the Conservatives revoked the preferential treatment of immigrants from specific countries and established, for the first time, education, skill or other qualifications as the primary criterion for admission (Green and David 2004; Knowles 2007: 187; Li 2003: 23). In 1965 the new Liberal government created a

'Department of Manpower and Immigration', signalling 'the government's intention to relate immigration more closely to the needs of the Canadian labour market' (Knowles 2007: 192). 1967 saw the introduction of the much-celebrated points-based system. The Canadian government created three classes of immigrants: sponsored dependants (dependent relatives), nominated immigrants (non-dependent adult relatives), and independent immigrants – only the latter were subjected to the full points system to determine their admissibility.

The creation of the nominated immigrant class, broadened by the Immigration Act of 1976, had the unintended result of rapidly increasing the share of family reunions amongst entries, causing the average skill level of newcomers to actually decline significantly. While unable to control the numbers of family class and refugee entrants, in the 1970s and 1980s the government was able to adapt the numbers of economy class immigrants in response to immediate labour market conditions (Aydemir and Borjas 2006: 6; Daniel 2005: 683; Beach, Green and Worswick 2008: 6). By the mid-1980s, however, Canada's declining birth rate entered the debate about the country's immigration policy goals. In 1985 the Conservative government adopted a new, long-term approach. It argued that immigration levels, especially of economic class immigrants, needed to be substantially increased in order to bolster the Canadian population and retain a favourable age structure. This constituted a marked shift in Canada's approach to immigration, one which has held sway ever since (Green and David 2004: 122-125).

The loosening of the labour market related entry requirements for economic class immigrants from 1986 onwards had the effect of significantly increasing the number of such immigrants admitted into Canada between 1986 and 1989 (Green and David 2004: 123; Beach, Green and Worswick 2008; Walsh 2008: 800; Ferrer, Picot and Riddell 2014: 849). The 2002 Immigration and Refugee Protection Act (IRPA) consolidated and extended these policy trends and strengthened the importance of general human capital rather than specific skills in

an attempt to attract a more versatile, flexible, highly qualified labour force suitable for a fast-changing knowledge-based economy (Knowles 2007: 257-262; Tolley 2003; Li 2003: 26, 36, 79).

These policy changes signal a clear abandonment of the short-term 'absorptive capacity' approach and 'a victory of the long term over the short term view of the benefits of immigration' (Green and David 2004: 130). In spite of the serious recession of the early 1990s the numbers of economic class entrants was allowed to keep on rising even in the face of public criticism (Knowles 2007: 243), a pattern that was repeated during the recent crisis of 2009-10.

However, in recent years, in response to the worsening of immigrants' labour market outcomes and growing concerns about regional and occupational labour shortages, the federal government has introduced several new immigration programs that re-emphasize the short-term labour market needs approach (since 1991 Quebec conducts its own immigration procedures and policies). These include the Federal Skilled Trades, the Provincial Nomination and the Canadian Experience Programs, as well as the new Express Entry Program, all of which aim to accelerate the admission of highly skilled immigrants to the provinces and industries where they are currently most needed (see Alboim 2009; Ferrer, Picot and Riddell 2014). At the same time, however, the total number of immigrants has been allowed to slowly climb further. As a result, then, the current policy regime appears to be a combination of 'occupational gap-filling' (Beach, Green and Worswick 2011: 19) and long-term immigration policy (ibid.: 13-17).

As noted, the Canadian point system has been regularly recalibrated to reflect these broad changes in policy orientation during the past several decades. However, with the recent introduction of the aforementioned special programs aimed at filling short-term labour

market needs, the role of the federal point system has declined somewhat (Ferrer, Picot and Riddell, 2014: 863).

Moreover, through the Temporary Foreign Worker (TFWP) and the International Mobility (IMP) Programs the number of temporary migrants has been allowed to rise from between 70 and 80 thousand in 1985 to close to 300,000 in recent years (Canada 2014). The TFWP is built on employers' requests and is increasingly oriented towards low-skill temporary migrants, especially in care and agriculture (see Ferrer, Picot and Riddell 2014: 855-857).

