

EVALUATION OF ECONOMIC CONSEQUENCES OF REFUGEE MIGRATION IN GERMANY AND SLOVAKIA

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Abstract

The study seeks to answer the question: what costs for the beneficiary country arise from refugee migration in the context of their attitudes to dealing with the migration crisis? The use of theoretical general methods of scientific knowledge creates the basis for the analysis of time series of refugee migration and asylum seekers in Germany and Slovakia. It then seeks to quantify the cost of the refugee applying for asylum in the receiving country, up to its integration into the labor market. The issue is looked at through the attitudes that countries have taken in dealing with the migration crisis - Germany pro-migration and Slovakia - anti-migration. By comparing the approaches of applied policies against the background of economic development in the country.

Keywords: Migration, migration crisis, costs of migration, migration policy.

1 Introduction

Refugee migration represents the protection of human lives from a number of ongoing war conflicts on the one hand, as well as the desire for a better life for economic immigrants abusing refugee status at present. The countries of the European Union that have been and are most affected by the migration crisis have taken a variety of attitudes to the problem, ranging from a pro-migration policy approach to a radical refusal to accept refugees. They used direct and indirect tools to manage immigration to the country. Direct are quotas of asylum seekers, which cannot be exceeded, quotas of refugees traveling to another destination country within the European Union and others. Indirect instruments are financial support for migrants who, before applying for asylum, decide to return to their country of origin or restrict labor market access for migrants from Eastern and Central European countries. In the case of refugees or asylum seekers, as a general rule, they do not have funds when entering the host country. They are therefore not economically independent. For the duration of the asylum procedures, therefore, financial intervention by the beneficiary country is necessary to ensure all necessary life needs. The beneficiary country is also responsible for their integration into the majority society, assistance with the labor market, their further development and assistance in securing individual areas of life (housing, education in the language of the beneficiary country, etc.). The aim of integration is to achieve self-sufficiency and complete independence of foreigners who have been granted asylum (Concept of the Integration of Foreigners in the SR, 2009). The study gives a picture of the development of refugee migration in Germany as a representative of pro-migration policy and Slovakia, which is in the field of research in the opposite spectrum. The study assesses the impact of refugee migration on target countries in the context of their differing attitudes.

2 Literature overview

According to UNIS Vienna data for 2015, the number of people forced to leave their homes for the ongoing military conflict in the country of origin for fear of life, persecution or violence has already exceeded 60 million people. This number is highest in the history of the United Nations (established on 24 October 1945). There are at least 27 states in the world whose governments are actively involved in ongoing conflicts. In 2015, 11 of them had more than 1,000 victims (Pettesson, T., Wallensteen, P., 2015). As a rule, these were internal or internationally armed conflicts. UN Refugee Agency Report - Global Trends speaks of 65.3 million displaced people, with a year-on-year increase of more than 5 million. This number was 21.3 mil. refugees, 3.2 mil. asylum seekers and 40.8 mil. of internally displaced persons within their country. The 2015 migration crisis has been and continues to be fueled by new and renewed armed conflicts. More than a million refugees and migrants have arrived in Europe, with most of the world's refugees in developing countries in the global south, but there is a relatively higher tendency to migrate in the countries of the north than in the countries of the south compared to the total population (World Migration Report, 2018). World Migration Report (2013) divides migration into 4 flows (Figure 1):

- North-South migration,
- South-North migration,
- Within the North and,
- within the South.

Figure 1 Migration flow directions

Source: IOM calculations, based on UN DESA, 2013

Half of the world's refugees in 2018 come mainly from three countries: Syria, Afghanistan and Iraq. Most refugees are located in Turkey, approximately 2.7 million. In Lebanon, there are approximately one refugee per five inhabitants, the highest number of refugees relative to the population.

In 2017 lived 38.5 mil. migrants, ie 7.5% of the total population of Eurostat member countries (2018) in the European Union. Third-country nationals accounted for 4.2% of the EU-28 population, or 21.6 million in absolute terms people. Another 16.9 mil. migrants live in a country other than the country of origin. Three-quarters of them found their home in five EU countries: Germany, the United Kingdom, Italy, France and Spain. The average age is slightly increasing, in 2017 the median age of migrants in the world was 39.2 years. Three quarters of migrants are economically active between the ages of 20 and 64, which is 191 million people. Migration from problem areas was supported by stagnating demographic trends in Europe and its wealth. This was a strong pull factor for people from areas affected by war. The indigenous populations of the countries of origin are significantly younger, poorer and with a rapidly increasing population. The same pull factor is the possibility of employment and education..

