

FREE MOVEMENT OF WORKERS IN THE EU WITHIN THE CONTEXT OF DEMOGRAPHIC CHALLENGE OF EUROPE: THE CASE OF LABOUR MIGRATION FROM TURKEY TO GERMANY

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Özet

Son verilere göre, Avrupa Birliği ülkelerinin politik, sosyal ve ekonomik yapılarında önemli etkileri olabilecek eşi görülmemiş bir nüfus değişimi yaşamaktadır. 1990'lardan bu yana Avrupa devletleri bu değişimin farkındadırlar ve emeklilik sistemleri, sağlık sistemleri ve ekonomik sürdürülebilirlik politikalarını yeniden gözden geçirmektedirler. Son yıllarda işçi göçleri, nüfus değişiminin ekonomik etkilerini en aza indirmede bir araç olarak ortaya çıkmıştır. Birçok politikacı ve yazar işçi göçü seçeneğini "güvenilmez", "yararsız" ve yerel iş piyasalar üzerinde olumsuz etkiler bırakacağı şeklinde eleştirse de, işçi göçleri kısa vadede tek seçim olarak Avrupa Birliğinin önünde durmaktadır. Bu bağlamda, bu çalışma işçi göçlerinin yerel iş piyasaları üzerindeki etkilerini araştırmaktadır. Durum çalışması olarak 1961-73 yılları arasında Türkiye'den Almanya'ya gerçekleşen işçi göçleri incelenecektir.

Anahtar Kelimeler: *İşçilerin Serbest Dolaşımı, Nüfus Azalması, İşgücü Açığı, Türkiye'den Almanya'ya İşçi Göçü, İşçi Göçünün Yerel Piyasalar Üzerindeki Etkileri*

Abstract

According to the data available, the EU is facing unprecedented demographic changes that will have significant implications and consequences for political, social and economic compositions of the countries. Since the 1990s, governments have been aware of demographic changes and are consequently reconsidering their pension schemes, health-care systems, and policies for economic sustainability. In response to demographic change, labour migration has emerged as a possible means to alleviate the economic consequences of demographic change. Although many criticize the option of labour migration arguing that labour migration cannot be relied on solving these

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problems, that is not an effective answer and will have some negative consequences on domestic labour markets, labour migration seems to be only short-time solution for ageing Europe and its labour shortages. In this context, this paper considers the impact that labour migration has on domestic labour markets. This will be presented as a case study of the impact of Turkish migrants in Germany; it will particularly focus on the period 1961-73, but will do so with reference to the current situation in order to emphasise the changing effects that labour migration can have on domestic labour markets over time.

Key Words: *Free Movement of Workers, Demographic Decline, Labour Shortages, Labour Migration from Turkey to Germany, Effects of Labour Migration on Domestic Markets.*

Introduction

Demographic changes, namely population ageing and migration, are receiving mounting attention in the domestic and international policy debate. According to the population projection of UN 2005, this process of demographic change will maintain severely in the twenty-first century. These projected demographic shifts, specifically the ageing of the population with low and negative growth of the population and labour force, are causing numerous speculations and pronouncements. They include issues of national and international security, shifts in economic power, and more down-to-earth consequences for the financing of national social programs, in particular, pensions and health care. The increasing of fiscal pressures and anxieties about the sustainability of pension and health care systems have combined with concerns about labour market shortages and lower economic growth to force governments to respond to demographic change with a variety of policies. One of the options is increased migration. Since 1990s, labour migration has emerged as a possible means to alleviate the economic consequences of demographic change. However, it is traditionally a controversial issue in debates on European social policy. While, some authors consider the recruitment of foreign labour to be the only rational way to balance the labour shortages,¹ many authors argue that migration cannot delay the ageing process and should hence not be considered as a policy tool² and that immigration can at least alleviate the adjustment

¹ Katarzyna Sączuk, "A Development and Critique of the Concept of Replacement Migration", **Central European Forum for Migration Research Working Paper**, April 2003, Warsaw, 2003; Chirstina Boswell, Silvia Stiller and Thomas Straubhaar, "Forecasting Labour and Skill Shortages: How can Projections Better Inform Labour Migration Policies", **Migration Research HWWA Hamburg Institute of International Economics**, 2004; David Coleman, "Population Ageing: An Unavoidable Future", **Oxford Center for Population and Migration Studies Working Paper Series**, No:7, 2001

² Charles Keely, "Replacement Migration: The Wave of the Future?", **International Migration Review**, February 2001, (39), 6; OECD (1991), *Migration: The Demographic Aspects*, OECD, 1991

processes.³ In this context, this paper will consider the impact that labour migration has on domestic labour markets. This will be presented as a case study of the impact of Turkish migrants in Germany; it will particularly focus on the period 1961-73, but will do so with reference to the current situation in order to emphasise the changing effects that labour migration can have on domestic labour markets (effects on net contribution to social security and welfare, employment situations, wage level, national and international trade etc...) over time.

The main question of the paper will be “What was the impact of Turkish workers on the German economy, particularly for the period 1961-73 from the data available. It is hoped that this paper make a contribution to the debates on the free movement of Turkish workers in the accession negotiations between the EU and Turkey.

European Population Today: Ageing and in Decline

Demographic projections indicate that the population of Europe is decreasing and getting older. The replacement level of the EU average is 1.53 though on 2.1 children per woman of childbearing age is necessary to replace the population. Besides the decrease in fertility, life expectancy is growing. The ratio of those aged 65 and over is expected to increase from about 16% of the total population in 1998 to 22% by 2025. The relative number of people of 80 and older is rising faster still⁴.

Around the year 2000, the population of Europe began to generate “negative momentum”⁵. At present, the effect of negative momentum on future population is small. Yet each additional decade that fertility stays at its current low level will mean a further decline in the European Union (EU) of 25 to 40 million people, in the absence of offset effects from immigration or rising life expectancy⁶

This means that a rising number of people above retirement age will require to be supported by those in employment. Currently, the EU working age population will drop by roughly 40 million people from 2000 until 2050 and the old age dependency ratio will twofold from 24% to 49 %⁷.

³ Charlotte Höhn and Karl Schwarz, “Population Policies and Fertility Trends in Germany, with Particular Reference to the Former German Democratic Republic, in H.P. David and D. Pierotti (eds). (1993) **Demographic and Social Effects of Population Policies in Europe**, Copenhagen: World Health Organization, Regional Office for Europe; Axel Börsch-Supan, “Aging Population: Problems and Policy Options in the U.S. and Germany”, **Economic Policy**, (6) 12., 1991; Thomas Straubhaar and Klaus F. Zimmermann, “Towards a European Migration Policy”, **Population Research and Policy Review**, 12, p:225-241,1993

⁴ European Commission, Employment and Social Affairs Directorate General, Introduction on Ageing Policy. http://www.europa.eu.int/comm/employment_social/soc-prot/ageing/intro_en.htm

⁵ A tendency to decline owing to shrinking cohorts of young people that was brought on by low fertility (birth rate) over the past three decades.

