

How Merkel Will Integrate A Million Refugees

BY URSULA ENGELEN-KEFER

*Separating
Trump fiction
from the facts.*

Today “Hosanna,” tomorrow “Crucify him!” These words from the Bible also apply in politics, as Chancellor Angela Merkel, the daughter of a Lutheran pastor, has had to learn.

As this exploration of how Germany is coping with a million refugees based on “real facts” and not on “alternative facts” shows, neither “hosanna” nor “crucify” could be justified.

On September 4, 2015, after consultations with Austria’s Chancellor Werner Faymann, Merkel gave the signal to leave open German borders for Syrian and other asylum seekers who were massing on the way from Austria to German border points. She was responding to the breakdown of the Schengen Area rules under which border countries of the European Union such as Greece and Italy had to control the Schengen Area borders.

As of August 2015, Donald Trump, then the Republican candidate for the White House, still praised Merkel in an interview with *Time* magazine “as probably the greatest leader in the world.” He expressed sympathy for Germany and the hometown of his grandparents in Kallstadt, Rhineland Palatinate, although at the time the influx of refugees into the European

Ursula Engelen-Kefer teaches labor economics at three German universities. She formerly served as Deputy Chairman of the DGB, the German Trade Union Council, from 1990–2006. From 1986 to 2009 Engelen-Kefer was a member of the Executive Council (Vorstand) of Germany’s Social Democratic Party (SPD).

THE INTERNATIONAL
ECONOMY

THE MAGAZINE OF INTERNATIONAL ECONOMIC POLICY

220 I Street, N.E., Suite 200

Washington, D.C. 20002

Phone: 202-861-0791 • Fax: 202-861-0790

www.international-economy.com

editor@international-economy.com

Union, especially into Germany, was growing day by day. Later on his way to the White House, Trump radically changed his mind when he accused the German chancellor of making “one very catastrophic mistake” by admitting more than one million refugees. “What she’s done in Germany is insane. It’s insane,” he said on CBS. Trump’s dark scenario: “People are fleeing Germany which will never recover from Merkel’s migrant folly.” He predicted for Germany an unimaginable and catastrophic increase in upheaval, radicalization, and Islamic terrorism. When the terrorist attacks in Würzburg and Ansbach happened in the summer of 2016, Trump felt vindicated, arguing that the German government was to blame for the crimes by refugees. But after the disastrous attack when a terrorist drove a stolen truck into a Berlin Christmas market, Trump switched from bashing Merkel to using this new ISIS assault as a declaration of war: “We will ... unite the civilized world against radical Islamic terrorism, which we will eradicate completely from the face of the Earth,” and this will require that “The civilized world must change thinking!”

In view of such sinister predictions on Germany’s refugee crisis, it might be useful to give a more realistic assessment of how Germany so far has been coping on the federal, state, and community level—supported by a countrywide outpouring of spontaneous help from parts of the population—with the huge inflow of refugees.

It soon became apparent that Merkel’s “We can do it” welcome stance towards the huge influx of refugees needed to be viewed in the context of more and more EU member countries closing their borders and the German interest in keeping a deeply divided European Union together. The

Trump radically changed his mind when he accused the German chancellor of making “one very catastrophic mistake.”

inflows of refugees changed Europe’s political landscape by giving a boost to right-wing, anti-immigrant parties, including Germany’s Alternative für Deutschland, which can expect to enter the Bundestag in the September 2017 federal elections.

HOW THE REFUGEE CRISIS CAME ABOUT

First and foremost, the procedures for the registration of refugees under the so-called EU Dublin system didn’t work. So Greece, the main destination of flows from Turkey, and Italy, the main destination of flows from North Africa, were unable to fulfil their obligations. At the peak of incoming refugees in 2015, hundreds of thousands of migrants marched and drove without registration into other EU member countries with open borders.

Most heavily affected by the refugee flows migrating from the border countries north have been Germany, Austria, Sweden, and Denmark. Several attempts by the German government to reach agreements for fair distribution of refugees among the EU members failed completely.