In short, Canada *has*, in fact, sought to consign at least some of the least secure jobs, particularly in agriculture and some other low-skill occupations, to temporary migrants who must leave the country again when their job is done or ceases to exist, or when their temporary permit runs out. Nor can these temporary foreign workers rely on any of Canada's social protection programs to compensate for the insecurity of their position.

There has been some concern and criticism about the potential for abuse of such workers. (Alboim 2009). As Fudge and MacPhail (2009: 43-44) put it, 'Currently, the low-skilled TFWP represents an extreme version of labour flexibility; it provides employers with a pool of unfree workers who are disposable at will and with, until very recently, little political cost to the federal or provincial Governments'.

From early on, Canadian immigration policy has been strongly influenced by business interests. Railways, banks and fledgling Eastern manufacturers demanded and received large numbers of immigrants for their activities. But the political imperative of populating this vast country counted for at least as much as the demand for labour made by various business interests (Green and David 2004: 106-112). Canada's labour unions, on the other hand, have neither sought nor exercised much influence on the country's immigration policies. The

major union federations have maintained a low profile because they felt that their constituents were divided on the issues.

The importance of refugees and family class immigrants, and Canada's nature as a country of immigrants have resulted in two peculiar aspects of Canadian policy making. First, the organizations that have been most active in trying to influence federal policy making have been humanitarian organizations and associations representing the immigrant population. Second, the major federal political parties have been forced to actively compete for the 'ethnic vote' (Veugelers 2000: 108), whereas there is no organized anti-immigrant party.

Germany

Population flows in Germany have been strongly influenced by geopolitical events, starting from the relocation of nearly 20m people at the end of World War 2. Between 1949 and 1961 labour supply for Western Germany was increased by 3m East Germans moving to the West. The *Gastarbeiter* schemes had started in 1955 with Italy and in 1960 with Greece, but after access to the Eastern German workforce was stopped by the erection of the Berlin Wall in August 1961, they were extended to other countries and notably Turkey in October 1961, also due to US political pressure. In the 1990s, a wave of arrivals was caused by the Yugoslavian wars, while reunification newly expanded the pool of German nationals' labour (Birsl 2005). In 2015, a larger wave of refugees arrived from Syria, Iraq and Afghanistan.

German migration policy has not just been subject to economic considerations, and certainly not just employers' considerations. It has been affected by ideas of citizenship, culture and history. In the 1950s-60s, *Gastarbeiter* schemes responded to the preference for a male breadwinner family model over increasing female labour market participation. Until the

1980s, liberal policies towards refugees and asylum seekers were a human-right based reaction to the historical experience of Nazism.

An apparent paradigm shift was announced by a new social-democratic-green government coalition in 1998, defining Germany for the first time as an 'immigration country' and planning changes to nationality law, a Green Card for IT technicians and a points-based system for economic immigrants. The change was important symbolically but more limited in its effects. The reform of nationality law was softened due to staunch right-wing opposition. Only 17,931 foreigners (data: Bundesministerium des Innern) received a Green Card during the duration of the scheme (2000-05), as against the 90,000 the IT industry had hoped for. The economic immigration reform was very laborious: no points-based system was eventually introduced, and only highly restrictive channels for labour immigration were opened. Moreover, in 2004, in a further move to limit unskilled immigration, Germany decided not to open its labour market indiscriminately to workers from the new EU member states – transitional restrictive arrangements were kept as long as the EU allowed it, i.e. until May 2011.

Although the debate still revolves very much around culture, citizenship and asylum (with vocal protests against the feared transformation of German ethnicity, e.g. from former Bundesbank board member Thilo Sarrazin and the social movement PEGIDA), since the 1998 turning point it has focussed more on the labour market – paradoxically at a time when, as described in the previous section, the link between fluxes and the labour market has weakened. These debates have become more prominent in 2010 due to employers' denunciation of labour shortages, notwithstanding the approaching end of transitionary limits to worker mobility from the new EU member states. While employers stressed the need for engineers, IT specialists, and health professionals, immigrants are predominantly occupied in low-skilled positions: foreigners and naturalised citizens, who constitute 16% of the total