⁶ Wolfgang Lutz et al., Europe’s Population at a Turning Point, **Science**, vol:299, p:1991-1992, March, 2003

⁷ European Commission, 2002

It is worth noting that European states indicate differences in the population projections. To illustrate, while some parts such as the south of France and Greece will not have population decline for decades, population has already started to decline in some parts of Spain, Italy, Germany and in the Northern countries and in most of the candidate countries. The most marked increases in the old-age dependency ratio are expected to take place in Portugal and Luxembourg, with countries including Italy, and Sweden also experiencing growth while the smallest increase will occur in Ireland.⁸

According to the Eurostat projections, in 2050 the population in the EU25 will be both smaller and older as a consequence of these demographic trends. Population is projected to rise from 457 million in 2004 to a peak of 471 million in 2027, and afterwards to decrease to 454 million in 2050. While the total population is expected to rise in some Member States (Belgium:+4%, France:+9%, Sweden:+13%, UK:+8%), significant falls are expected in others (Germany:-6%, Italy:-7%, Poland:-12%).

The demographic changes concentrating on population aging and decline have significant implications and consequences for political, social and economic compositions of the countries such as balance between the size of the population of working and non-working age, social, the quality of the labour input, capital intensity⁹, total factor productivity and economic competitiveness, total employment, national pension systems and their financing and public health care system. These implications and consequences subsequently require reconsideration of the nation's main policies and programs. Important topics involve:

- (a) number of working-age populations
- (b) suitable retirement ages
- (c) levels and type of retirement and health-care benefits for the elderly
- (d) sources of funds to support these programs
- (e) increase economic productivity
- (f) new policies and programs concerning to international migration¹⁰.

Likely Effects of European Demographic Change

Due to demographic change and its significant implications and consequences for political, social and economic compositions of the countries, possible negative impacts of demographic change of population decline and aging on the economies of the

⁸ European Commission, 2002

⁹ Capital intensity is the term in economics for the amount of fixed or real capital present in relation to other factors of production, especially labor; *total-factor productivity (TFP)* addresses any effects in *total* output not caused by inputs or economies of scale;

¹⁰ Jhon R. Bermingham, "Immigration: Not a Solution to Problems of Population Decline and Ageing, Population and Environment", *A Journal of Interdisciplinary Studies*, Vol:22, No:4, p:362, March, 2001

countries have been the central elements of the many to debates on the public policy of the European countries for more than a century¹¹.

One of the important problems facing society is the change in balance between the size of the population of working and non-working age. According to recent figures the support ratio is declining for all areas of the world. This has results for pensions and other policies where the existing workers pay for the benefits of the retired. The Organisation for Economic Co-operation and Development emphasises this issue in its statement 'Fewer workers to support more retirees raise fiscal issues and issues of intergenerational fairness'¹².

The significant increase in the number of older people in Europe will also challenge social security and health systems, may hinder productivity gains, and could affect global competitiveness and economic growth¹³.

Likely Effects on the Labour Market

The decline in the number of working-age population affects the quality of the labour input, capital intensity, total factor productivity and economic competitiveness.¹⁴

Recent figures indicate that, as a result of the progressing decline in fertility, there is a rise in the average age of the economically active population in all Member States of the EU. According to Eurostat Labour Market Surveys, within the next 10 years the age composition of the population of working age in Europe will change considerably: the numbers of young people (15-19) will decline by over one million (-5%) and those aged 20-29 will fall by nine million (-17%), while the numbers aged 50-59 will grow by 5.5 million (+12%) and the 60-64 age group will grow by one million. These changes imply that there will be an increase in older workers and a decrease in the working-age population.

Projections also anticipate the Lisbon targets for total employment to be reached by 2015 in the EU15 but by 2035 in the euro area, as the EU10 will not achieve the goal at all.¹⁵ This is due to the fact that, after reaching a peak at 69.5 in 2025, the employment rate is expected to decrease to only 67% in 2050. The relative delay in the

¹¹ Klaus Zimmerman, "Migration: A Challenge for Europe" (Symposium 1993) ed. by Horst Siebert, p:1, 1993

¹² Anthea Tinker, The Social Implications of an Ageing Population, **Mechanism of Ageing and Development**, No: 123, page: 731, 1997; OECD (1998), "Maintaining Prosperity in an Ageing Society", p:9, 1998

¹³ Wolfgang Lutz et al., "Europe's Population at a Turning Point, **Science**, vol:299, p: 1992, March, 2003

¹⁴ Guiseppe Carone et al., "The Economic Impact of Ageing Populations in the EU25 Member States, European Commission, No:236, p: 10-13, 2005

¹⁵ At the Lisbon European Council of March 2000, Heads of State and Government set targets of raising the overall EU15 employment rate to 70% overall and 60% for women by 2010. The Stockholm European Council (March 2001) added one additional target – raising the employment rate of older workers to 50% by the same date.

euro area largely results from the EU10's expected failure to attain 70% employment; this is particularly caused by poor employment projections for prime-age males¹⁶

Likely Effects on Pension and Health Care Systems

Most directly this demographic change will have an impact on national pension systems and their financing. Concerns about the financial stability of pensions and social security systems are frequently addressed with reference to the old age dependency ratio. In the European Union, it is expected that this ratio will decline from 4 to 1 to less than 2 to 1 by 2040. In European welfare states pensions make up approximately 40-50% of the total expenditure on social security. The ratio is particularly high in Italy, while it is low in comparatively youthful such as Ireland¹⁷.

Moreover, it is clear that not only old-age security but also the public health care system will be affected by the ageing population. The number of the elderly people has risen as a result of improved living conditions and health care¹⁸. Similarly, health care expenditure in most European countries has grown faster than the national income. This movement is cyclical though population aging, rising expectations of patients and medical progress. It is anticipated that public spending on pensions, health care and care for the elderly will rise between 4% and 8% of GDP by 2040 in most Member States¹⁹. For governments, pension spending could therefore result in higher deficits. For people, the demographic developments could imply 'pay more, work longer, and get less'.²⁰ Consequently, the reform of the social security systems in Europe is unavoidable.

Free Movement of Workers in the EU

The Article 39 of the Treaty of Rome that formed the basis of the European Union incorporates the key principle of freedom of movement of workers apart from capital, goods and services. This is further elaborated on legal terms in the Article 48, according to which workers can move without any constraint across borders of the member states to reside or work if an employment opportunity arises. The free movement of workers is an integral requirement for the growth and development of an economic zone that is free of any kind of physical or demographical boundaries. It hence, becomes vital for the progress of an economically and socially strong European community that can boast of active involvements of its citizens²¹. It also becomes much more relevant in the light of the increased level of labour migration on a global scale. By 2008, over 191 million people who constituted almost 3% of world's total population resided or worked outside

¹⁶ Guiseppe Carone et al., "The Economic Impact of Ageing Populations in the EU25 Member States, European Commission, No:236, p: 27, 2005.

¹⁷ European Council, 2002

¹⁸ Sircelj Milivoja, "The European Population Committee's Recent Demographic Studies and their Relevance for Social Cohesion". **European Population papers series** (2) March, Council of Europe, 2002

¹⁹ European Commission, 2002a

²⁰ Frits Bolkestein, Internal Market and Taxation Commissioner, Defusing Europe's Pension Time Bomb, Speech of 6 February 2001.