3. Findings

Germany is a country that considers migration important in terms of ensuring sustainable development, a source of economic growth, a source of filling labor market gaps, or a source of ensuring the sustainability of pension systems. On the other hand, there is the onslaught of social systems in the country, public spending, but also the security risk associated mainly with illegal border crossing. In the long term, foreigners represent a labor force mitigating the mismatch between labor supply and labor market demand - they occupy jobs that the local population is not interested in, as well as highly qualified jobs for which the country does not have the required quantity, structure and quality. In the history of Germany from the 1960s and 1970s we observe lower-educated Turkish immigrants (77% of the Turkish population were employed in agriculture during this period). Those under the hiring agreement (Anwerbeabkommen) were recruited to work in Germany in various sectors as 'gastarbeiteri'. At the beginning it was a win-win strategy. Germany needed a workforce from abroad, as labor demand exceeded supply, putting pressure on wages and improving working conditions and Turkey coping with population growth and the need to develop the industrial sector (Luft, 2014).

Nearly 2 million of foreigners came to Germany in 2015, while at the same time 860 thousand foreigners moved abroad. It follows that the balance of migration of foreigners in 2015 is 1.14 mil. persons, an increase of 50% compared to 2014 (Statistisches Bundesamt, 2015). In the first two months of 2016 it was more than 150,000, following the closure of the Balkan migration route and the agreement with Turkey on the return of refugees, their number significantly decreased and in March 2016 came to Germany only 20.61 thousand. Not all refugees have become asylum seekers (Table 1).

Table 1 Development of asylum seekers in Germany from 1995 to 2018

	Number of immigrants	Asylum seekers		
		Total	First request	Repeated request
1995	1096048	166 951	127 937	39 014

2000	841158	117 648	78 564	39 084
2005	707352	42 908	28 914	13 994
2008	682146	28 018	22 085	5 933
2009	721014	33 033	27 649	5 384
2010	798282	48 589	41 332	7 257
2011	958299	53 347	45 741	7 606
2012	1080936	77 651	64 539	13 112
2013	1226493	127 023	109 580	17 443
2014	1464724	202 834	173 072	29 762
2015	2136954	476 649	441 899	34 750
2016	1865122	745155	722265	22890
2017	1550721	222560	198255	24305
2018	1585112	184180	161885	22295

Source: BAMF

According to age, there was a higher proportion of men than women, only in the age group 65 plus there were more women. If we break down applicants by age in terms of potential work activity, applicants of working age were over 70%.

Germany's demographic statistics show that by 2030 the country will lack 6.1 million employees. That is why immigration represents a solution to the emerging and constantly worsening situation on the country's labor market. The country is struggling with labor shortages, especially of highly qualified and unqualified, eventually only low-skilled (Liebig, 2007). In 2030, people who were born during the baby boom will reach retirement age. Raising the retirement age to 70 could address this, but only temporarily. If the country wants to sustain economic growth, it is necessary to look for sources of the missing labor force. If it fails, Germany's economic growth would slow down.

The cost of humanitarian immigration requires a wide range of public finances, depending on 3 factors: the initial costs of receiving refugees and the assistance they need for integration, the length of the integration process and the return on taxes during the integration process. As the lower limit of direct costs of humanitarian immigration, ZAW determines EUR 13000 per refugee per year, the upper limit is EUR 20000 (Bonin, 2016). Der Deutschen Wirtschaft and the Economic Institute in Munich (IFO) agree on quantification and total costs range from EUR 19 to 21 mld, including, for example, the cost of language courses, qualifications and integration. The annual lump sums referred to above are reduced linearly in the budgetary projections and should reach an annual age-independent per capita expenditure of EUR 2 900 at the end of the economic integration process. This can only be achieved through labor market integration. However, the initial chances of refugees are not very good because they lack basic qualifications and language skills.

