

Migrations and the economy

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Economic reasons are among the basic explanatory factors of migration, whether international or internally within a country. In turn, migratory movements have effects on the economy in terms of economic growth in general, but also in the different markets (work, housing, consumer goods, etc.) and public services (education, health, social services, etc.).

The purpose of this document is to offer an overview of these interactions between migration and the economy in the case of the Canary Islands. To do this, certain conceptual clarifications will be made initially involving the mutual determination of both processes, before later providing specifics with evidence on the Canarian case for the main issues considered: the economic reasons for migration, and its impact on economic growth, the labour market and the living conditions of the immigrant population. The final section alludes to the importance of the institutional framework that regulates these relations between migration and the economy, which are far from being interpretable as a mechanical relationship and isolated from the political sphere.

1. Migrations and the economy: an interactive relationship

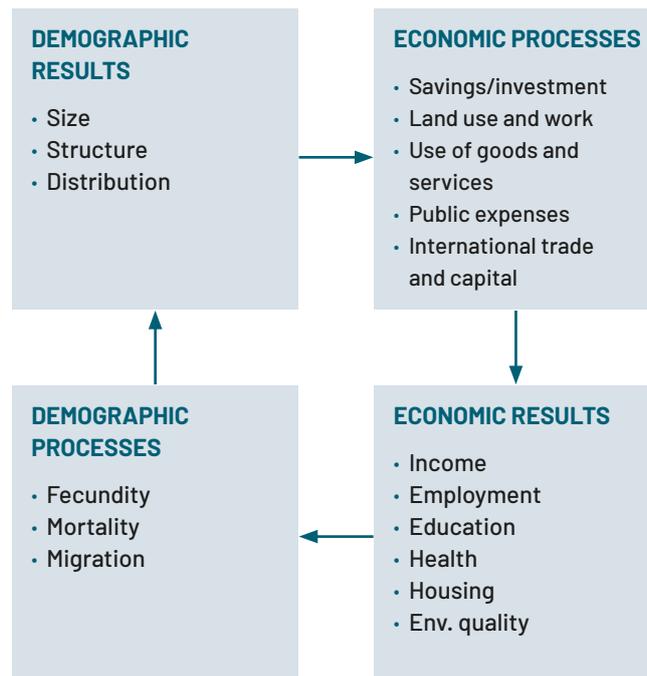
As a starting point, it is worth recalling certain basic conceptual questions that will later help to frame the analytical approach. This is not only relevant to the clarity of the questions that result from the statistical data, it can also shield us, at least in part, from the clichés and simplifications that are usually observed in the public opinion on the matter.

Migrations are a part of the spatial mobility of human beings. Unlike daily mobility, migrations entail a change in the residence and life environment of the migrant (“living elsewhere”). Statistical systems collect information on these changes in residence, documenting people leaving the place of origin and settling in the place of destination. Consequently, migrations are a flow variable that connects two places, places that, statistically, can exhibit different degrees of territorial disaggregation (continents, countries, regions, municipalities).

The cumulative result of these mobility processes creates an immigrant population in the destination, which may contain people of the same nationality as those in the destination, or different: not everyone who arrives from another country is a foreigner, and not every foreigner arrives from the country of their nationality. In addition, their nationality may vary over the course of their stay at the destination (through naturalisation, for example). Therefore, the notion of “immigrant population” as a stock variable must be interpreted with certain qualifications regarding its volume, dynamics and composition.

In economics, in turn, it is also possible to differentiate between processes (flows) and their cumulative results (stocks). As summarised in the following diagram on the interactions between demography and the economy, migrations are one of the three demographic events (birth, mortality, migrations) that modify the volume, growth, structure and territorial distribution of a population. In turn, it is these demographic results that influence economic processes (work, consumption, investment). For example, immigration for work reasons expands the labour supply, and incidentally it also affects consumption (through housing demand) and the financial economy (through remittances, for example). The

Diagram 1
Demographic and economic processes and outcomes.



results of economic processes give rise to the evolution of production (measured by Gross Domestic Product) and the distribution of income. To close the circle, the economic results provide feedback to demographic processes. It is well known that migration, birth rate and mortality are affected by various economic factors, with migration being the demographic event that is most sensitive to changes in the economic situation.