²¹ IZA & NIRAS Research Report, Geographic Mobility in the European Union: Optimising its Economic and Social Benefits, 2008

the boundaries of their original countries. The percentage of migrant population grew at a much faster pace in the developed countries of the world, soaring from 3.4 per cent in 1960 to 9.5 per cent in 2005. Europe today stands as one of the biggest absorbent of the migrants from various parts of the world²². According to a study, in 2000 out of the 376 million people who were residing in the geographical premises of the EU, around 13.1 million people were non-EU nationals. This clearly shows that the migrant population forms 3.5 per cent of the total population of the EU. With the increase in number of naturalisations, the group pertaining to the native country origin has also become larger and many times this data fails to make it to the record books. If the total number of migrants is taken into account for the member countries of the European Union, Austria stands at the first spot with the highest number of immigrants at 9.3 per cent. Germany is also not lagging behind very far at a figure of 6.7 per cent foreigners. Migrant population therefore has become an integral part of the EU now. This is not only because of the addition of the large number to their population, but also because it raises the important issue of integration.²³ Taking into consideration all the arguments against and in support of the immigrations, it is important to understand the need to keep the flow of foreign workers going on a constant rate. According to the Economist Lorant, Europe is finding means to sustain the size of its population only with the aid of immigration. The demographic conditions had forced the West- European countries to open their borders to guest workers in the early 1960's to employ them in tasks not considered fit for themselves by the Europeans. These foreign labourers mainly hailed from the Mediterranean, settling primarily in France and Turkey, finding opportunities in Germany. But the trend took a halt during the 1970s owing to the Arab oil embargo with most of the European nations imposing restrictions on the inflow of foreign labourers in to their labour markets. But despite these obstacles over 500,000 immigrants found their way into Western European regions with the reasons of family reunification. Also, over 400,000 asylum seekers come to the Western Europe each year. However, there were many other factors as well that slowed down the pace of the free flow workers across European Union especially after the 1980s. The manufacturing sector was a major employer for the immigrants but these jobs along with others that attracted foreign workers were gone leading to a very high rate of unemployment amongst those coming from other countries in search of jobs in the European Union. Also, there has been a wide unrest amongst the countries of the West European regions because of the increasing number of Muslim population within their boundaries with the coming in of workers from the Muslim dominated nations²⁴. However, the larger authorities are trying to promote and encourage wide scale immigration to European countries. According to a report published by the United Nations, in order to sustain and maintain the population at its present level up to 2050, 1.6 million new immigrants are required to enter Europe every year. This amounts to a total of 80 million people to be

²² Scott McDonald and Sönmez Yöntem, “**Turkish Labour Migration: Turkey-Germany Migration Corridor**”, Paper prepared for the 11th Global Economic Analysis Conference, “Future of Global Economy”, Marina Congress Centre, Helsinki, Finland, 2008

²³ Faruk Sen, “The Role of the Turkish communities in the European Union”, IFRI, 2003

²⁴ Karoly Lorant, The demographic challenge in Europe, Brussels, 2005

settled in till 2050.²⁵ Even the European Commission (EC) has been proactive in advocating in favour of immigration. In an address to the European Council, European Parliament and various other committees in 2003, the Commission brought to limelight that the European Union population is ageing fast because of demographic reasons like decreased fertility rates and longer life expectancy. This would mean a certain decline in the working age population in the 25 states of the EU from 303 million to 297 million by 2020. The commission tried to make the audience understand that as the size of the labour force decreases, it leads to lesser economic growth: economic migration is therefore essential for maintaining a sustained economic and social growth situation²⁶.

Migration as a Policy Option in front of the Europe

Since the 1990s, governments, academicians, and journalists have been aware of demographic changes and are consequently reconsidering their pension schemes, health-care systems, and policies for economic sustainability. In this context, labour migration has emerged as a possible means to alleviate the economic consequences of demographic change. The UN report, *Replacement Migration: Is It a solution to Declining and Ageing Population?* concluded from a series of projections up to 2050 that offsetting declines through immigration might be possible in the short term, particularly as fertility rebounds cannot compensate declines for many years. However, such a high level of immigration "...seems out of reach because of the extraordinarily large numbers of migrants that would be required."

Since the 1990s, many EU countries have been reconsidering their previously restrictive immigration policies. Currently, several governments are assessing the possible gains of labour migration to provide a labour force. The UN Replacement Migration report, European Employment Strategy and the Broad Economic Policy Guidelines²⁷ have all focused on demographic shifts in Europe with reference to labour migration from third countries.

Another European document on labour migration connected to demographics is the European Commission's 2001 Communication on pensions. This states "immigration can make a significant contribution to stabilising total population and employment figures" but that "no realistic level of immigration" can stop the progress of the decline in the ratio of workers to pensioners. Similarly, the 2002 Social Situation report²⁸ asserts "immigration can contribute to filling certain specific gaps on the

²⁵ United Nation, Department of Economic and Social Affairs, **Population Division: World Population in 2300**, United Nation NY, 2004

²⁶ EC, Communication from the Commission to the Council, the European parliament, the European Economic and Social Committee and the Committee of the Regions, "**Immigration, Integration and Employment**", Brussels, 3.6.2003 COM 336 final, 2003

²⁷ The broad economic policy guidelines (BEPG), which take the form of a Council recommendation, are the central link in coordination of the Member States' economic policies. They ensure multilateral surveillance of economic trends in the Member States. Since 2003, the BEPG have been published for a period of three consecutive years.

²⁸ The Report contributes to the monitoring of developments in the social field across Member States. It provides a holistic view of population and social conditions as a background to social

European labour market, but it can in no way stop or reverse the process of significant population ageing in Europe”.

However, these documents, while recognising labour migration as a policy option, refrain from advocating it more strongly. Since labour migration has its own problems and risks such as high quantity of migration required and competition with native workers for inadequate jobs. So, in Europe, governments have a tendency to support labour migration as only one part of a package of reforms (increased participation rate, increased fertility rate, reform in health and pension systems), with the stress noticeably on domestic reforms as the first line of action to address shortages²⁹.

Reviews on Migration Option

The UN Report of *Replacement Migration* supports “replacement migration” as a means of balancing the effects of low fertility rates and ageing population. Without migration, declines in population size would be greater and the population aging faster up to 2050. Bearing in mind the UN Report, with the intention of balancing the size of the active population in Europe, it is projected that annually about 550,000 foreign workers up to 2010 and an additional 1.6 million workers would be required between 2010 and 2050. Europe requires 68 million net inflows between 2003 and 2050.

The reality is that the effects of other policy options such as increased fertility on labour participation rates are not sufficient to alleviate the negative impacts of demographic changes. For example, increasing fertility rates affect the number of newly born joining a population and these will become prospective new workers 18 –25 years later. Nonetheless, they will remain as non-productive dependents for 18-25 years. However, immigration shows an immediate impact on labour markets as migrants tend to be people of working age. Immigration can also have an effect on population compositions in the future if the cultural groups traditionally have a higher birth rate³⁰. In support of Butz, Coleman states: “Replacement fertility cannot raise the potential support ratio³¹ in mature populations to much more than three and would not prevent some population from decline in countries with long experience of below-replacement fertility”³². Likewise, the UN Report points out that in the short to medium term measures to support fertility levels would not have any effect on the potential support

policy development, and establishes links to annual Commission publications. In 2002, special attention was given to the issue of geographical mobility in the EU and its implications for living conditions and social cohesion.

²⁹ Christina Boswell et al., “Forecasting Labour and Skill Shortages: How can Projections Better Inform Labour Migration Policies” **Migration Research Group HWWA Hamburg Institute of International Economics**, p:4, 2004

³⁰ Rand Europe, *Low Fertility and Population Ageing: Causes, Consequences and Policy Options*, Report, p:15, 2004

³¹ The potential support ratio (PSR) is the number of people age 15-64 per one older person aged 65 or older. This ratio describes the burden placed on the working population (unemployment and children are not considered in this measure) by the non-working elderly population

³² David Coleman, “Population Ageing: An Unavoidable Future.” **Oxford Center for Population and Migration Studies Working Paper Series**, No:7. p:5, 2001

ratio³³. It is pointed out in the report that: “Even a rapid sharp increase in fertility in the short to medium term would not to a large extent change the situation concerning the potential support ratios”³⁴.