Member countries in Eastern Europe in particular refused to cooperate. Hungary, the EU member with an outside border to the east, closed its borders to Serbia, which led to inhuman refugee catastrophes. Refugees in Greece and Italy were faced with unacceptable living conditions. The financial, administrative, and personnel assistance promised by the EU Commission and EU member countries has been slow and often never provided.

On November 10, 2015, German Chancellor Angela Merkel talks to Frank-Jürgen Weise, the head of the Federal Employment Agency and the Office of Migration and Refugees, in a closed session of her party at the Berlin Reichstag.



Therefore, the burden of registration and basic support fell on the main receiving countries: Germany, Austria, Denmark, and Sweden. Due to the uncontrollably huge influx of mainly unregistered refugees, the administrative and social infrastructure was quickly overloaded. This caused a politically explosive backlash in parts of the population in these countries. Austria, Denmark, and Sweden eventually closed their borders and Germany enforced border controls. The European Union restricted freedom of movement across borders—a basic EU principle—for a limited time frame of several months, which already has been extended.

THE EU-TURKEY DEAL HELPS

The early EU-Turkey deal—the establishment of the Turkey Refugee Facility of 2015 that Merkel pushed hard to get from Turkey’s new “Sultan” Recep Tayyip Erdogan—in a few months led to a significant reduction of incoming asylum seekers. The refugees were prevented by Turkish authorities from reaching Greek shores by boat and those who made it illegally would be taken back by Turkey. As compensation, the European Union promised financial support for keeping refugees in the country.

Official German government estimates put the refugee influx for the year 2015 at about 900,000, falling in 2016 to about 280,000 with the expectation of further decline.

Even at the much lower level of incoming refugees, there remains the major task of securing proper registration and handling the huge backlog of still unprocessed refugees already in Germany. For the German authorities and the engaged non-government helpers on all levels and in all regions, processing more than a million refugees remains still a mindboggling task. How are they to register still-pending difficult cases where refugees have no proper consular papers to determine a person’s true identity? How can they find those refugees who disappeared without registration? How are they to sort out, imprison, and deport criminals or potential terrorists to their home countries? How will they develop efficient safety nets against terroristic attacks? How can they keep mostly young men from becoming radicalized?

Considering Germany’s federal structure, there still is no unified federal procedure for deporting refugees without asylum status to their home countries. The federal government is increasing financial incentives for non-admitted refugees to return to their home countries on a voluntary basis, which is partly accepted. But several home countries, such as the Maghreb states, are refusing to take back their refugees. To get the large contingent of illegal migrants to return to their home countries is considered by many a “mission impossible.” So it is one of Chancellor Merkel’s crucial tasks to negotiate with the home state governments on this crucial issue.

When the terrorist attacks in Würzburg and Ansbach happened in the summer of 2016, Trump felt vindicated.

One also cannot ignore that in parts of the population and in some regions, envy and hatred against refugees remain a serious problem. Some with low pensions and welfare payments, such as the unemployed, handicapped, less qualified, sick, elderly, women as single parents, and migrants already in the country, feel disadvantaged. It is easy for right-wing parties and extra-parliamentary protest groups to point out that the refugees now receive taxpayer money that would otherwise increase small pensions and welfare support, or secure affordable housing and healthcare. Part of the reality at the refugee front in Germany is also a spike in attacks on refugees. According to the 2016 Federal Criminal Police Office Report, there were 970 attacks on homes and 2,396 crimes against refugees outside their residences.

INSTITUTIONAL INFRASTRUCTURE IN KEY ROLE

The consensus in Germany right from the beginning has been that refugee management must be closely connected with integration into work; this implies the crucial role of Germany’s long-established institutional framework. What matters further is a particular comprehensive network of highly professional education centers available that can service refugees. Most crucial, however, is the willingness of official and private sector actors at all levels, along with employers and trade unions, to shoulder responsibility for the integration of refugees. There is an especially noteworthy example: Employers and trade unions in the Governing Body of the BA (Federal Employment Agency) agreed to finance language and integration courses for 220,000 refugees in the year 2015 with about €400 million from their contributions to unemployment insurance. Thus, they have provided important financial support for the refugees, since the federal government was not ready to meet its obligations due to budgetary constraints.