In 2015, the Economic Institute of Munich (IFO) quantified housing, food, education and other refugee needs, amounting to around € 21 mld €. Germany's estimate by 2020 is spending € 93.6 mld on refugees. Germany's Finance Minister said in his talks with the Länder that social benefits would reach € 25.7 mld, language courses € 6 mld and job search assistance € 4.6 mld. In order to return the above funds through the GDP per worker indicator, it is necessary to employ more than 1.5 mil. refugees. In Germany, there are two contribution rates paid to asylum seekers. Each asylum seeker receives EUR 135 per month for personal expenses (notwendiger persönlicher Bedarf) and EUR 219 per month for necessary expenses (notwendiger bedarf) (Classen, 2016). Both contributions can be replaced by other compensations (vouchers, tickets, accommodation in the asylum facility without payments, etc.). If the amount is paid in cash only, it is sum of € 354 per month, which is € 4,248 per year as the basic contribution. When converted to five years, after which more than 50% probability that the employee will get as pocket from the state more than 21 240 €.

The Slovak Republic has an anti-immigration policy against foreigners. Ensuring asylum procedures and meeting the goal of integration is also a costly process, which is carried out by the state and its institutions to the public budgets of the national economies of the beneficiary countries. Material, technical, personnel and financial assistance is provided by some non-governmental and European organizations. Expenditure on asylum and integration policy in the Slovak Republic is covered by the funds of the Migration Office of the Ministry of the Interior of the Slovak Republic. Part of the resources to cover the costs is co-financing from other extra-budgetary funds, eg. from non-governmental organizations - the League for Human Rights, UNHCR, etc., but also from the projects of the European Refugee Fund, the European Social Fund, the European Fund for the Integration of Foreigners from Third Countries, etc. The asylum procedure is approached individually with respect to the uniqueness and unrepeatability of the applicant. By a positive decision, a foreigner acquires permanent residence

in the territory of the Slovak Republic, thereby acquiring the relevant rights and obligations defined by the applicable legal standards.

Table 2 Development of asylum seekers and decisions in the asylum process in the SR from 2000 to 2018

	Asylum applications	Granted asylum	Non-granted asylum	Additional protection		Stopped proceedings
				granted	non granted	
2000	1556	11	123	-	-	1366
2001	8151	18	130	-	-	6154
2002	9743	20	309	-	-	8053
2003	10358	11	531	-	-	10656
2004	11395	15	1592	-	-	11782
2005	3549	25	827	-	-	2930
2006	2849	8	861	-	-	1940
2007	2642	14	1177	82	646	1693
2008	909	22	416	66	273	457
2009	822	14	330	98	165	460
2010	541	15	180	57	101	361
2011	491	12	186	91	47	270
2012	732	32	334	104	153	383
2013	441	15	124	34	49	352
2014	331	14	197	99	41	163
2015	330	8	124	41	24	148
2016	146	167	82	12	13	35
2017	166	29	77	25	16	73
2018	178	5	128	37	23	69
Total	55330	455	7728	746	1551	47345

Source: Ministry of Interior of the Slovak Republic

The most irregular migrants in Slovakia in 2001, when 15548 people arrived irregularly. Only 8151 applicants applied for asylum in our country and 6154 persons were suspended. This trend can be observed until 2007, which shows the perception of the Slovak Republic as a transit country. In 2008, the country was already part of the Schengen area, resulting in a year-on-year decline of 65% of irregular migrants. Regulated protection of national borders has been reflected in the statistics by a downward trend until 2015. During the migration crisis in Europe, the year-on-year increase was almost 50% to the level of 2535 persons with slight growth in the following years. In the category of asylum seekers, their number decreased to 178 in 2018. The asylum process ends with a positive decision or its rejection. The highest number of asylums granted in 2016 was 167. This decision was taken by the government, which promised to help Catholic Muslims at risk of life in their country of origin. Rather, this step was an expression of the will to tackle the migration crisis in Europe, despite Slovakia adopting a strict anti-immigration position. During its autonomy, the country granted asylum to the lowest number of EU / EEA applicants each year. Citizens of Afghanistan, Iraq, Yemen, Azerbaijan and Iran most frequently applied for asylum in Slovakia in 2018. Of the 55330 asylum applications submitted since 2000, 455 persons were granted asylum and 746 persons were granted additional protection as another form of international protection.