However, labour migration has its own problems and risks. Public opinion in some European states and the UN remain sceptical about the labour migration to balance labour shortages. It is mainly as a result of the high quantity of migration required. Because, the amount of migrants that EU would need to compensate the decrease in the size of the working-age population is exceedingly large, and the projected amount is greatly more immigration than experienced in history. The European Commission's Annual Review of the Demographic Situation in Europe in 1995 points out: “Inflow of migrants will not be able to avert population declines in the future, nor rejuvenate a national population, unless the migration flows attain relatively high levels”. The UN Report also indicated that “the levels of immigration needed to delay aging considerably or result in a positive population growth in countries with below replacement fertility are so high that they are most likely not politically possible”³⁵. According to UN calculations, to stabilise the population of Germany alone the country would need to see replacement migration of nearly 350,000 persons per year. According to Deutsche Bank Research, in fact, to prevent a decline in the working-age population, some 500,000 would have to immigrate to Germany every year. For Europe as a whole, 950,000 would need to immigrate annually to maintain the size of the population, or more than 1.5 m to keep the working-age population constant³⁶.

In addition, it is often discussed that additional immigration would result in competition with native workers for inadequate jobs. Furthermore, the incident of significant labour immigration in many West European countries since the 1950s has made many governments and electorates sceptical about migration as a tool of labour market policy. The idea that labour migration can offer a flexible and temporary answer to labour shortages has been largely discredited in many countries. Therefore, regarding to assess the migration as policy option to the demographic challenges in Europe, governments have a tendency to support labour migration as only one part of a package of reforms (increased participation rate, increased fertility rate, reform in health and pension systems), with the stress noticeably on domestic reforms as the first line of action to address shortages³⁷.

³³ United Nations Secretariat Population Division Department of Economic and Social Affairs, “Replacement Migration: Is it a Solution to Declining and Ageing Populations?”. ESA/P/WP.160, 21 March 2000, page:7, New York, 2000

³⁴ United Nations Secretariat Population Division Department of Economic and Social Affairs, op. cit., p:93

³⁵ United Nations, UN Expert Group Meeting on Policy Responses to Population Ageing and Population Decline, ESA/P/WP.163, p:11, New York, 2000

³⁶ Deutsche Bank Research, The Demographic Challenge, page:13, Frankfurt., 2002

³⁷ Christina Boswell et al., “Forecasting Labour and Skill Shortages: How can Projections Better Inform Labour Migration Policies” **Migration Research Group HWWA Hamburg Institute of International Economics**, p: 4, 2004

It can be said that there is extensive agreement in the literature that “replacement migration” cannot be relied on solving the problems arising from ageing of the population and alleged labour shortages and it is discussed by some scholars that mass migration is not a feasible solution to these problems. The debate mostly concentrates on whether immigration may be efficiently used to slow rather than prevent population aging. According to this group of scholars, it is uncertain that if large numbers of working-age immigrants would slow population aging in the short term by simply deferring the problem in the long term

In terms of possible cost, Zimmermann argues that immigration may depress wages of natives and induce unemployment³⁸. For this reason, according to many scholars, migrants have a modest effect on the labour market in the receiving country and that they mostly depress the wages of other immigrants rather than those of natives³⁹.

Coleman put emphasis on that EU should not need increased immigration to meet quantitative work force shortages at least for the next ten or twenty years due to the fact that the EU countries have considerable reserves of employable manpower and labour force of the unemployed and inactive population which exceed any short-term demographic deficiencies⁴⁰.

Some scholars such as Coleman also stress the previous migration experiences of Europe during the 1960s and 70s with costs for social welfare, education, and housing. Coleman emphasizes that the migration experience of 1960s has not averted population aging. Moreover, it is argued that the labour market conditions have changed vis-à-vis those times. Additionally, the qualification requirements have moved from unskilled to skilled activities.

Some other scholars emphasize the effect that immigration may have on the cultural, racial, linguistic and ethnic composition of the receiving countries⁴¹. According to them, if the proportion of immigrants surpasses a certain level, indeed, there can be severe social risks for the hosting population. Coleman argues that, in the long term, there is a risk that the minority will become the majority in a country and the original population therefore becomes under the risk of dying out by leaving no descendants⁴².

As a result, immigration to alleviate the negative effects of population aging and labour shortages is considered demographically and economically ineffective and a short-term measure which can cause serious cultural, social and political difficulties and

³⁸ Klaus Zimmerman, “Migration: A Challenge for Europe” (Symposium 1993) Ed. by Horst Siebert, p: 238, 1993

³⁹ J. Robert La Londe and Robert H. Topel, Economic Impact of International Migration and The Economic Performance of Migrants, in Rosenzweig, R. and Stark, O. (eds) **Handbook of Population and Family Economics**, Amsterdam: Elsevier, p:820, 1997

⁴⁰ David Coleman, “Population Ageing: An Unavoidable Future.” **Oxford Center for Population and Migration Studies Working Paper Series**, No:7., p: 27, 2001

⁴¹ Coleman, *Ibid.*, p:9

⁴² Coleman, *op. cit.*, p:9

economic costs. The opponents of migration argue that mass migration cannot be relied on solving these problems and that is not an effective answer. So, it is advised that the other discussed measures and policies should go interacted. Overall, it is a common idea among the opponents of migration as a policy option that mass migration is not likely to reverse the process of population aging and decline in Europe, but can be helpful in lessening the impact of aging on the work force.

Effects of Labour Migration on Labour Markets: The Case of Germany

In the third section, this paper will turn to consider the impact that labour migration has on domestic labour markets. This will be presented as a case study of the impact of Turkish migrants in Germany; it will particularly focus on the period 1961-73, but will do so with reference to the current situation in order to emphasise the changing effects that labour migration can have on domestic labour markets over time.

Migration to Germany

An increase in the migration trend inclined towards Germany was seen after the 1980s. As is the case with most countries that become the hub to migrant labourers, Germany too is faced with this critical economic problem with the heightened number of migrants as the country's own labour force is getting threatened by the influx of the foreign work force.