The above diagram may seem somewhat “mechanical”, as if the relationship between the economy and migration were automatic and the same economic stimulus always had the same effects on migration and vice versa. The reality is far removed from this simplification, since both the economy and migration are subject to the structuring influence of what is usually called the “institutional framework”. Without going into details, which for the Canary Islands may be found in Padrón, Godenau and Olivera (2015), the institutionalist approach highlights the modulating importance of social institutions on economic and demographic behaviours at the macro (societies), meso (group) and micro (individual) levels. Social institutions are sets of socially constructed rules that allow actors to form stable expectations involving their interactions with others. Institutions facilitate the creation of trust in these interactions (which include economic transactions), and therefore modulate the behaviours of the actors based on these expectations.

One demo-economic example will suffice to illustrate the importance of these rules and their relationship with the political sphere that modifies them: irregular international migrations (Godenau, 2009). The expression “irregular” refers to restrictions on free movement between countries. Across borders, countries condition cross-border permeability, both when entering and exiting, and for both people (migrants) and goods (merchandise) and capital. A restrictive immigration policy, particularly if its implementation is lax, results in the irregularity in part of those flows. In turn, irregular border crossings condition the subsequent insertion into the economic and social life at the destination, because the absence of a residence and work permit increases the likelihood, at least temporarily, of entering the underground economy under precarious working conditions. If this lowering of labour costs serves to underpin the viability of certain economic activities, then a tolerance of the *de facto* migration policy -if not necessarily in the public discourse- to migratory irregularity could manifest itself through worsening inequality and integration. A result of this *immigration model* would be resorting to extraordinary regularisations of the accumulated irregularity and modulating the border permeability based on the economic situation (demand for labour).

This example illustrates how an analysis of the relationships between migration and the economy must avoid determinism based on a few variables (such as wages and unemployment rates at the origin and destination; push-pull models). Instead, it should consider the social institutions that intervene in these processes, because their configuration depends on the answer to the questions of, How does the economy affect migration? and, How does migration affect the economy?

In order to provide a systematic and synoptic treatment of this complex mingling of factors, the following summary table contains the main topics under study in the field of migration and the economy. Some of these questions will be illustrated in the case of the Canary Islands in the pages that follow

Table 1
Relationships between
migration and the
economy: the main issues

The effects of the economy on migration

1. Differences in job opportunities between the origin and destination
 2. Access to basic public services (health, education, etc.)
 3. Immigration policies (selective recruitment, circular migration, eligibility conditions for residence and work permits, etc.)
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The economic effects of migration

1. The contribution of immigration to economic growth
 2. The role of immigration in the labour market (and effects on income)
 3. Immigration and consumption (expanded number of consumers, differentiated behaviours)
 4. Demand for public services (health, education, social services, employment)
 5. Pension system (demographic rejuvenation and contributions)
 6. Inequality and integration (segmented assimilation)
 7. (Transnational) business activities of immigrants
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The interaction between the economy and migration

1. The elasticity of migration to the economic situation (example, effects of crises)
 2. Cumulative causation in migratory processes (life cycle of flows, sequential settlement processes)
-

2. The economy as a cause of migration

The purpose of this document is not to present the various explanatory models of migrations. It should be noted, however, that there is no single comprehensive theory of migration, but rather a range of diverse approaches that focus on some of the specific factors associated with the explanation of migratory movements. Among the different approaches are some that could be called "economic", since they estimate migration probabilities based on how they correlate to economic variables, such as unemployment levels and wages. Consequently, they focus primarily on explaining migrations related to the labour market, migrations that are also often called "economic migrations" to differentiate them from those driven by residency (for example, migrations by retirees), education (for example, university studies) or refuge (political asylum) considerations.

However, it is not easy to clearly separate what is "economic" from what is not. On the one hand, because several reasons can affect the same decision (to achieve a set of objectives and not just one); and on the other, because it is difficult to measure these reasons empirically. These reasons are often determined by the principle of "revealed preferences". This is done, for example, by looking at the labour market statistics to see if the migrant is working; if so, the migrant is inferred to have migrated for work reasons. The alternative is to conduct surveys of migrants, asking them directly about their reasons and offering a battery of pre-determined options. The reliability of this procedure depends on the respondent's ability to conduct a self-analysis of the factors involved and on the degree of adequacy of the options provided in the questionnaire. Economic elements usually feature prominently in these lists.