The costs of the asylum procedure and the integration process can be quantified only partially because of the strong procedural individuality and the unrepeatability of the individual acts. The Asylum Act clearly defines what asylum seekers are entitled to during the asylum procedure. The costs of one asylum seeker include:

- a one-off State contribution following the positive termination of the asylum procedure (Section 27 of the Asylum Act) amounting to 1.5 times the subsistence level per adult natural person (EUR 210.20), currently EUR 315.30;
- the asylum seeker enters into an integration process in the form of a positive decision, during which he receives financial support of EUR 300.00 per month for a six-month period, totaling EUR 1800.00;
- the recognized refugee is also entitled to a one-off household allowance of EUR 300.00 in the integration process;
- for clothing EUR 50;

- - the asylum seeker is reimbursed by the state for health care in the form of reimbursement of medical interventions, prescription drugs, and, if necessary, additional health care of approximately EUR 20.00 per month, depending on the specific case;
- - if necessary, each recognized refugee is entitled to the services of a social worker, legal adviser, lawyer and psychologist (the amount of costs related to the services mentioned above cannot be objectively quantified);
- - the refugee is granted access to free Slovak language lessons of 6 hours per week and socio-cultural orientation of 30 hours (teachers' wages and teaching aids);
- - for administration of documents, confirmations and verifications, the asylum seeker is paid basic administrative fees in the amount of approx. 10,00 EUR and in the process of superlegalization approx. 30,00 EUR
- - the recognized refugee has the right to undergo a retraining course in the integration process, the costs of which are approximately EUR 300.00 (depending on the focus of the course) can also be reimbursed.

In the case of vulnerable persons, such as pregnant women, young children, the elderly, sick people, people who have been subjected to abuse in the country of origin and others, the costs are even higher.

4 Discussion

Germany is a country with stable economic growth, the country's economy has been in an expansion phase for the past three years. The labor market is characterized by a strong mismatch between the supply of and demand for work, and the number of vacancies is increasing, and the filling of the workforce of the right quality is increasing. At the same time, demographic trends point to a deepening of these problems in the future, so it is necessary to seek solutions to the problems described. Immigration of the workforce to the country from abroad is one of the fastest solutions. Following the enlargement of the European Union in 2004 and the subsequent two stages, the country has gained a wealth of manpower through properly set pull factors. However, their number was not sufficient for the needs of the economy. Refugees have also been a source of cheap labor, but their qualifications and linguistic ignorance are a huge barrier to finding a job in the labor market, thus giving asylum seekers self-sufficiency. The suitability of addressing the situation in this country will only be verified by time and its evaluation will be possible in a few years. At the same time, asylum seekers, who have just abused the situation and are economic migrants posing as refugees, are also an obstacle. Identifying their intentions is difficult and often impossible.

The Slovak Republic radically defended its position on refugee migration. Although the country's economy is steadily growing, labor market problems have accompanied the country's evolution since its inception. Increasing employment rates and unemployment at the natural level are seen as an unknown phenomenon. There is an increasing number of job vacancies on the labor market where the indigenous population is not interested in working. This state of affairs over the last three years has forced public policy makers to reconsider their approach to immigration. Labor migration from abroad has become a tool to alleviate non-compliance. The attitude to refugee migration remains constant.

5 Conclusion

Refugee migration represents the protection of human lives today. The study shows the development of refugees in Germany and Slovakia in the context of different policies. The aim of Germany's immigration policy is to provide the country with a lack of labor, without which the country's economic growth cannot be sustained. Initial intent is in line with economic theories proven in practice, but there are problems of immigrants' skills mismatches with their labor market requirements, low educational level of immigrants, different cultures and resulting in more difficult integration, risks arising from differences in tolerance to otherness, ignorance of the language without which job integration is significantly more difficult, etc (Wech, 2016). The position of the Slovak Republic is very different. However, the country does not exhibit the same risk factors that would require a change in approach to refugee migration compared to Germany. The study quantifies the costs of both countries for admitted refugees in the framework of public policies designed to provide accommodation, food, health care, education and retraining, benefits, etc. The cost of securing the life of refugees in the target country is a fact that can be evaluated after ten years, but the cultural transformation of society or security risk is a question to think for public policy makers, professionals and the general public. The study was written as a part of the project VEGA 1/0679/17 "Balance of economic losses and benefits from labour migration".

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