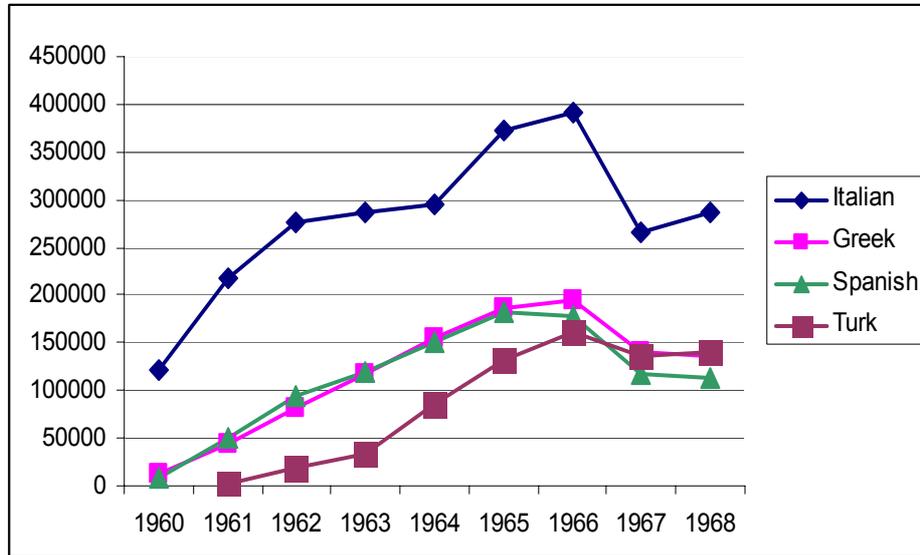


Figure 1: Major Foreign Workers in West Germany (1960-68)
(Erfahrungsbericht bis Ende Juni, 1968)

Most of the studies conducted to evaluate the cause and effect foreign workers have zeroed down on negative wage effects and also on no employment. But these conclusions do not hold true, at least not completely for all regions of the world. United States has seen quite different outcomes of the inflow of foreign labourers into its labour market as compared to that of Germany. This is because their markets have different compositions and characteristics. Germany, for example, follows a very rigid wage structure and even the involvement of labour unions in determining the wages of the labourers is much larger than what prevails in the US labour market⁴³. The case of the effect of the labour migration on Germany's economy can be analysed well fully with the example of immigration from Turkey.

Patterns of Migration of Turks into Germany

Turkey has a long history of economic ties with the European Union, established in the 1960s with two significant events. Turkey signed the Labour Agreement with the European Union to later re-strengthen the relationship with the signing of the Association Agreement in 1963. Turkey became a part of the Customs Union in 1996. A major milestone in the building of ties between Turkey and European Union came along in 1999 at the Helsinki Summit where Turkey was given candidacy status for the European Union. Its demographic transitions since early times have remained a strong factor in the mass migration of its work force.

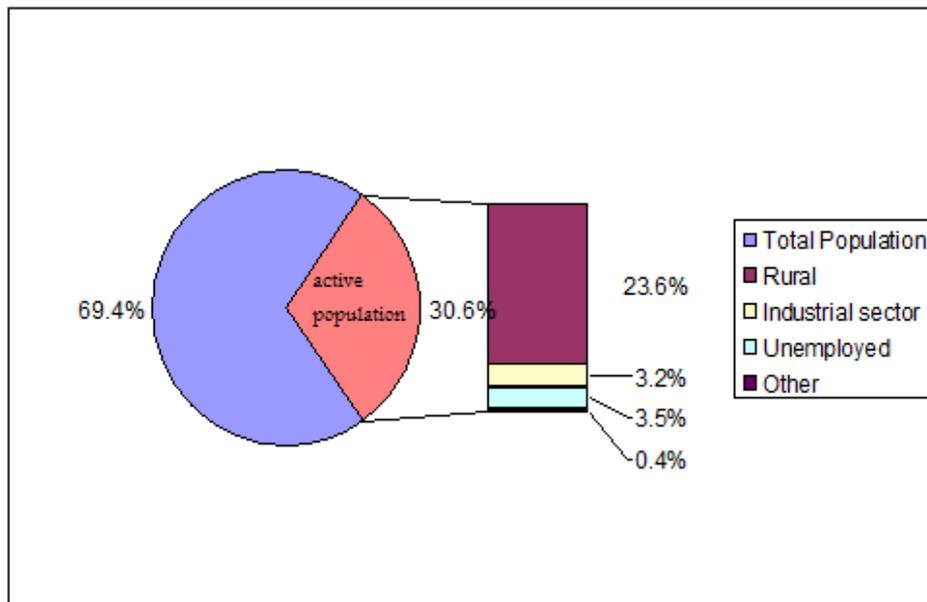


Figure 2: Demographic Break-up of Turkey in 1965 (Abadan N., 1969)

⁴³ Jörn Steffen Pischke and Johannes Velling, "Employment Effects of Immigration to Germany: An Analysis Based on Local Labor Markets", *The Review of Economics and Statistics*, Vol. 79, No. 4, MIT Press, 1997

A surprisingly large number of people of Turkish origin reside and work within the boundaries of the European Union and hence become an important factor to be considered while deciding upon some key policy issues. The numbers revealed that over 3.8 million Turks were living within the borders of the EU by 2002. This figure tolls up to one per cent of the total population of the European Union. Despite the variations in these figures in the later years, what becomes important to note is the high number of marriages and consequently births taking place within the Turkish community residing in the EU. Apart from this, another key feature of this community is that most of its members are quite young. This young population living within the EU premises has revealed a greater degree of eagerness in acquiring the citizenship of the member country of the European Union that they are residing in. This is one major reason why the studies analysing the migrant Turkish population in Europe are getting on to mixed results, revealing statistics of a lower number of this migrant group rather than the actual rise. But the rise and fall of these numbers doesn't deter the ties between the European Union and Turkey in the larger framework. The economic, social as well as political threads connecting the two regions and communities have been greatly strengthened and cultivated as an impact of the large scale Turkish migration to the various countries of the European Union. The economic relationship between Germany and Turkey becomes a reflection to the researches and studies conducted on the effect of labour migration from Turkey to Germany. Turkish migration to Germany has shown interesting trends over its inception in the 1960s. In its earliest stage, the immigration was confined mainly to men. The composition however changed by the 1970s as the migration itself started seeking different methods. The most critical form of migration was of family formation. Even though the family reunifications were said to be officially complete in the 1980s, the process was kept alive and even today many of the younger generation Turks residing in Europe can trace their spouses in the mainland of Turkey. This sort of migration has over the years gained far more popularity than the others owing to the convenience it offers in overcoming the obstacles of tough immigration policies. Turkey also gains politically as well as economically by the migration of its people in to the European Union, especially of those belonging to the Kurdish community. The emigration process from Turkey to the European Union is many times illegal and hence, a large number of Turks can be found in its member countries, residing without being added into the number of foreign workers on a formal basis. As obvious from the various forms of migration from Turkey to the EU, none of them are organised on a large scale or in a more structured fashion and are mainly consequences of the decisions made by individuals or families⁴⁴.

Both countries have had their gains and losses as a result of the unidirectional labour flow. For Germany, employing a Turk or any worker from any other country summed up to:

- An increase in the general revenue generated within Germany.

⁴⁴ Faruk Sen, "The Role of the Turkish communities in the European Union", IFRI, 2003

- Equilibrium was generated within the German markets with the wages and the prices coming to a relative stability.
- It enabled Germany to boast of a full employment situation within its geographical boundaries.

For the Turkish economy too, the movement of its workers into foreign territories held great advantages. Labour migration to other countries meant:

- The labour force would acquire newer skills and also professional expertise in the skills it already had.
- More revenue would be generated in terms of foreign exchange.
- With more and more people seeking employment opportunities outside the country the domestic employment situation will come to a stable rate.
- An increase in the country's wealth
- Flow of labour force also harbingers greater social and economic integrity⁴⁵.

The Turks have become the largest migrant community within the European Union with or without holding the resident country's citizenship. What is worth observing in this study is that many of these Turks are not regarded as foreign citizens on paper. This is because of the citizenship law and also due to the naturalisation process in countries like Sweden, Austria, Germany and France where those who have been naturalised or have acquired the passport of the country in which they live by birth are officially part of its own population. Over 3.8 million Turks live within the European Union and 34.5 per cent of this group has already been naturalised. In Germany itself, the toll of Turks becoming German citizens rose to about 730,000 people for the year 2002⁴⁶. These immigrants have affected the Germany on economic, social as well as political fronts. The immigration was a consequence to the adverse demographic conditions of West Europe and now it has become a part of the demographic transitions in the region.