Having made these qualifications, it is apparent that a large proportion of international migrations are guided by the primary goal of improving the material conditions of life by changing one's life circumstances. "Seeking a better life" is obviously not limited to these material conditions (a case in point is personal and political freedoms), but without the prospect of improving one's material well-being, the likelihood of migration would clearly be lower. It also seems obvious that for much of the population, the search for greater material well-being is channelled mainly through the possibilities of obtaining income from the use of their productive capacity: work (there are other reasons, such as taxation - paying lower taxes - but they are in the minority).

To the above factors we must add that the decision of whether or not to migrate must necessarily include another consideration: to where? The choice of destination involves a comparison between alternatives that requires information and the corresponding creation of expectations (which may or may not be met). Migratory networks - meaning the information provided by acquaintances who have already undertaken the journey and who may also be able to help arrange the move and the initial settlement phase at the destination - often play a prominent role in this process of choosing the destination. In this regard, migratory flows tend to persist over time through cumulative causation.

Moving to another place thousands of kilometres away can involve different organisational formats, from a simple direct journey with no interruptions (by aeroplane, for example), to journeys lasting several years and crossing multiple borders (as in certain African migratory routes to Europe). This means that there may be multiple stopover points between the origin and destination (if one is even clearly defined), and that in some of them, the migrants can become, whether voluntarily or not, temporary residents. Among these stopover points, border spaces play a special role, whether said points are located before or after the border crossing. Currently, and as concerns African emigration, the Canary Islands are one such post-border location, meaning the islands are (were) not the final destination in the migratory project of some of the arrivals. However, in the whole of immigration in the Canary Islands, this is an exceptional peculiarity.

Immigration in the Canary Islands is a heterogeneous phenomenon, based not only on the origins and economic stratification, but also in terms of the main reasons that feed these flows. The two main segments are characterised by the predominance of labour drivers (more noticeable in the population of non-EU origin) and residential drivers (more present in the population from the European Union). Since there is no direct empirical evidence for these reasons, one simplified approach is to use statistical data on the age structure of the foreign-born population (Table 2). Note that the percentage of those over the age of 64 born in other European countries is clearly higher than that recorded for other origins.

Age group	European countries	Non-European countries
0-15	6.7	6.4
16-44	42.4	50.5
45-64	32.9	35.2
65 and older	18.0	7.9

Table 2
Percentage distribution by age of the population born abroad and place of origin (1 January 2020).

Source
Spanish National Statistics Institute. Continuous Register Statistics.

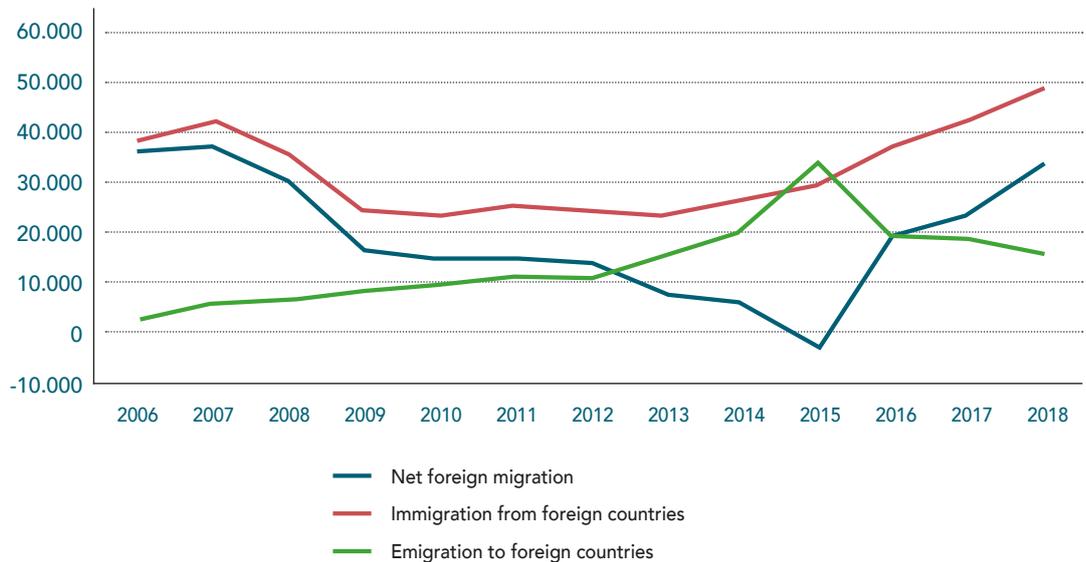
However, it would be a mistake to think that a large part of the immigrant population of European origin is of retirement age. In fact, according to the Labour Force Survey, the