workforce, occupy 27% of unqualified jobs but only 11% of higher education jobs (Mikrozensus data, 2007). In care and healthcare, employers have been proactive in searching employees abroad, i.e. nurses in Poland: nursery colleges in Poland teach German, but even Poland is not sufficient to fill the shortage of 400,000 nurses foreseen by 2030 (Ostwald et al. 2010). Employers, until the early 1990s sceptical given high internal unemployment and political conservatism, have increasingly taken a pro-immigration stance (Menz 2008). In 2007 they obtained facilitations for economic immigration, and the employer association BDA proposed a points system of the kind just elaborated in the UK. On the other side, trade unions oppose temporary immigration, as disruptive to the labour market (our interviews with representatives of trade union confederation DGB, construction union IG BAU and metalworking union IG Metall). Unions do not oppose permanent immigration, but prioritise integration initiatives (especially training) for foreigners already in Germany, as well as stronger regulation of the labour market such as the negotiation of sectoral minimum wages. The 'Grand Coalition' government created in 2013 responded to part of these demands, by stepping up integration policies and introducing a national minimum wage.

The focus on skilled migrants, which is stressed in particular by the Varieties of Capitalism literature (e.g. Menz 2008), is tempered by the fact that the programs to attract skilled immigrants over the last ten years have largely failed, in part because of very high barriers in terms of administrative obstacles, limited and time-consuming (2-3-years wait) recognition of foreign degrees and high earning requirements. In 2009 only 169 non-EU foreigners entered as qualified worker immigrants, compared to 29,000 through generic work permits, 28,000 asylum seekers and 43,000 through family reunion (data: Bundesministerium des Innern), although more skilled immigrants arrived from the EU or through other schemes. Germany is in fact developing, especially since the labour market reforms of 2004, a low-wage sector (Hassel 2012). It is in this sector that migrants are increasingly required, partly because

German women are increasingly reluctant to act as a 'reserve army' performing unpaid or marginal work and rapid increase in female employment multiplies the demand for jobs in food processing, domestic work and cleaning.

In terms of party politics, Germany does not have a clear Right-Left divide on this issue. Between the 1970s and the 1990s there was a general consensus among the main political parties on limiting immigration. The 1993 restrictive reform of asylum was passed with the agreement of the social-democratic opposition, and it was not amended when the social democrats and Greens came to power. The more pro-immigration parties are the Greens and the (rightwing) liberals of the FDP. The latter explicitly invoke an economic rationale for opening the borders and advocate the Canadian model. The more immigration-sceptic parties are the Bavarian wing of the Christian-Democrats (CSU), but also, despite an internationalist ideological discourse, the leftist Linke, whose voters are the most immigration-sceptic of all. In contrast with most of Western Europe, but similarly to Spain and Canada, there is no openly xenophobic, anti-immigration party in parliament.

The party-political definition of the migration problem is rooted in a strongly proportional and 'balanced' political system, combined with a corporatist orientation. The migration policy reforms since 2000 were discussed through a specific independent commission (the Süssmuth commission), in which employers and trade unions were represented. It was this Commission that repeatedly referred to the Canadian points system as a model, even if the trade unions expressed their preference for the Australian points system, less focussed on specific occupations and more on work experience. Although the commission was eventually unable to produce a viable reform, it was decisive in framing the debates and the definition of the issues, and in particular in prioritising social consensus over economic rationality as the main decision factor (Menz, 2008; Schneider, 2009). But behind the corporatist consensus,

Germany shows a classic western European gap between economic need and public discourse, whereby immigrants are needed but not wanted (Zolberg, 1987).

German immigration displays a relatively high degree of governability, that is, it responds to government decisions: the *Gastarbeiter* schemes, the *Anwerbestopp*, the restrictions on refugees of 1993, Schengen, the change in nationality laws and the restrictions on the employment of workers from the new EU member states in 2004-11 (which diverted some of the flow towards UK and Ireland). But there is little effect of policy decisions on exits: in particular the incentives to repatriation in 1980 produced only a small increase in people leaving over the following years.

