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**Unauthorised immigration, underground economy
and the regularisation schemes: the case of the
South European countries**

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A huge unauthorised immigration affected the South European countries since mid '80es. The overwhelming majority of labour immigrants entered without a residence permit for working reasons, which they managed to obtain only later thanks to frequent regularisation drives. The figures of people who availed themselves of these regularisations give us an idea how large the unauthorised inflows were. To make a fair comparison, we have to take into account that nearly all the regularised migrants were workers, whereas registered foreigners include several non active people.

Regularisation schemes from 1986 to 2005

	Italy	Spain	Portugal	Greece
number of schemes	5	6	3	3
regularised migrants ('000)	1,424	1,162	253	925
needed requirement: holding a job or a job supply	yes, but 1990	yes, but 1985 1996	yes	yes
registered foreigners 2004/5 ('000)	2,320	2,700	265	986

Both in Italy and Spain before the last mass schemes (about 600,000 regularized in each country in 2003 and 2005) we can estimate that half of migrants were living without a proper authorization at least for a while. Afterwards, that proportion may be supposed higher. Most of other migrants entered with a permit to rejoin their families. Only a thin minority entered Italy and Spain holding a permit for working reasons thanks to a quota system.

That situation is the outcome both of a strict migratory policy, which did not take into account a quite good labour demand, especially for low skilled and poor jobs, and a missing control on wide external borders, but even more on a huge domestic underground economy.

The reasons for implementing a scanty quota system were two. The first one was an overestimation of the unemployment of the native workers, which was caused both by the segmentation of the labour market between good and bad jobs, and a deeply rooted underground

economy, which many unemployed people were working in. The second reason was a public opinion not yet accustomed to coping with people from undeveloped countries and affected by a fear of insecurity, which was exploited by right wing parties.

A huge number of labour migrants entered South European countries all the same not because their external borders are too wide, open and without controls, but because their underground economy has a strong "pull effect" on unauthorised immigration.

A tough positive self-selection concerns migrants when authorised immigration is prevented. To overcome obstacles against entry, they both must have high economic and personal resources and must be prepared to undergo high costs and risks. Thus, labour migrants must know that the benefits in the country of destination will make up for hardships, expenses and risks to get around border checks.

Migrants for economic reasons enter without authorisation only countries where it is easy to live and to make money without a permit of stay for working reasons. Unauthorised migrants are cut off from registered jobs and were it is not for the shelter of a huge black labour market, they would soon be forced back to home country. Therefore, an easy availability of jobs in the underground economy, where no document is required, promotes unauthorised immigration.

When unauthorised migrants become too many and social and economic problems arise, trade unions, employers' associations and charities lobby for a regularisation drive, which lets migrant workers to get a permit for working reasons and a to be eligible for a registered job. In Southern European countries frequent regularisation schemes made the unauthorised entry by the back door a way to recruit workers from abroad much more effective than programmed inflows (by quota system) and family reunions.