activity rate of this population is 67.8% (in 2019), a value somewhat below the 71.8% of the non-EU population, but also clearly higher than the 58.1 % of the Spanish population. In absolute numbers, of the 216,300 total foreign residents, about 79,300 are from European Union countries, compared to the 137,000 residents of other nationalities. Of the 108,500 inactive foreign population, 45,100 are EU nationals and 63,400 report other nationalities. Therefore, it is true that in the inactive population, the weight of European origin is higher, but this does not mean that the activity rate of EU nationals is low. In turn, the non-EU foreign population has experienced substantial growth in recent years, from 40,100 residents in 2015 to the 63,400 indicated above.

The economic situation has had a clear relationship with how immigration has evolved in recent decades. Particularly evident between 2008 and 2014 is the impact of the economic crisis (Graph 1), with a sharp reduction in immigration from abroad and a somewhat delayed increase in emigration. The combination of these two dynamics gave rise to a decreasing number of arrivals, resulting in a net outflow in 2015. As of that year, and in parallel with the economic recovery, this net immigration balance quickly recovered, almost reaching its pre-crisis levels in 2018.

Graph 1
Migratory balance in the Canary Islands between 2006 and 2018.

Source
ISTAC. Statistics in Residential Changes.



This dynamic in the external movements is accompanied by changes in the composition of the flows. Arrivals from Europe exhibit less circumstantial sensitivity than flows from other countries due to the residential component of a part of this group, and also due to the different occupational profile (more related to the primary segment of the labour market and less sensitive to the ups and downs of the economy). In contrast, and due to opposite explanatory factors (small effect of residential migration and more unstable labour integration), flows of non-community origin exhibit a high economic sensitivity, both inbound and outbound, particularly among people of Latin American origin. In 2015, the only year with a negative balance in foreign movements (-3,475 people), the EU-28 balance remained positive (1,934 people), unlike that of individuals born in other foreign countries (-3,708 people) or in the Canary Islands (-1,535 people).

3. Migration as a factor in economic growth

While the previous section was dedicated to the influence of the economy on migration, this section delves into the inverse relationship: how immigration affects the growth of the Canarian economy. Any growth in Gross Domestic Product per capita can be broken down into two components: the change in apparent labour productivity and the evolution in the employment per capita. Productivity is the ratio between the value of production and the labour force and reflects production efficiency (the market value of what the average worker produces). In turn, the employment per capita is the ratio of the labour force to the total population. Therefore, the economy grows due to a combination of increased productivity and a higher employment per capita. It should be noted that both the Spanish and Canarian economies fed their growth from 2000 to 2007, and again from 2014 to 2019, primarily by increasing the employment per capita, and only to a lesser degree by increasing productivity.

Immigration is directly related to the employment per capita: it affects the demographic structure by modifying the age structure of the population; it impacts the activity rate, particularly if immigration is due to work reasons; and it conditions the employment rate based on the levels of employment attained by immigrants. Immigration, when concentrated in working ages and that, due to labour factors, achieves high employment rates, contributes to a growth in employment per capita, and therefore to economic growth.