This explains why, at the peak of incoming refugees in September 2015, Merkel appointed the head of the BA, Frank-Jürgen Weise, as “refugee czar” and also put him in charge of the Federal Office for Migration and

Continued on page 70

Continued from page 62

Refugees (BAMF). This way, she could ensure that both key federal nationwide operating administrations would work together as closely and efficiently as possible.

The BAMF, headquartered in Nürnberg, is a federal authority under the jurisdiction of the Federal Ministry of the Interior and acts as the competence center for migration and integration in Germany, “responsible for asylum, refugee protection, the promotion of voluntary return and integration support.” Its staff of about 10,000 decides on the asylum applications on the basis of the pertinent legal and administrative requirements and supports immigrants with various programs. These include integration courses for immigrants and immigration consulting.

Weise, who has led the BA since 2004, is especially experienced in successfully turning complex administrative mega-bodies from sluggish into well-functioning public organizations. He changed the BA from a notorious deficit organization that depended on large government subsidies into a well-functioning service-oriented public institution with high surpluses. In the short time since his installment in the BAMF in September 2015, Weise has successfully sped registration and asylum procedures despite considerable disputes and blockage from personnel on the issue of work schedules.

INTEGRATION INTO WORK AND SOCIETY

As German communities and government at all levels address the refugee challenge, key questions arise. Can the influx of mostly young male refugees into the labor market balance the reduction and aging of population and labor force, as well as the increasing labor shortage? What will integration cost and who will pay for it?

To cope with more than a million refugees since the summer of 2015, the “toolkits” for refugee management and integration had to be quickly and broadly improved.

“Early intervention” is not only the name for one of the first BA pilot programs, but also a basic principle of integration. The counseling staff of the BA look for the earliest possible access to the refugees already in the registration camps in order to discover their work capacity and the necessary preparation.

The legal framework had to be quickly improved, including reducing the time limits for access to work and granting admission for young refugees to apprenticeship training and two years’ employment. This is especially important in order to ease the resistance to accepting asylum seekers of small- and medium-sized companies. The initial euphoria in business about integrating the mostly young refugees has now been followed by disillusionment and realism. By the end of 2016, according to the BA, 30,000 refugees were

integrated into the labor market, mainly in unskilled or temporary work such as cleaning, warehousing, logistics, hotel, and catering.

Overcoming language barriers as an essential prerequisite for integration into work is high on the priority list. The BAMF is responsible for the allocation of the participants, professional education institutions carry out the practical implementation, and the federal

*It is easy for right-wing parties
and extra-parliamentary protest groups
to point out that the refugees now
receive taxpayer money that would
otherwise increase small pensions and
welfare support, or secure affordable
housing and healthcare.*

government is responsible for financing. An indispensable condition for participation, however, is admission as an asylum seeker or high probability for admission. At the beginning of the immigration surge, the supply of language courses was completely inadequate. It has since been expanded to nearly 300,000 participants. Important also is a qualitative improvement in the language and integration courses. These include coordination with occupational requirements, consideration of the individual qualifications and educational needs, and the possibility of part-time courses accompanying vocational training, work, or family responsibilities.

The determination of professional competencies poses an especially big challenge. The BA has to determine the skills of the refugees in education, training, and professional experience, and therefore develop, with employers and trade unions, a range of measurements. They also are working together with the Bertelsmann Foundation on developing a special tool for discovering

occupational competencies. Guidance is provided to counseling staff in the labor offices for comprehensive procedures for finding out refugee qualifications.

Getting information on the need for vocational education and training to the many young refugees is crucial. There is a complete deficit in understanding of the importance of vocational training as a necessary precondition for career prospects in Germany. Many young

Processing more than a million refugees remains still a mindboggling task.

refugees prefer to make money as quickly as possible. They often need to pay the debt for their long and dangerous journey or support their families at home. They need to understand that for a regular job, income, and social security in Germany, several years of investment in language and training are necessary.