The recent influx of refugees, consented by Prime Minister Merkel but opposed by sections of the population and of the government coalition, confirms the frailty of the labour market orientation. While a central pro-refugees argument is the demographic need to support the pension system, due to very strict regulations and the lack of vocational support only a quarter of refugees finds a job within two years of arrival (IAB 2015).

Spain

Spanish immigration policy is recent in comparison to Germany and Canada and has been characterised by instability and lack of cross-party consensus (Cachón 2009). What is striking is the speed with which policy makers have tried to place immigration under labour market considerations, or in other words how immigration policy has been, with a Spanish neologism, 'labourized' (Rojo and Camos 2005). By contrast, unlike in Canada and Germany, despite a fast-ageing population in Spain demography is not debated much in relation with immigration, apart from the acknowledged need for more care workers.

In a first period (1985-2000), immigration was highly restricted by the government, and took place outside its regulations depending on the autonomous demand of the labour market. After 2000, the criterion of the 'national employment situation' gained primary importance and immigration has been subordinated to administrative pressures, although irregular entries never really stopped and the demand for migrant labour has continued to be dominated by the sectors of construction, agriculture and tourism, where undeclared employment is particularly frequent (around 20% of the total, judging from the gap between LFS and Social Security data). With regard to construction, migration itself had the effect of increasing both supply and demand for labour, according to the 'Say's Law' of migrants adding to demand (Oliver 2006), exacerbating the overall volatility of the Spanish economy. Between the mid-1990s and the mid-2000s, the number of homes built in Spain doubled (from around 350,000 to about 700,000 per year), at the same time as the population increased by around 4m mostly due to immigration. Between 1998 and 2003, the share of immigrants among home-buyers increased more than four times, from 12% to 51%, and remained above 50% since then (Oliver 2006). In particular, the large regularisations of the first half of the 2000s played an important role in providing immigrants with access to credit.

The 'inorganic' way in which Spanish migration policy has evolved was particularly evident in Law 4 of 2000, passed with only the votes of the ruling conservative *Partido Popular*, introducing yearly contingents, to be filled only by migrants not yet in Spain. Previously, yearly contingents could include offers for workers already in the country although illegally, and therefore were used as a form of regularisation. A few months later Law 8 of 2000 marked a policy shift by introducing measures for the integration of immigrants and the recognition of their social rights. This second law was passed with the support of the left-wing opposition and small government coalition parties, *against* the vote of the ruling conservative *Partido Popular*.

The main decision of the last decade was the regularisation decided in 2004 and carried out in 2005. This was preceded by a Report of the Economic and Social Council, whereby employers and unions agreed on the need to regularise undeclared immigrants, and supported a labour market-oriented immigration policy (CES 2004). Work on the report started before the 2004 elections, which unexpectedly resulted in a socialist victory. After the elections, the government, under union pressure, implemented the proposals of the Report with the Decree 2393/04, leading to the regularisation of around 600,000 immigrants, which followed the smaller regularisations of 1986, 1991, 1996, 2000 and 2001. Regularisation may be seen as an integral way in which the Spanish labour market and immigration interact, rather than a contradiction between the two (Cachón 2009). After 2005, no special regularisation has been agreed, but the possibility of regularising after two years residence and legal employment or family ties is possible on the basis of 'social or economic ties'. A peak in such regularisation was reached in 2009 with 82,300.

In the same year, regulations were passed to bring order to the immigration system. Three main channels of entry were foreseen: the 'general regime' for workers with already an employment offer; the 'contingent' set every year according to employer needs; and a residual possible contingent for job-seekers, which betrayed the government's optimism on the Spanish labour market's absorption capacities. At the same time a Tripartite Labour Commission was created, with the task of negotiating the yearly contingents at the regional level, on the basis of a Catalogue of shortage occupations, produced by local administrations. The Spanish system since 2005, therefore, displays strong corporatist elements, at least at the official level. However, a large number of entries still occur through other channels: 60% of legal entries since 2005 are on tourist visas, and irregular entries, as proved by the ongoing regularisations, have not stopped. In 2006, restrictions to workers from the new EU member states were removed, resulting in a further rise of registered arrivals, although a large number

of unregistered eastern European immigrants were already in the country (in particular Romanians).