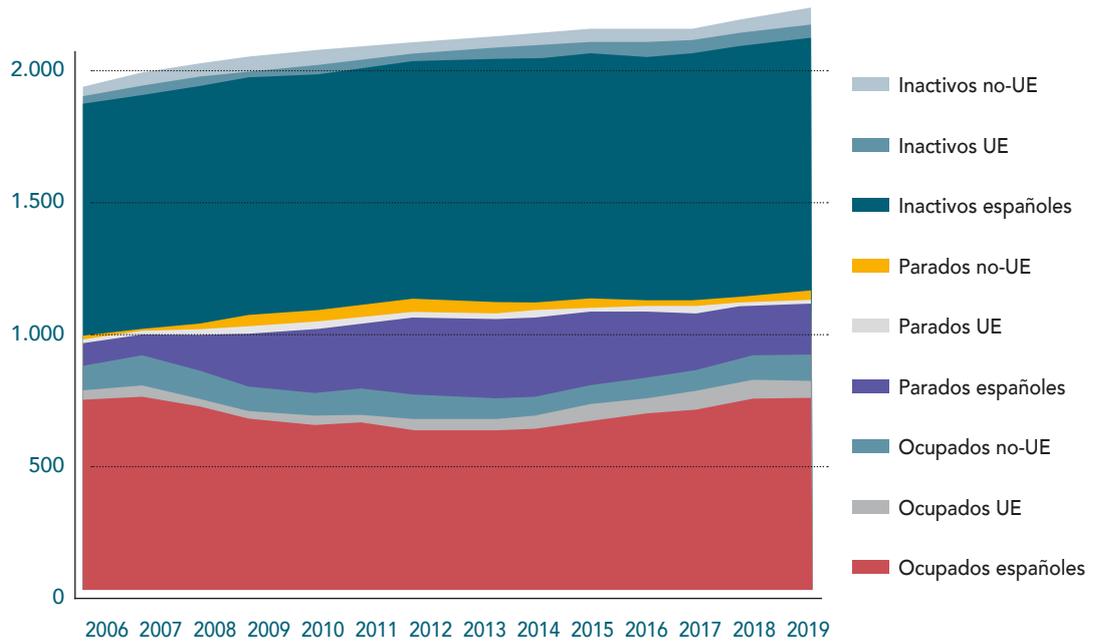
The relationship between immigration and productivity is far from simple. On the one hand, the productivity of immigrant workers depends on their levels of qualification, and the demand for additional work generated by the economy can have selective effects on this immigration (high vs. low qualification). On the other hand, the productivity of these workers also depends on the characteristics of the jobs and how the associated tasks are performed. If a company does not invest in technology to enhance productivity, the worker will not be able to be more productive than the specific context allows. This leads us to question what occupational niche the immigrant population can fill in the labour market. If many of the jobs for which they are selected involve low productivity, the result may be overqualification, meaning a person is more qualified for the job than required, thus wasting their productive potential (for the Spanish case, see Iglesias and Llorente, 2017).

In the case of Spain, and also in the Canary Islands, immigration has contributed to economic growth mainly through the employment per capita and the high activity rates of the immigrant population during phases of economic expansion. In contrast, crises entail a severe contraction in the employment per capita, both among Spaniards and foreigners, particularly among non-EU foreigners. This contraction goes hand in hand with reduced employment rates, where the impact of the crisis is also highest among non-EU foreigners.

This evolution takes place in an expansive demographic context (Graph 2), with an increase in the total population of 296,200 between 2006 and 2019, of whom 178,200 were Spanish nationals (60.2%), 68,000 were EU foreigners (23.0%) and another 49,800 were non-EU foreigners (16.8%). When interpreting these data, it is important to consider the naturalisation process that takes place over time, through which some of the individuals born abroad transition from being foreign nationals to Spanish citizens, a particularly relevant phenomenon in the population from non-EU countries. This increase in the total workforce is unequally distributed among the groups, depending on their work activity. The employed population only increased by 45,900 (11.3% Spanish, 74.9% EU, 13.7% non-EU). In contrast, the unemployed population increased by 120,500 (79.5% Spanish, 7.1% EU, 13.4% non-EU) and the inactive population by 129,800 (59.5% Spanish, 19.5% EU, 21.0% non-EU).

Graph 2
Trend in the main population groups in relation to economic activity in the Canary Islands between 2006 and 2019 (thousands of people).

Source
Spanish National Statistics Institute. Labour Force Survey.