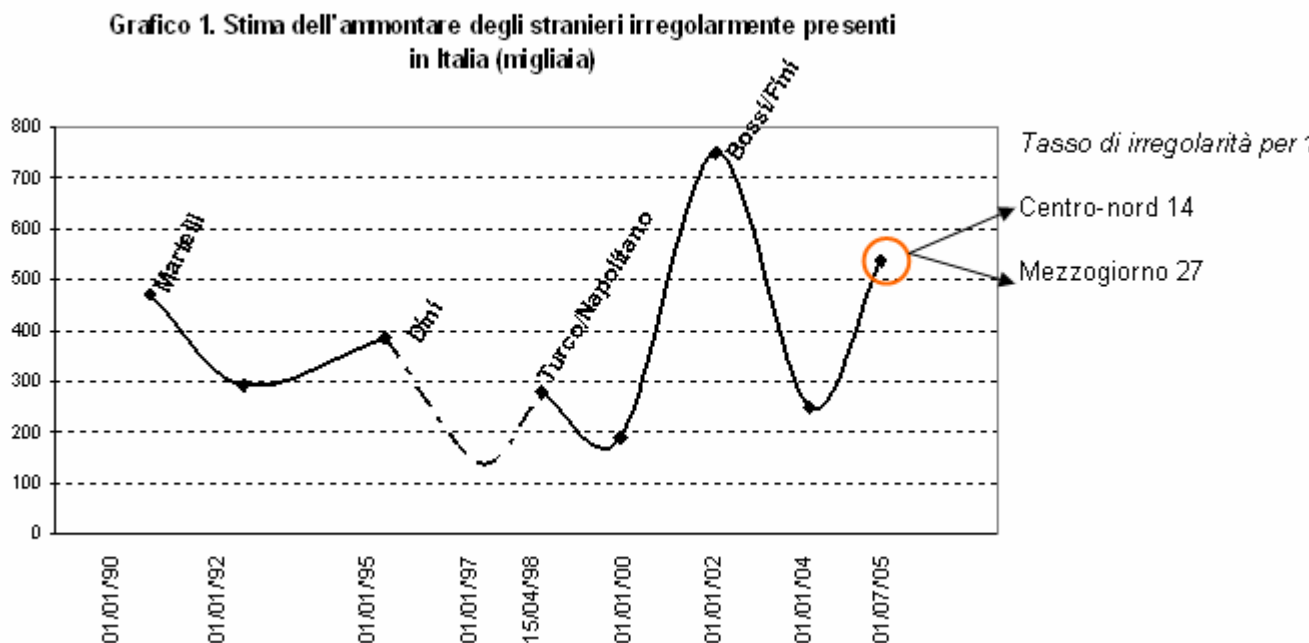
The effects of regularisation drives are generally positive on the short term, because they drain nearly all the pool of unauthorised migrants, although some applicants are pulled from home and other EU countries when they hear that a new regularisation is forecasted. We must notice, moreover, that the most deprived (those who did not get a job) are excluded and many are forced to bear social contributions that should be paid by employers.

Also long term positive effects do exist. Most regularised migrant workers manage to save registered jobs and so to renew their permit of stay (at least according to surveys in Italy before 2003 regularisation). Nearly all of the others come back home forever, although not few come back to black jobs, which the demand is always huge for. The number of authorised migrants holding registered job was increasing dramatically. It means that labour demand for migrants from regular economy is important, too. The sectors are the same as from underground economy: agriculture, construction, hotels and restaurants, domestic work, elderly care, small firms in manufacturing.

The main long term effects are quite negative, however. In fact, regularisation drives give perspective migrants the feeling that they shall be repeated in the future, so they tend to encourage new unauthorised entries.

The estimate of unauthorised immigrants living in Italy shows that the number of unauthorised migrants is swinging up and down according to the regularisation drives, as we can see from the following graph. Regularisations cannot be a solution for unauthorised immigration, because they favour its reproduction in the long term.

Estimate of unauthorised immigrants living in Italy (thousand)



Source: ISMU Foundation

The socio-economic consequences of a migratory regime grounded on unauthorised entries and frequent regularisation drives are not positive as well. The first one is the reproduction of the underground economy, but there are others. The self-selection of immigrants can have an adverse side, too, because many unauthorised migrants are either risk-takers, who are willing to "make money" very quickly, or people prone to whichever job, but not to skill learning. Furthermore, between out-of-the-books jobs and regularisation schemes, most migrants experience confusion between legality and illegality. On the other hand, among natives opinion gets stronger that migrants are either subsidized or deviant people. In that situation policy makers are to face a serious dilemma:

- to resist pressures for a new regularisation drive and to increase the number of unauthorised migrants working in the underground economy;
- to implement a new regularisation drive and to feed the vicious circle of the pull effect for back door entry.

It may be not casual that regularisations drives are often implemented when a sharp political change occurs and the new political parties in power can attribute the fault for the unauthorised immigration to the previous administration.

To fight migrants' insertion in undeclared jobs as well as unauthorised immigration in South European countries we can suggest both a set of policies aimed at reducing the size of the domestic underground economy and a more open migratory policy in order to fill local labour demand, especially for low skilled workers.

Both these policies, however, are difficult to implement because they need a large social consensus, since they hurt deeply rooted domestic interests, and a long term strategy, which contrasts with the usual short term view of the political system.