As mentioned in the previous section, in 2008 the yearly contingent proved to be completely out of step with the changing economic circumstances, but in the following years it was reduced sharply. In addition, the contingent failed as a means to favour more long-term migration: in 2004-08, although 2/3 of the contingent was meant for permanent-contract employees, in fact 91% of contingent immigrants were then employed with a temporary contract, and 68% of them in agriculture (Cachón 2009). In particular, the contingent requires employers to offer at least ten jobs, which is unsuitable for small and medium enterprises except in sectors, like agriculture, where strong business associations can combine multi-employer offers. Also the 'general regime' proved impractical and ineffective, because the required employment contract *before* the migrant's entry is entirely unrealistic (Boado and González Ferrer 2008). The temporariness of immigrants is confirmed by the nature of residence permits, of which, in 2008, 59% were temporary and only 41% permanent; as mentioned in the case of Germany, the effects of temporary residence permits are ambiguous.

Following the recent crisis, there has been a turning point in migration policy, although with modest effects. In 2008, the government introduced an 'incentive to voluntary return', hoping to convince 100,000 immigrants to leave. However, only about 5,000 took the offer, confirming the political difficulty of managing 'exits'. In 2011, as a unique case in the EU, Spain reintroduced transitional arrangements to limit intra-EU labour movement (from Romania). The conservative government elected at the end of 2011 tightened the conditions for regularisation on the grounds of social or labour ties, and suspended recruitment from abroad, except for temporary jobs (ministerial order ESS/1/2012). This restrictive turn was more administrative than a full policy reversal and no comprehensive reform was passed. Between 2009 and 2014 inflows halved, while emigration of Spanish nationals resumed, as

an unwanted consequence of the reliance on mobility and flexible labour. At the same time, given the extent of unskilled unemployment, demands for more focus on the highly skilled in immigration policy strengthened, in particular among employers (Miguélez et al. 2013), with debates that echo those of Germany in the previous decade.

The Spanish case displays a mixed policy framing corresponding to a segmented social system, but also contrasts between professed policies and reality. The proclaimed border closure until 2004 was hiding tolerated undocumented labour immigration, while the strong labour market demand orientation since 2004 was already out of step with the changing economic conditions and provided little control of the actual fluxes, and in particular no control over returns.

Conclusions

Our comparison of the Canadian, German and Spanish experiences indicates that the political solution of using immigrants to take on the burden of labour market uncertainty and specifically unplanned swings in demand is not new: in fact, there are examples from Canada from the early XX Century, and from the German *Gastarbeiter* schemes of the post-war period. Data indicate that variation of immigration flows over time have mostly corresponded to changes in the unemployment rate. However, in Canada and Germany such linkage has decreased in the last twenty years rather than increasing as it should have done in response to the alleged greater need for flexibility. In particular, the recent 'job miracle' in Germany, with rapidly falling unemployment and emerging labour shortages, has not produced a rise in immigration – Germany actually became an emigration country in 2008-09 (data: Bundesministerium des Innern). Immigrants are clearly not the only demographic group taking up the uncertainty burden, and their arrival unavoidably depends on more factors than

simply the labour market. Moreover, a sizeable part of the immigrant population in Canada and Germany is either inactive or active in rather secure occupations.

In Canada, the segregation of migrants in insecure labour market positions is not very clear, because of the heterogeneity of immigration in that country, and because status segmentation between secure and insecure jobs is less visible in liberal labour markets. Still, it seems to be increasing in the lower skill strata. In continental Western Europe, segregation is more visible, and mostly so in Spain where the recent economic crisis has highlighted the vulnerability of immigrants.

In terms of Varieties of Capitalism, the German labour market is confirmed as less elastic, and the Spanish one as the most volatile. Also, policy making is more corporatist and consensual and therefore gradual in Germany than in Canada: in particular, the role of organised labour is very evident, if possibly declining, in Germany, and it is also clear, but much less restrictive, in Spain, while it appears to be negligible in Canada. Despite these differences, segmentation of migrants occurs everywhere, and despite the stress on skills in Germany and Canada, immigrants tend to be over-represented in the secondary segment as foreseen by Piore.