4. The main driver: the job market

The previous section focused on economic growth, and thus, on the dynamics of the different growth rates (for employment, activity and occupation). But we have yet to mention the levels of these indicators in the different groups (Table 3). At 41.0% in 2019, the employment per capita in the Canary Islands is low compared to most European regions. And it is particularly low among Spaniards (39.0%), in comparison to foreigners (53.6% EU, 52.0% non-EU). The reason for these differences lies in variations in activity rates (Spaniards 58.1%, EU 67.8%, non-EU 71.8%). These figures show that much of the immigration in the Canary Islands is driven by work, even among EU immigrants. In contrast, the differences between the employment rates are smaller, with Spaniards and foreigners having similar unemployment rates. However, for foreigners as a whole, there is a large difference in unemployment between EU citizens (15.9%) and non-EU citizens (23.9%). Finally, inactivity rates (one minus the activity rates) are higher among Spaniards than among foreigners, but this rate exhibits considerable growth among non-EU citizens.

We can draw some general conclusions from these patterns: 1) Immigration in the Canary Islands is closely related to employment factors; 2) The 2008-2013 crisis affected non-EU immigrants much more than it did EU immigrants; 3) The economic recovery between 2013 and 2019 was not enough to completely undo the damage caused by the previous crisis; 4) The crisis caused by COVID-19 in 2020 will probably have particularly strong effects on the population of non-EU origin and on that part of the Spanish population that is exposed to higher job instability and insecurity.

These phenomena involving job market segmentation will be addressed below. This is necessary to clarify the general messages that were given previously about the differences based on the place of origin of the population. The segmentation of the labour market is the result of a cumulative process of generating inequality in the working conditions of the population, which gives rise to segments that are homogeneous internally but different from one another. Although in principle there may be a large number of differentiated segments, the theory, and the empirical measurements as well, have focused on the

polarisation into two opposing segments (the so-called “duality” of the labour market): the primary segment, with well-paid, stable and relatively secure jobs; and the secondary segment, with the opposite characteristics, namely low wages, instability and insecurity.

Nationality	2006	2013	2019
Employment per capita			
Total	45,0	34,8	41,0
Spanish	42,8	33,4	39,0
Foreign: Total	63,0	43,9	52,6
Foreign: EU	57,5	45,2	53,6
Foreign: Non-EU	65,0	43,1	52,0
Activity rate			
Total	61,1	62,2	60,1
Spanish	58,8	60,6	58,1
Foreign: Total	77,8	72,2	70,3
Foreign: EU	67,0	59,9	67,8
Foreign: Non-EU	81,9	79,4	71,8
Employment rate			
Total	88,4	66,3	79,5
Spanish	88,8	66,7	79,6
Foreign: Total	86,3	64,0	79,0
Foreign: EU	88,7	78,0	84,1
Foreign: Non-EU	85,5	57,8	76,1
Unemployment rate			
Total	11,6	33,7	20,5
Spanish	11,2	33,3	20,4
Foreign: Total	13,7	36,0	21,0
Foreign: EU	11,3	22,0	15,9
Foreign: Non-EU	14,5	42,2	23,9
Inactivity rate			
Total	49,1	47,5	48,4
Spanish	51,8	49,9	51,0
Foreign: Total	27,0	31,4	33,4
Foreign: EU	35,2	42,0	36,3
Foreign: Non-EU	24,0	25,4	31,6

Table 3
Basic indicators of participation in the Canarian labour market by nationality (%).

Source
Spanish National Statistics Institute. Active Population Survey (annual averages).

Although initially this duality seemed to be associated with certain sectors (greater insecurity in low-skilled service jobs vs. stable and well-paid jobs in industry), with the skill levels of the workers (insecure jobs for low-skilled workers) and with work experience (inexperience associated with temporary contracts), these divisions have blurred over time. These days, there is also growing unstable employment in activities that were once secure (such as public health), higher qualifications offer no protection in temporary jobs like they once did, and the so-called temp trap is indicative of how some workers are unable to find stable jobs, even after many years.

The Spanish labour market, and within it the Canarian market, are characterised by a pronounced duality, both in terms of the breadth of the secondary segment and the significant differences between the two segments. Because of this, and reflected in the primary distribution of income, inequality in the labour market turns into income inequality, and thus into high poverty rates. Despite the various labour reforms that have been implemented in recent decades to reduce this duality, and specifically the use of temporary contracts, their results have been rather modest. In this sense, the condition of the Canarian labour market continues to be one of the main challenges of today's economic and social development strategy (Padrón *et al.*, 2017).