The Effect of Turkish Labour on the Labour Markets

On an absolute level, there is no doubt that the Turkish immigrant populations have made a major contribution to the German economy. The statistics available for post 1998 suggest that 1.2 million in Europe contributed 55.1 billion to the GDP of the European Union⁴⁷. Therefore it can be extrapolated from this that the Turkish population in Germany has made an overall contribution to the GDP of Germany. However, aside from the absolute levels of GDP, the key question is what the effects of Turkish immigrants were on the wider market, including the employment situation and wage levels for German natives. One of the major fears commonly brought up in

⁴⁵ Gottfried E Volker, "Turkish Labour Migration to Germany: Impact on Both Economies", Middle Eastern Studies, Vol. 12, No. 1, Taylor & Francis, Ltd, 1976

⁴⁶ Faruk Sen, "The Role of the Turkish communities in the European Union", IFRI, 2003

⁴⁷ Greg Austin and Kate Parker, 'The Mono-cultural delusion: Turkey and Migration Politics', Foreign Policy Centre (FPC), London, UK, page:33, 2005

opposition to migrant workers is the xenophobic fear of Turks ‘stealing’ jobs from the Germans themselves.

In terms of the effect of Turkish labour on employment rates, it worth firstly surveying economic theory and then the empirical evidence from Germany in the period. Economic models broadly suggest that immigrants will gain from working in the host country; that workers will gain capital in the short term only and that some resident workers will gain and some lose, depending on the type of immigrant.

However, the extent to which these statements are true differs depending on which economic model is used. Euwals has compared the models of Borjas and Graafland et al⁴⁸. Both utilise a similar tripartite distinction between capital, high skilled labour and low skilled labour. However, the models of market activity resulting from an influx of immigrants differ between the two theories. For Borjas, labour supply is seen to be inelastic, with a number of workers increasing proportionally with the population; he assumes perfect competition on the labour market and that the increasing production levels due to immigrant labour will not affect prices on the world market⁴⁹. This is at odds with the model posited by Graafland, which allows labour supply behaviour to react to changed wages and allows for unemployment to be present even in the state of equilibrium.

A major methodological question is therefore which model is better suited to surveying the effect of Turkish labour on employment rates. The outcome predicted by Borjas is much more positive than that of Graafland, predicting a redistribution of income between workers; Graafland on the other hand argues that in most cases all workers lose. Yet it is Graafland’s model, designed for the Netherlands that seems more suited to the German market than Borjas’ model which is primarily based on the experience of the United States⁵⁰. Yet despite this, the German government has found a positive overall impact of immigration on native wages, suggesting a closer correlation to Borjas model⁵¹.

In order to decide which model of the effect of immigration on labour markets is more accurate, it is necessary to survey the types of worker that Germany was letting in to the country between 1961 and 1973.

The Importance of Workers’ Skills Levels in Determining Their Impact on Labour Markets

The crucial determinant of the impact that immigrants have on the employment and wage levels of native workers is their skill levels. It is necessary to distinguish between workers that have a high skill level and those of a low skill level. A highly skilled worker is here defined as someone with a higher secondary or tertiary education

⁴⁸ Rob Euwals and Ate Nieuwenhuis, ‘Immigration and the Labour Market’, **CPB Report**, p:29, 2003

⁴⁹ Rob Euwals and Ate Nieuwenhuis, op. cit., p:29-30

⁵⁰ Euwals and Nieuwenhuis, Ibid., p:32

⁵¹ Federal Office for Migration and Refugees, **The Impact of Immigration on Local Labour Markets in Germany**, October 2005, p:6

while a lower skilled worker is a worker with only a primary or lower secondary education⁵².

The positive impact of immigration has largely resulted from the distinct admission policies pursued by the German government during the period 1961-73, which affected the skill distribution of migrants. There is an ongoing debate within the literature on immigration as to whether workers are positively or negatively selected to migrate from their native countries. Chiswick posits a 'survival of the fittest' model in which the most highly motivated individuals move to work in another country. By contrast, Borjas suggests that countries with small wage dispersion attract a negative selection of immigrants⁵³.

The bilateral workers' agreements resulted in a higher proportion of youthful male workers moving to Germany who were able to make a positive contribution to the German economy. Furthermore, the policy of remigration and the difficulties associated with naturalisation for migrants in the late 1960s in Germany discouraged workers from bringing their families with them; there was little possibility of creating a new life for the whole family in Germany itself⁵⁴. Therefore the immigrants that came to Germany during these years were oriented towards participation in the labour market. By comparison, the Netherlands pursued a more open policy of immigration and consequently had more dependents moving over with the workers, which lessened the overall benefit of the immigrant labour⁵⁵.

The Impact of Immigrants on High-Skilled Native Workers

The economic models suggest that when the immigrants coming to a host country are low skilled, they have little effect on the native high skilled labour and if anything, increase the wages available to those with high skill levels. In the early stages of recruiting Turkish labour, the German policy favoured more highly skilled workers⁵⁶. However, there were two key elements that prevented the Turks from threatening the employment of higher skilled German workers. Firstly, even where the Turkish workers coming to work in Germany were of a higher skill level, there is evidence to suggest that they were discriminated against⁵⁷. Therefore, it is unlikely that they could have contributed to any significant 'crowding out' of German high skilled workers from employment or lowering of their wages.

Secondly, the study conducted by Akgunduz suggests that even those Turkish workers who were of a higher skill set were prepared to work at lower skilled jobs in

⁵² Rob Euwals and Ate Nieuwenhuis, 'Immigration and the Labour Market', **CPB Report**, p:31, 2003

⁵³ Rob Euwals and Ate Nieuwenhuis, *op.cit.*, p:17

⁵⁴ Rob Euwals and Ate Nieuwenhuis, *Ibid.*, p:19

⁵⁵ Rob Euwals and Ate Nieuwenhuis, *op.cit.*, p: 19-20,

⁵⁶ Ahmet Akgündüz, 'Labour migration from Turkey to Western Europe: An Analysis and review from its commencement (early 1960s) to the recruitment fall (1973/4)', **Revue Europeene des Migration Internationales**, Vol 11, No 1, p:155, 1995

⁵⁷ Rob Euwals et al., 'Immigration, Integration and the Labour Market: Turkish Immigrants in Germany and the Netherlands', **IZA Discussion Paper Series**, no.2677, p:12, 2007

order to benefit from the working conditions in Germany⁵⁸. In the literature on the subject, Neuloh has argued that over 50% Turkish workers were illiterate⁵⁹. By contrast, Akgunduz disputes this. He stresses that the migrants came from the richer Western regions of Turkey. Paine also lends this position credence, stressing the high literacy rates in the country at the same time⁶⁰.

Previous studies had drawn the conclusion that the Turkish workers must have been ‘pushed’ away from Turkey due to high unemployment or a decrease in wages. Akgunduz disputes this, arguing instead that the ‘pull’ force of Germany outweighed the fact that Turkey did see a growth in real wages of 85% between the years 1960 and 1976 and that the economy did grow in this period⁶¹.