The analysis of the evolution of immigration policy suggests that migration is governable only to a limited extent. The problem of European immigration policy is not just in the implementation, but also at the source, in the unrealistic models it adopts. Third-country nationals are expected to fill the vacancies that intra-EU mobility does not cover. Yet fascination with Canadian immigration policies, in the EU and especially in Germany, overlooks the numerous side effects that these had in Canada itself, for instance on skills and on the growing, rather than falling, number of family reunions. Also, it neglects that Canada has actually tried to focus increasingly on long-term planning, rather than short-term flexible

adaptation. The need for flexible, insecure immigrants in Canada has been increasingly met through specific Temporary Migrant Workers Programs, which involve similar problems to those found in Europe. Even on skilled immigration the Canadian 'model' is meeting increasing difficulties, as indicated by the low occupational returns to education for recent immigrants. In both countries, integration policies for non-Western immigrants emerge as a necessary complement to migration policies, which alone are proving insufficient: foreign human resources, rather than being a ready solution, need development too. It is also difficult to adopt the growth-oriented immigration policy of Canada without also embracing a similar orientation to demographic growth and multiculturalism.

In particular, it is apparent that no immigration system can really deal with the problem of uncertainty by repatriating immigrants when no longer needed: neither Germany in the past, nor Spain, despite many exits after 2009, have managed to do so. While higher unemployment among immigrants than among nationals can be politically and financially (for the social security system) less expensive, its long-term sustainability, both politically and socially, is debatable.

Paradoxically, the country with the strongest quantitative link between labour market and employment is Spain – the one with the least coherently developed migration policy. Immigration in Spain is extremely labour-oriented but also largely unregulated, taking place outside the (restrictive) administrative rules. This has to do with the early stage of the 'immigration cycle' (Dassetto et al. 1990) in the country: the first wave of immigrants to a country tends to be of workers, with family reunions following later and gradually weakening the link with the labour market, even in a country like Canada. However, this may not be the whole explanation, given that in Spain the migration cycle and family reunions have progressed very fast (Cachón 2009). The Spanish experience could suggest a 'hyper-liberalist' conclusion: that the best immigration policy (from a labour market perspective) is

not an elaborate system as Germany and Canada have tried to develop, but rather *no* immigration policy (at least up to 2005). However, even in Spain social security costs as well as social tensions have increased recently, and immigration appears to have exacerbated, rather than compensated, uncertainty, by feeding the informal economy and contributing to the construction sector bubble (Meardi et al. 2012).

There are two main limitations in our study. Firstly, a small-N comparison cannot be easily generalised. Nevertheless, the three countries we investigated are particularly relevant both for the size of immigration, and for their coherence between labour market and migration regimes (other liberal market economies such as USA and UK are less liberal than Canada in terms of immigration, and other corporatist countries such Sweden are more liberal than Germany, while in other Mediterranean countries such as Italy immigration has not been as important as in Spain). Secondly, our comparative analysis has taken place at the national level, as this is where the main immigration policies are elaborated. It is likely however that the link between immigration and uncertainty is clearer at the sectoral level. There has been in recent years a 'sectoral turn' in migration policies research (Caviedes 2010), and indeed the role of immigrants as flexible workforce is apparent in sectors such as care in Germany, construction in Spain and agriculture in Canada. Thirdly, while the article has focussed on third-country migration, the quantitative distinction from, and links with, intra-EU mobility call for further analysis. Yet our cases offer a strong warning that while immigration may provide short-term sectoral labour market solutions, the long-term implications are societal and comprehensive social policies may become necessary – as Spain, in its extreme experiment of immigration boom, has witnessed.