The relationship between immigration and this dual market is obvious: immigration is also segmented, with certain groups suffering much more than others from job insecurity and poverty. This segmentation is further associated with different employability rates based on the origin, social class, age, qualification and gender of immigrants (Aysa-Lastra and Cachón, 2016). The literature on the subject tends to summarise this pattern under the label of "vertical and horizontal ethnostratification" (although, in keeping with the earlier list of variables, "ethnic" origin is not the only cause): non-EU immigrants are more likely to hold jobs with lower training requirements (not necessarily because they lack the training required for other jobs) and are concentrated in certain branches of activity (such as construction, agriculture and low-productivity services). In contrast, EU immigrants tend to have a better employability prospects, with higher salaries, more stable contracts and lower unemployment rates. Thus, not the entire immigrant population suffers from labour vulnerability. As Carabaña and Salido (2017:245) note, "rich immigrants are as unaffected by the crisis as rich natives".

The employment numbers of immigrants also exhibit a clear "cohort effect", which refers to the time of entry into the job market. People who joined the Spanish labour market decades ago did so under a different institutional framework, whereas now, newcomers, including Spaniards, face a much more precarious labour market in which it is more difficult to be find a stable contract and higher salaries. These processes of restructuring working conditions, through new rules applied to the entry cohorts (and only to them), mean that the same job could have multiple remunerations. The result is a significant timeline effect on top of the stratification: when did you start looking for a job? And since immigration is a phenomenon of flows, it is not surprising that immigrants (newcomers) experience more adverse labour circumstances (Table 4; more details in Godenau and Buraschi, 2017; Godenau *et al.*, 2017).

Indicator	Spanish	Foreign
Average annual income (euros, 2018)	21.312	15.648
Low wage rate (% , 2014)	21,0	26,0
Rate of temporary contracts (% , 2014)	28,6	43,3
Rate of elementary occupations (% , 2014)	16,7	21,2
Overqualification rate (% , 2014)	7,5	16,1

Table 4
Indicators of stratification in the Canarian labour market based on place of origin.

Fuente
Spanish National Statistics Institute. Salary Structure Survey, Labour Force Survey.

These cohort effects on labour market outcomes are directly related to one of the fears normally generated by labour immigration: its hypothetical impact on the wages and job opportunities of nationals. Before referring to the empirical evidence on this issue, some conceptual clarifications are in order. First, competition between workers for the same job, or at least for a job in the same occupational segment, would exist. The result would be a salary reduction for nationals who perform the same tasks. Second, salary reductions can occur for other reasons that are unrelated to immigration. Consider, as an example, the effects of economic crises and the corresponding increase in unemployment, with its repressive effects on salaries. Third, the aforementioned cohort effects may imply salary reductions for newcomers to the job market, and this effect on salaries would affect both nationals and foreigners. Given the lower foreign population in the old cohorts, which already have highly consolidated working conditions, there is a gradual re-composition effect in national workers that worsens the average working conditions of this group (giving rise to “downward convergence”; Godenau *et al.*, 2017).

Labour skills are measured using the “cell methodology”, which consists of defining homogeneous fragments and assuming that labour competition only exists within these cells and not between them (Iglesias and Llorente, 2017:160). These fears have not been confirmed: the empirical contrast tends to yield results that indicate a low degree of labour competition between nationals and immigrants, and this is also the case for measurements taken in Spain (Gutiérrez-Portilla *et al.*, 2020). For the Canary Islands, no estimates of this type are available, but we can assume that the situation is not substantially different from that in Spain as a whole: much of the employability of immigrants is complementary to the availability of nationals, and this employability is relied upon at times of strong growth in labour demand, which is the main driver behind the growth of migratory balances.

5. The living conditions of the immigrant population

Through the primary distribution of income, the results of the labour market, discussed in the previous section, become the key factor in determining the material living conditions of a large part of the population, both indigenous and immigrant. The cumulative result of this distribution process (flow variable, measured as income) turns into inequalities in household wealth (stock variable, measured as equity). As a consequence of this cumulative effect, the inequality in the personal distribution of wealth tends to far exceed the inequality in the distribution of income. Given the scarcity of statistical information on wealth distribution, the metrics focus on income and poverty indicators, especially in regional analyses.