However, the German labour market is particularly difficult to enter as a skilled worker due to the nature of the German educational system. This consists of a tripartite secondary school system, divided into the *Hauptschule*, *Realschule* and *Gymnasium*. Only those who have attended the *Gymnasium* are eligible to attend German university and the vocational education offered in the other schools provide German workers with distinct qualifications that the first wave of Turkish immigrants did not possess. In the period 1961-73, Turkish workers were treated as a temporary labour force and as a result the German government put little investment into developing their human capital⁶². As a result, the Turkish workers participated in the labour force predominantly at the lower skilled level. While 58% of the Turkish immigrants in the 1960s had previously worked as skilled personnel in their home country, only 36% continued in equivalent roles in Germany⁶³.

Therefore their higher productivity levels arguably improved the situation of German higher skilled workers. The MIIC model predicts that where there is an influx of low-skilled immigrants, demand can increase such that the unemployment rate of high-skilled workers can decrease by 0.4%. Had the Turkish immigrants been of a similar, high-skilled level, they could have conversely increased the unemployment rate by 0.4%⁶⁴, however as has been seen, this was not the case in this period

In the discrimination against Turks in the more highly skilled jobs, there was a tradition of Turkish entrepreneurship that has increased over time. Rather than competing directly against high skilled workers for the better paid jobs in Germany, Turkish migrants forged their own distinctive employment opportunities. In a trend

⁵⁸ Ahmet Akgündüz, op. cit., p:170

⁵⁹ Ahmet Akgündüz, op. cit., p:163

⁶⁰ Ahmet Akgündüz, op. cit., p:168

⁶¹ Ahmet Akgunduz, op.cit., p: 160

⁶² Rob Euwals et al., ‘Immigration,, Integration and the Labour Market: Turkish Immigrants in Germany and the Netherlands’, *IZA Discussion Paper Series*, no.2677, p:19, 2007

⁶³ Ahmet Akgündüz, ‘Labour migration from Turkey to Western Europe: An Analysis and review from its commencement (early 1960s) to the recruitment fall (1973/4), *Revue Europeene des Migration Internationale*, Vol 11, No 1, p:169, 1995

⁶⁴ Rob Euwals and Ate Nieuwenhuis, ‘Immigration and the Labour market’, *CPB Report*, p:4, 2003

which began in the 1970s but has grown in strength through the decades, Turks in Germany are particularly associated with the restaurant industry; the doner kebab is a Turkish invention in Germany and is now one of the most popular German dishes⁶⁵.

The Impact of Low-Skilled Immigrants on Low-Skilled Native Workers

The stratum of society in which there is a greater possibility that Turkish migrants undercut German jobs is within the field of lower skilled labour. The key question here is whether low-skilled immigrants increase the total labour supply less than proportionally, driving native workers out of employment. Hartog and Zorlu attempted to map the effect of low skilled non-EU immigrants on low-skilled native workers but their two data sets produced opposing conclusions: one argued that immigrants from non-EU countries have a negative impact on the wages of low-skilled individuals while the other suggested that non-EU workers had no impact on low-skilled individuals and a positive effect on the wages of high-skilled individuals⁶⁶. It is therefore difficult to draw firm conclusions about the impact. The MIIC economic model makes the general prediction that low-skilled immigrants could have increased the unemployment rate of low-skilled German workers by up to 0.6%⁶⁷.

Crucially in the period 1961-73 there was a dearth of German native workers. As a result the Turkish labour force recruited were not crowding Germans out of employment, but were rather an addition to the existing labour force. Paine has noted in relation to Europe that it was 'unlikely that these countries would have been able to obtain substitutions for other countries without incurring some extra cost'⁶⁸.

The findings of recent research conducted by d'Amuri suggest that it was the first wave of immigrants themselves rather than the native workers that were most adversely affected by the convergence of East and West Germany. He finds a pattern of perfect substitutability between old and new immigrants as opposed to imperfect substitutability between immigrants and natives. As a result, the impact of new immigrants depresses the wages of previous immigrants by -1.64%⁶⁹. Such findings complicate the picture of how low-skilled workers impact on an existing workforce at the same skill set. Such data supports the conclusion that it is not low-skilled workers per se who were forced out of employment but rather that the Turkish workers who came in the period before 1973 were predominantly filling new job opportunities and

⁶⁵ Federal Office for Migration and Refugees, **The Impact of Immigration on Local Labour Markets in Germany**, p:33, October, 2005

⁶⁶ Joop Hartog and Aslan Zorlu, "The effect of immigration on wages in three European Countries", IZA DP 642, Bonn, 2002

⁶⁷ Rob Euwals and Ate Nieuwenhuis, 'Immigration and the Labour market', **CPB Report**, p:4, 2003

⁶⁸ Ahmet Akgündüz, 'Labour migration from Turkey to Western Europe: An Analysis and review from its commencement (early 1960s) to the recruitment fall (1973/4)', **Revue Europeene des Migration Internationale**, Vol 11, No 1, p:156, 1995

⁶⁹ Francesco D'AMURI et al., **The Labour Market Impact of Immigration in Western Germany in the 1990s**, CEPR Discussion Paper No. DP6736, p:3, 2008

that the greatest patterns of unemployment among low skilled workers after this time was immigrants replacing previous immigrants.

The Impact of Illegal Workers on Native Employment Levels

It is low skilled illegal workers who are most likely to have a negative impact on the employment situation of German low skilled workers. By definition, it is difficult to get exact statistics on the numbers of illegal workers within a country at any one time. However, illegal Turkish migrants could have been a feature of the German labour force, as in the early 1970s there was a lag in the time taken to process work agreements⁷⁰. However, the existence of the bilateral trade agreement means that the impact of illegal workers is unlikely to have been large enough to have a negative impact on native workers' wages or employment.

Sectoral and Regional Differentials Between the Employments of Immigrant Workers

In Germany, there are two key considerations in assessing the impact of immigrants on the employment of Germans. The first is that Turkish immigrants to Germany were concentrated in distinct sectors. The industrial sector in particular recruited Turkish workers during the late 1960s; 40% of Turkish workers were employed in the field of heavy industry and 16% in light industry⁷¹. While this may have resulted in job loss for Germans who worked in this field, it is more likely that the economic boom had created more jobs and that the economic benefits resulting from increased output in the industrial sector would have impacted positively on the German workforce as a whole.

A second factor that determines the impact that migrant workers can have on native employment levels is the regional dispersion of the immigrants themselves. Particularly as the Turkish workers were being recruited to come to Germany, they were predominantly concentrated in areas where there was the most work; this is most likely to have led to a positive correlation between immigrants and wages. Certainly this conclusion is supported by the work of Winkelmann and Zimmermann, who found a negative but very small impact of immigration on regional unemployment rates⁷².

The Impact of Immigrant Labour on Capital Owners

The injection of migrants into the labour market appears to have had a positive impact on capital owners in the short term⁷³. The German government signed bilateral agreements precisely because it was in the interests of their industrialists to be able to

⁷⁰ Federal Office for Migration and Refugees, **The Impact of Immigration on Local Labour Markets in Germany**, p:14, October, 2005

⁷¹ Ahmet Akgündüz, 'Labour migration from Turkey to Western Europe: An Analysis and review from its commencement (early 1960s) to the recruitment fall (1973/4)', **Revue Europeene des Migration Internationale**, Vol 11, No 1, p:169, 1995

⁷² Federal Office for Migration and Refugees, **The Impact of Immigration on Local Labour Markets in Germany**, p:21, October, 2005.