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Figure 1. Immigration Flows and Unemployment Rate in Canada, 1950-2014

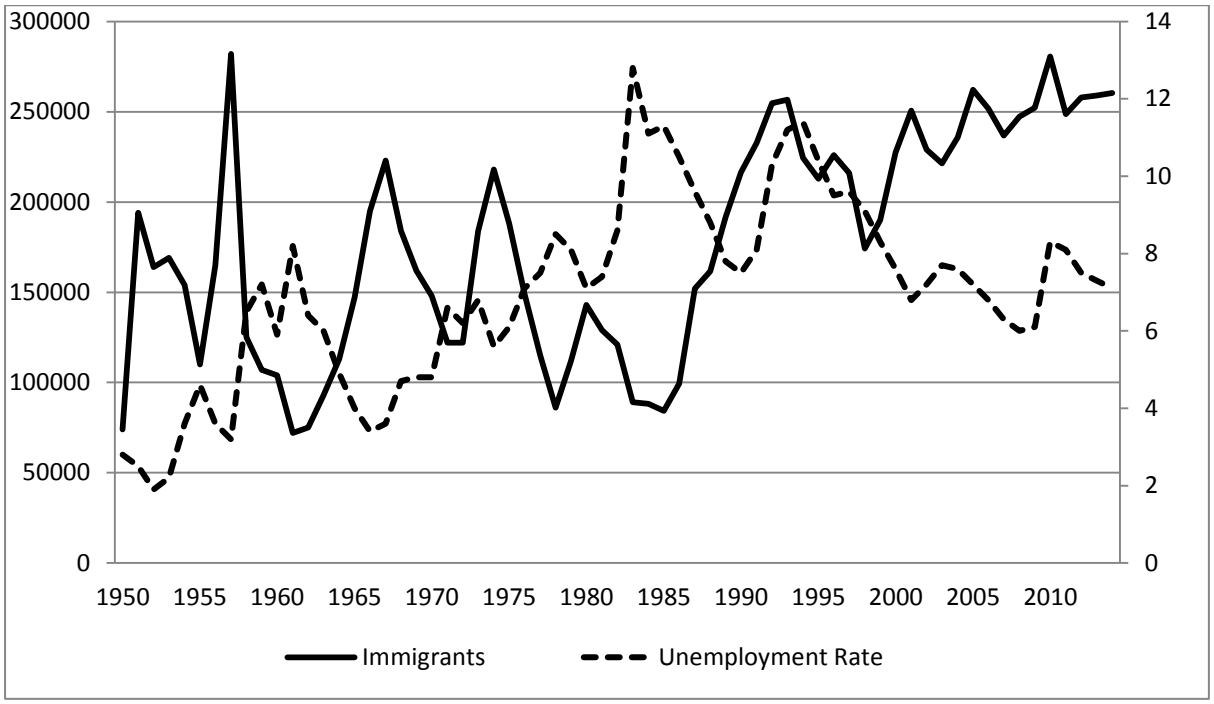