As already indicated in previous sections, the immigrant population in the Canary Islands is not only diverse due to its origins, but in its economic and social positions in Canarian society. In this regard, it is worth qualifying the stereotypes that reduce this diversity to simplifications such as “all immigrants are poor”. The study by Godenau *et al.* (2017) on the integration of immigrants in Spanish regions highlights how many people residing in the Canary Islands, whether immigrants or not, endure low wages, high unemployment and job insecurity. It is this adverse combination that leads to a higher risk of poverty.

The Canary Islands is one of the Spanish regions with the smallest differences between foreigners and nationals, mainly due to two factors: the also unfavourable situation of Spaniards and the relatively favourable position of the immigrant population of EU origin. The immigrant population of other origins, on the other hand, faces more adverse material living conditions, and the 2008-2014 crisis exacerbated these problems. Table 5 illustrates this for the whole of Spain; when extrapolating these data to the Canary Islands, it is important to realise that the composition of EU immigrants in the Canary Islands differs from the national average, with a higher percentage of population from the EU-15 (versus the EU-28), which usually enjoys more favourable economic conditions. This is confirmed by the results of the specific survey conducted by ISTAC in the Canary Islands (EICV-HC): the AROPE indicator for 2018 for the Spanish population (32.2%) is very similar to that of the EU population (32.0%), with the non-EU foreign population being at a clearly higher risk of exclusion (48.1%).

Table 5
Risk of poverty or social exclusion (AROPE indicator) by nationality (people aged 16 and over). Spain (%).

Nationality	2008	2014	2019
Total	22,7	28,1	24,4
Spanish	19,4	25,6	21,7
Foreign (European Union)	43,4	45,2	46,2
Foreign (Rest of the world)	52,9	62,7	54,2

Fuente
Spanish National Statistics Institute. Living Conditions Survey.

6. The political dimension: scope and limitations of the intervention

As indicated in the first section, on the relationship between migration and the economy, it is important to consider the modulating effects of social institutions, meaning the rules that govern both the operation of the economy and the mobility of people. Consequently, these “rules of the game” condition the profile, economic functions and integration of immigration.

The Canary Islands are characterised by some particularities that have stood out in general terms for the economies of the southern part of the European Union: a very prevalent shadow economy and its relationship with low-skilled and partly irregular labour immigration; relatively low wage levels, particularly in the large secondary segment of the labour market; a pronounced inequality in the distribution of income, with much of the immigrant population receiving low wages; and economic specialisation in low-productivity activities, primarily involving tourism, construction, agriculture and exports. The role that immigration plays in these economies is the result of this international specialisation, with strong pressure on labour costs, since the islands compete more through low prices than through technological differentiation, and feature pronounced circumstantial swings that virulently expand and contract the demand for labour.

When interpreting immigration as a variable that depends on economic events, the call for another *immigration model* necessarily involves discussing the transition to another *economic model*. This is a subject of constant debate (and demand) in the Canary Islands, but one that in recent decades, has not led to significant advances towards an economy of knowledge, innovation and the diversification of its economic structure. Consequently, it is not surprising that there have been no major changes in the immigration employment pattern either. Many of the labour immigrants who choose the Canary Islands as a destination have a direct relationship with job opportunities in the tourism sector and its various associated activities.

Therefore, improving the material living conditions of the population, and of the immigrant population as well, will depend on an economic development strategy that is committed to a gradual improvement of the international competitiveness of the regional economy so it can reach higher levels of productivity and innovation (Godenau and Padrón, 2018). In this sense, the success of immigrants will go hand in hand with the success of Canarian society in general. If these structural conditions to transition to another model of income generation are not met, it seems unlikely that the conditions and results of the labour force will see any substantial improvements. And although it is still early to assess the implications of the COVID-19 crisis in this regard, everything seems to indicate that it will produce a new setback to the economic value of the labour factor, including immigrant labour.

For more information

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The Tenerife Immigration Observatory is a joint initiative of the Tenerife Council and the University of La Laguna that is intended to provide a permanent and dynamic structure to advance our scientific knowledge of migratory movements. The OBITen carries out its activity by gathering, producing and disseminating knowledge to facilitate qualified opinions and promote the making of decisions that help to better manage migratory phenomena and their implications.

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