⁷³ Rob Euwals and Ate Nieuwenhuis, 'Immigration and the Labour market', **CPB Report**, p:2, 2003

take advantage of this additional labour force to expand their productivity levels. However, there is evidence that this positive impact on capital owners has decreased since the 1970s. Placing the German economic market within the context of the international market, it is possible to assume an expanded trade volume as a result of immigration. Increasing production in certain sectors decreases their prices on the world market. Therefore although the increase in production does have a positive impact on capital owners, this decreases over time.

The Impact of Migrants on the Social Service System

The potential benefits of a Turkish workforce within the German labour market must be offset against the increased draw on the German social services system. In terms of the period 1961-73, this calculation would have had least importance. The social services system can broadly be divided into four key categories: health, education, pensions and unemployment benefits. The German government migration policies demanded that the Turks prove their self-sufficiency. As a result, there was nearly 100% employment among the Turkish migrants at this time⁷⁴. Therefore, there was almost no drain on the unemployment benefits from the migrants. Similarly, as few workers had their families with them in this period, the impact on education services was low. In addition, as the Turks were intended to return home after eight years, there was also no impact on the pension's fund. Although there were some potential drains on the healthcare system from workers, the drain of workers in no way offset the economic benefits they provided as a workforce.

However, the only potential opposing force to this net economic benefit to the German economy was that Turkish workers in the 1960s remitted most of their earnings back to their families⁷⁵. Therefore, rather than supporting the German economy, their money was removed from the national market. This again seems an insufficient counter-pressure to offset the economic benefits of the workforce.

The Implications of the Effects of Migration on Labour Markets for the status of Turkish Migrants within Germany

One of the most crucial questions that is associated with such a study of the effects of migration on labour markets is: what is the significance of these findings? The issue of immigration is politically fraught throughout contemporary Europe. Far right groups have gained in popularity throughout the continent, including Le Pen's National Front in France. In Germany, the electoral popularity of the Republikaner only decreased because of the reunification of Eastern and Western Germany⁷⁶.

Austin and Parker have identified three main causes as to why the Turks are treated as objects of resentment. These are firstly, because of patterns of political

⁷⁴ Rob Euwals and Ate Nieuwenhuis, *Ibid.*, p:28

⁷⁵ Greg Austin and Kate Parker, 'The Mono-cultural delusion: Turkey and Migration Politics', **Foreign Policy Centre (FPC)**, London, UK, p:34, 2005

⁷⁶ Daniel Franklin, 'Migration: New Demands and Approaches for Europe' in Luciani, **Migration Policies in Europe and the United States**, p:25, 1993

mobilisation; secondly, shaped by prevalent norms about the appropriate treatment of migrants and thirdly, the attitudes towards migration shaped by shared beliefs about previous policy. Another key factor highlighted by commentators regarding recent anti-Turkish sentiment is that, while Turkey remains a secular country, many Turks are Muslims thereby attracting hostility in the post-9/11 world⁷⁷.

Data suggests that anti-immigrant sentiment is based less on rational concerns that can be calculated according to the economic impact of migrants of labour markets and more on fear of social and political change. However, the economic findings of what effect the Turkish migrants had or are having on labour markets could potentially have significant ramifications politically. Finding that immigrants have a positive impact on labour markets suggests the need for them to ‘pay their way’ into German society. Conversely, finding a negative impact on native employment and wage rates could be used in order to heighten far-right xenophobia.

Further, such an economic study also needs to be placed within a human context. The German report on the impact of Turkish immigrants places the study of the economic effect of immigrants alongside that of their social and political impact: labour participation sits alongside their impact on German music. In the period 1961-73 the Turks in Germany were treated only as a workforce, however the sense that a more holistic picture is necessary was captured by Zapsu when he stated ‘Western Europeans wanted a workforce, but in came humans. They have been regarded as an economic additive rather than human beings for many long years by both European and Turkish governments’⁷⁸.

Conclusion

Migration has always been one of the most controversial issues in the current debates on economic and social policies in Europe. It is very often perceived as burden on the society, but on the other hand many times it proved to be a benefit. Although a number of authors argue that migration cannot halt demographic ageing and should therefore not be considered as a policy instrument⁷⁹, others argue that immigration can at least mitigate the adjustment process⁸⁰. The general opinion among scholars and politicians that immigration is required, at least in the short term, to reinforce the population of working age, to provide a service work force to care for the elderly and to reduce the dependency ratio arising out of ageing.

⁷⁷ Greg Austin and Kate Parker, ‘The Mono-cultural delusion: Turkey and Migration Politics’, **Foreign Policy Centre (FPC)**, London, UK, p:29-30, 2005

⁷⁸ Greg Austin and Kate Parker, op.cit., p:37

⁷⁹ David Coleman, “Does Europe Need Immigrants? - Population and Work Force Projection” in **International Migration Review** 26(98) Special Issue: The New Europe and International Migration, 1992; OECD (1991), “Migration: The Demographic Aspects”, OECD, 1991

⁸⁰ Axel Börsch-Supan, “Aging Population: Problems and Policy Options in the U.S. and Germany”. **Economic Policy**, (6) 12., 1991; Thomas Straubhaar and Klaus F. Zimmermann, "Towards a European Migration Policy," **Population Research and Policy Review**, 12, 225-241, 1993

When we look at the case of Turkish workers in Germany, it would be misplaced to try and draw absolute conclusions about the impact of Turkish workers on the German economy, particularly for the period 1961-73 from the data available. However, some broad trends can be identified. The first generation immigrants in particular do not seem to have had a negative impact on native employment or wage rates; they were actively sought by Germany as a means of making up the numbers in the work force in order to increase German productivity rates. First generation immigrants tended to consist solely of young males prepared to work within the strata of low skilled workers who were an asset to the German labour economy in increasing productivity rates. This was partly due to the nature of the German labour recruitment policies and disincentives to bring dependents and also due to a positive self-selection among those most motivated to apply for the bilateral work agreements. Even taking into account possible effects on workers within particularly the industrial industries where many Turks worked, there seems to have been an overall positive impact on the labour market from Turks working in Germany between periods of 1961-73.

The overall impact of Turkish workers in the labour market post 1973 presents a more complex picture. The impact of Turkish workers in the German labour market have to be adjusted for the decreasing prices on the world market that result from greatly expanded production and also the welfare costs of dependents. As a result, Euwals tentatively suggests that the overall gain for the host country is small and in reviewing the literature, finds a broad trend towards seeing a small but negative impact on wages.

In terms of wider conclusions to be drawn from this case study, this paper finds firstly a major need for more detailed studies of immigration patterns. It is due to the inadequacy of the data that more exact conclusions cannot be drawn about the impact of Turkish workers on the German labour market. Better data collection is necessary for the formulation of future labour-oriented immigration policies.

These conclusions are of significance in relation to the debate about whether the ageing and declining population trends in Europe could be made up through migration. This case study demonstrates that, as in the period 1961-73, where there is a numerical lack of native workers, migrant workers provide a useful short-term solution and have a positive effect on the economy. However, it also demonstrates that in the longer-term, the positive effects could be overwhelmed by the negative outflows from the welfare state system and the social strains of assimilation. Such social pressures are not quantifiable and therefore cannot be numerically offset against the impact of the workers on the Germany economy. In conclusion, while the Turkish workers undoubtedly provided a boost to the German economy in the period 1961-73, their longer-term impacts in the purely economic sense are less clearly defined

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