

BRIEFING

IS GERMANY A MODERN ATLAS CAPABLE OF HOLDING UP THE TASK OF GIVING THE REFUGEES A JOB?

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Since the outburst of the refugee crisis, few EU member states have been on the front line of the rescue and reception of asylum seekers. The next challenge ahead for the destination countries is represented by the integration of the immigrants into the national labour markets.

In the beginning of 2017, Eurostat released the EU-28 <u>unemployment rates'</u> new data, showing that the three best performing countries were the Czech Republic (3.4 %), Germany (3.9 %) and Hungary (4.3%). Germany, in particular, managed to further improve the positive tendency it registered in May 2016, when the country <u>hit its record</u> <u>low</u> unemployment rate since the reunification in 1990, thus settling itself as a model to be pursued by fellow member states. Nevertheless, the country might struggle to reassert its primacy in the upcoming years as it faces the difficulty of integrating refugees into the labour market, a common EU emergency with uneven impact on member countries.

In Germany, in 2015 and 2016, around 1.3 million asylum applications were recorded, of which approximately 50% were given refugee or similar status. Although it is not on the front line of the rescue and initial reception of refugees, Germany accounts for one of the few European countries most affected by the migration issue as it has become the main destination country for newcomers (in absolute terms), closely followed by Austria and Sweden. The high number of people benefitting from the refugee status in the country will sooner or later need to find a job that allows them to secure self-sufficiency and adequate living standards. However, several hindrances are looming on the horizon.

According to a March 2016 study by the European Parliament entitled "Labour Market Integration of Refugees: Strategies and Good practices", the refugees' integration in the national labour markets constrains the EU Members to:

- Make **costly investments** to support humanitarian migrants;
- Envisage **specialized support** to refugees;

- Design **specific programs for refugee women's integration** in the labour market;
- Devote special attention to unaccompanied minors;
- Provide **incentives to the employers** in order to hire refugees;
- Reassess the role of labour market institutions, and make research on whether the hinder or facilitate the job-seeking process.

To tackle the complexity of these challenges, **the German state has developed the "Early intervention" program**, which consists of the collection of the immigrants' self-declarations on their previous qualifications, professions and working history, which are subsequently assessed to determine the competencies of the individual and to build a personal "work package". Although this seems in principle an excellent procedure, there is a complexity of factors that have to be taken into consideration when assessing the inclusion of the refugees in the German market.

On one hand, a consistent part of the refugees from war-torn countries does not match with the high qualification of the German labour market. First of all, schooling is not as widespread in the countries of origin than in Germany: data from the European Parliament's report prove indeed that only the 8.3% of Syrian refugees, 12% of Afghanis and 12.8% Iraqis had a tertiary education. Furthermore, 80% of the refugees have not even completed vocational training. In addition, the deficiency in language skills represents a major barrier: up to 90% of people coming from other countries cannot speak German, a factor that lowers the chances of a smooth and quick entrance in the national jobs market to a minimum.

On the other hand, the German business fabric experiences high bureaucratic difficulties that should not be underestimated. As long as the offer for new jobs in terms of untrained labour keeps being low in all the country's *Länder* and as long as the refugees lack a permanent resident status, their employment remains a tough request for German entrepreneurs.

The complexity of the integration is widely acknowledged in the research community in the country as well. **The Director of studies at the Berlin Social Science Center (WZB) Mareike Bünning declared that "there will be major challenges in the coming years with regard to labour market integration of refugees."** Likewise, the Director of Germany's Institute for Employment Research (IAB) Joachim Möller convened: "If we manage to get 50 % of the refugees into work which pays for their lives in five years, that'd certainly be a success. It would be an illusion to believe that we will manage to find jobs for a decent proportion of refugees in well-paid industry jobs like car manufacturing". He further added that the effect of the refugees on the German economy can only be understood in five or six years, and that "it probably won't lead to us making money, although diversity can have positive effects". These warnings from the scientific community point towards the fact that Germany finds itself in a perilous situation, which requires a careful assessment of the benefits and drawbacks of the *Migrationspolitik* before taking a decision on the future of the country. This policy depends indeed on the fragile balance between the ethical duty of respecting the rules of the Geneva Convention for Refugees and the electoral commitment of the ruling government taken in front of the German voters to grant economic prosperity and protection to its citizens. So far, the political élite of the country endeavours to welcome refugees, without considering that it is costly and counter-productive for the citizens and is likely to trigger a quick and irreversible deterioration of the economic situation in the country.

The low-income part of the German population, still suffering in the aftermath of the economic crisis, will indeed be affected by the refugees' influx into the national market, which will create competition for the jobs in the country and foster jobless people's sense of abandonment and alienation. This will be worsened by the fact that the immediate fiscal costs of caring for asylum seekers, estimated at 8.3 billion \in in 2015 and 14 billion \in in 2016 according to the German Economic Council of Experts, are on the rise and weigh as a burden on the shoulders of the German taxpayers. Hence, the integration of the refugees into the German labour market will deepen the cleavage between the citizens and the national politics. Moreover, as the inclusion of the refugees in the labour market is not likely to be implemented quickly, the asylum seekers will be amassed in community centres, where they will be subjected to growing unrest which is already threatening citizens' security and which is sooner or later going to wreak havoc in the German civil society.

In a report commissioned by the German Interior Minister Thomas de Maizière, the German Federal Office of Criminal Investigation (BKA) stated that the refugees committed crimes at the same rate as native Germans. The report further announced that there were sky-rocketing statistics in crimes committed in migrant centres, mainly including theft, robbery and fraud (67%). The situation is further worsened by several outbursts of terrorism-related acts in the country, linked to the phenomenon of the *lonely wolves*. Despite these worrisome data, the government stubbornly refuses to impose an immigration cap: however, it should also consider that if giving up security is the price to pay for the multiculturalism, citizens should have a say whether they are willing to take this direction.

Therefore, although the German system is witnessing some pressure relief thanks to the <u>substantial drop in the arrivals</u>, one should not live with the illusion that the problem is over because the relocation and integration of the immigrants granted asylum rights in the civil society will still require massive efforts. To nail this challenge, Germany will have to prove that it can be nothing shorter than the titan Atlas in the hardly feasible task of holding up to the costs and the difficulties of integrating refugees in the labour market.

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