REFUGEE DISASTER AVERTED

Daily dramatic television pictures in Germany gave the impression of uncontrolled and unsustainable refugee migration. There was the specter of labor markets, flooded with migrants, social benefits plundered, infrastructure and housing blocked. Undoubtedly, there have been severe bottlenecks in the past year, especially in the regional centers of immigration. Social hot spots such as Berlin with thousands of refugees camping in the streets overnight waiting to get into registration offices or shelter centers made the news every day. But the predicted social refugee disaster could be averted in most German communities and regions, especially after the refugee inflow tapered off.

However, there remains the Herculean task of integration into work and society. A crucial condition will be to work against prejudices as well as real conflicts between the refugees and disadvantaged people in Germany. It is still not fully clear how many of the refugees who have entered since 2014 have remained in Germany. Immigration trends in the coming years are even less clear.

As reported by the Institute for Labor Market and Vocational Research, which is part of the BA, some 770,000 refugees are still in Germany. Approximately 425,000 of them are categorized as available for work. This is less than 1 percent the German total work force of 43.6 million. After all, Germany is Europe's largest

economy with a GDP of about €3,025 billion in a country of about 82 million inhabitants.

It is projected that the number of those refugees actively looking for work will shrink considerably. If one takes into account that the demographic decline in the labor force in Germany until the year 2030 will reach 3.6 million workers, there should be sufficient scope for the integration of refugees into the labor market. This can be seen as a chance to make up for the demographic shrinking of German population and employment.

MIGRANTS: CURSE OR BLESSING?

For decades there have been severe shortcomings in German immigration politics. On the one hand, economic prosperity could not have been achieved without millions of migrants. On the other hand, society and politics were not accepting of Germany as an "immigration country." Therefore, until recently there has been no coherent legislation for handling the immigration challenge. The major conservative parties—the CDU and CSU—are traditionally opposed to an "Immigration Law" that would provide a coherent legal base for regulating immigration.

In the past fifteen years, economic developments in Germany have been based on net inflows of an average of 200,000 immigrants per year. Migrant workers came from Turkey and southern and eastern Europe, mostly for employment, filling openings in the labor force.

WHO PAYS THE REFUGEE BILL?

Eight months before the next Bundestag elections, the dispute over paying the refugee integration bill is in full swing. At the end of January, the Berlin finance ministry issued a report saying that for the year 2016, coping with the refugee crisis required total budget outlays of close to €21.7 billion, with the expectation that a similar amount will need to be spent in 2017.

This includes €7 billion in financial help for the home countries of refugees as an incentive to improve economic conditions so people stay home. More than €5 billion is earmarked for registration, infrastructure, and social welfare, and €9.3 billion has been transferred to the German states.

AN ECONOMIC STIMULUS PROGRAM?

There is also a heated debate on the economic and financial implications of the huge annual refugee bill. Based on economic analyses, the integration expenditures have the effects of an economic stimulus program, especially for producers and service providers. For instance, there is a demand spike for residential containers, housing, living and housing accessories, but also increases in consumer demand.

Following this line of reasoning, the International Monetary Fund and the Deutsche Bundesbank agree that in the case of Germany, the integration of refugees can lead to higher economic growth—up to more than 1 percent by 2020. There is, they argue, sufficient scope for financing the refugee bill. At the same time, the integration cost will amount to only about 0.3 percent of a gross national product of about €3 trillion. The refugee cost as a share of GDP is much lower in Germany than in Sweden and Denmark, and about the same as in Austria. Germany's central bankers, known for their rather conservative expenditure stance, note: "Thanks to the current favorable economic situation, however, there is sufficient scope within government budgets to absorb the associated financial burdens without breaching the deficit ceilings."

THE EUROPEAN DIMENSION

In the professional integration of current and future refugee flows, cooperation and the exchange of experience beyond national borders are required as never before. The BA has been a leading player in the coordination of European and international labor market authorities for many years. It therefore maintains a liaison office in Brussels for European matters. In the last few years, cooperation in integration of refugees has been top priority. The leading role in the European network of public services is crucial. Within this network, a special working group for integration of refugees promoting mutual learning and benchmarking across Europe has been established.

For Germany, coping with a million refugees will continue to be a challenge, but one that can be met with the proper application of resources and organization. ♦