Figure 2. Immigration Flows and Unemployment Rate in Germany, 1950-2014

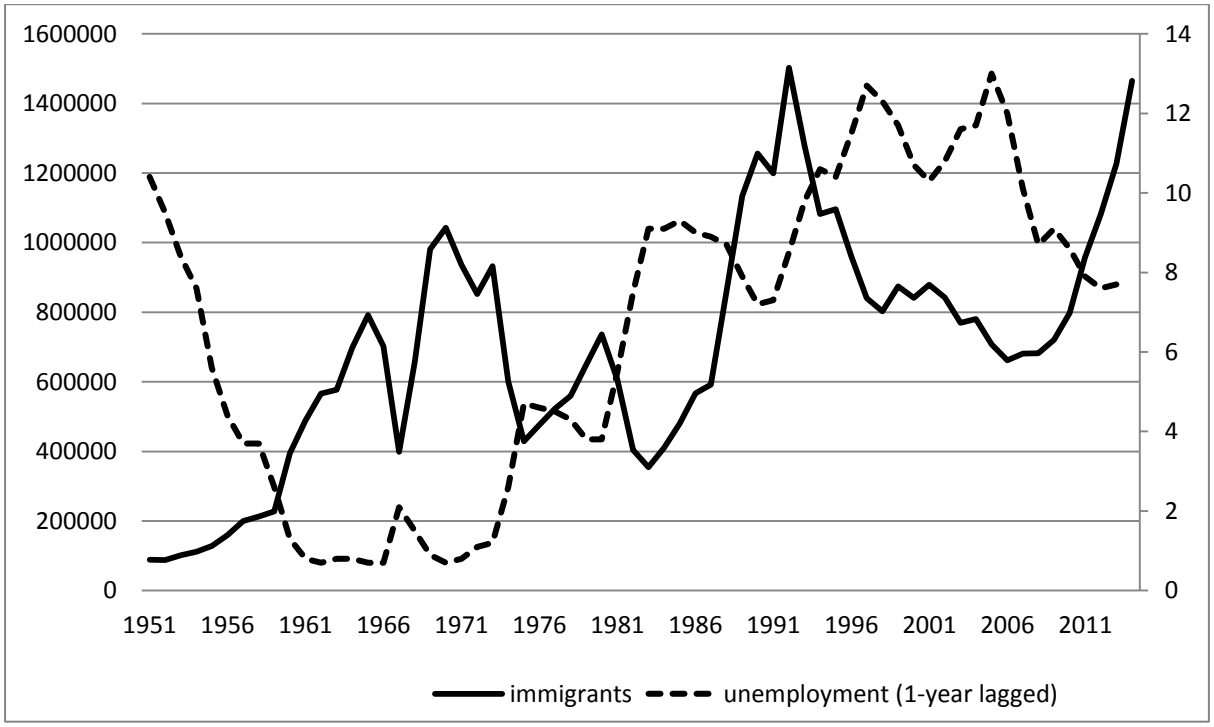
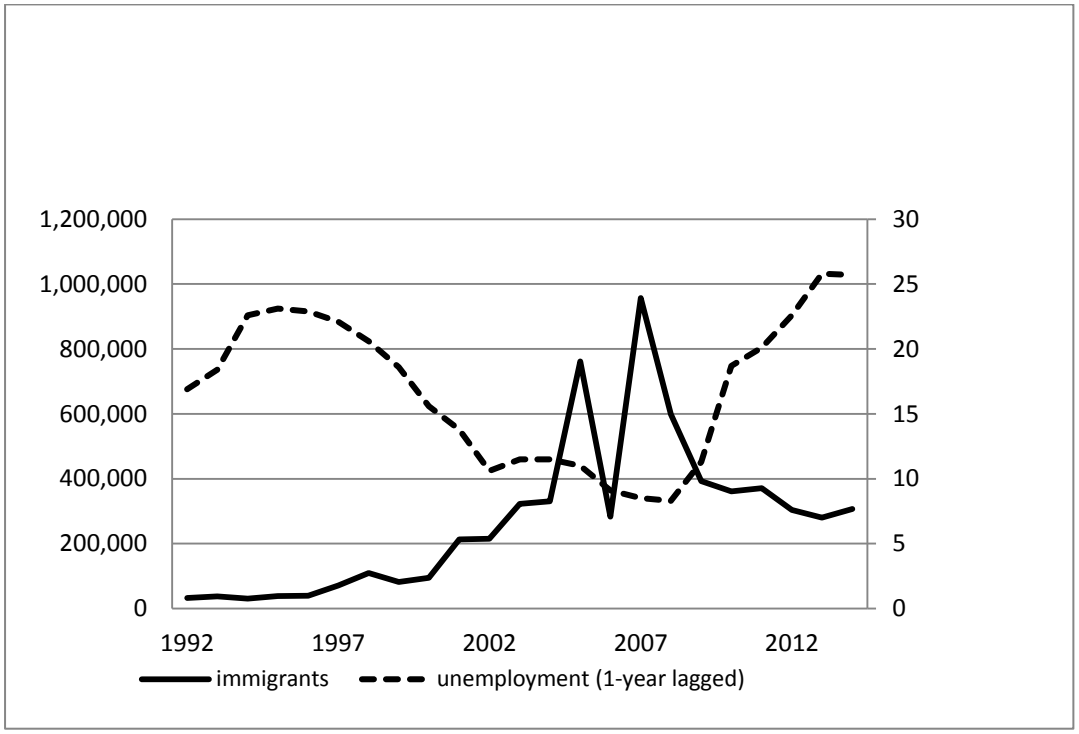
Figure 3. Immigration Flows and Unemployment Rate in Spain, 1992-2014