

Syrian Migration is an Opportunity for Turkish Economy

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Introduction

Is immigration bad or good for the recipient countries? Over the last decade, with the 'exodus' of millions of Syrians from their home country, this question has become a hot topic once again. In many ways, the current discussion in politics and how it echoes in academic circles feels like a déjà vu for political historians as arguments for and against immigration very much resembles the ones used in previous episodes of mass immigration in the history. Obviously, immigration, and specifically refugee inflow, can have significant social, political, and security implications. In this paper, however, leaving aside the socio-political angle aside, I discuss the economic implications of migration, and specifically focus on the case of Turkey.

It is often argued that migration puts pressure on recipient economies by increasing the competition in the labour market, driving inflation through housing and food prices, or straining the government budget. This line of thinking easily appeal to the xenophobic feelings and nationalist populism. I claim that immigration can also be and usually is economically beneficial to the recipient economies. I discuss the economic theory and empirical evidence behind this claim as opposed to the narratives dominating the political discourse and media representations around the world, and make a case for positive economic effects of immigration in the context of Turkey.

Currently, Turkey is home to around 4 million immigrants, most of whom are refugees escaping civil war in Syria. This makes Turkey host to the highest number of refugees in the world (Khoudour & Anderson, 2017). In Turkey too, much of the public debate about the economic effects of Syrian migration has centred around the negative effects such as 'immigrants taking the jobs of local workers' or 'governments overspending for the needs of refugees' (Mohyidin, 2018). Immigration and refugees indeed create further demands from

public budget and may add extra competition to some segments of the labour market. However, both the politicians and the international media seem to focus on only one side of the story. As long as the right institutions are in place, immigration can also help the recipient countries to grow faster and have a more vibrant economy through several channels.

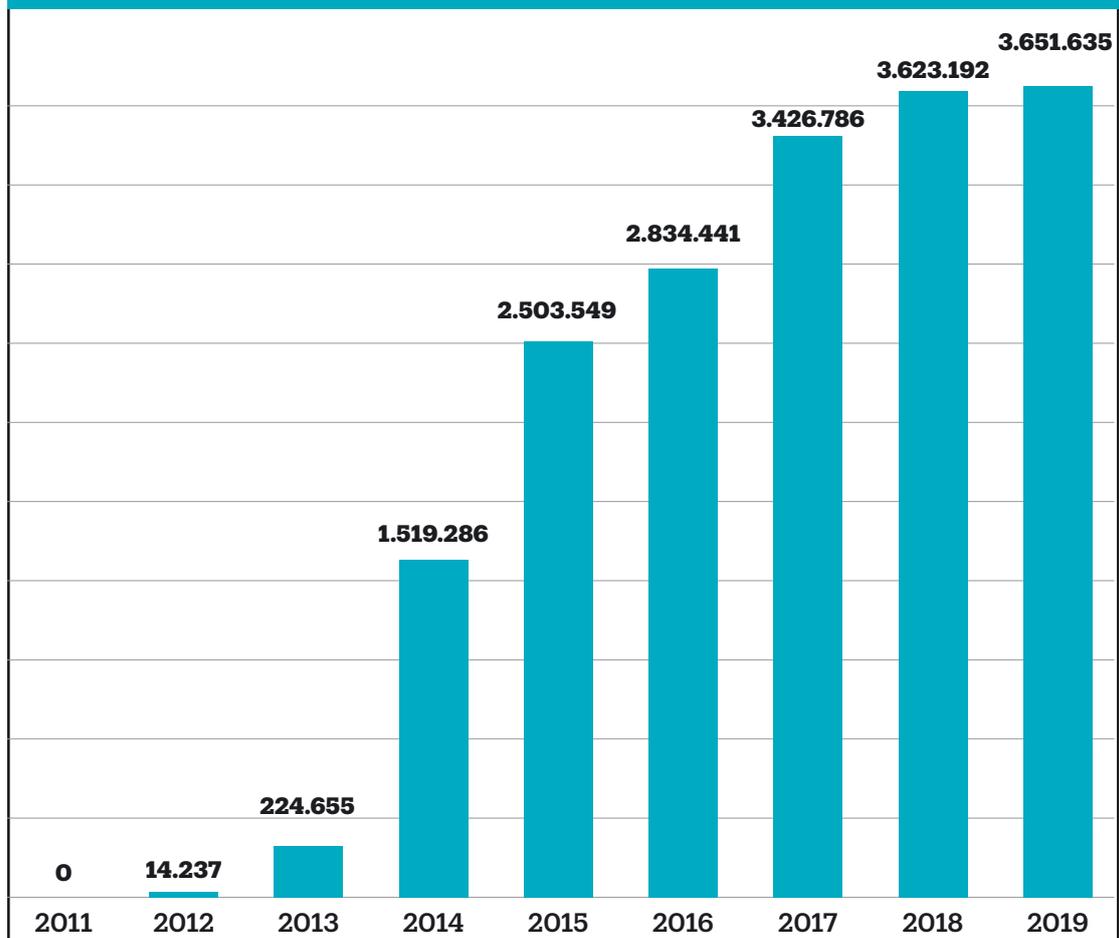
First, migrants boost demand and hence support domestic businesses via higher profits. It is often ignored that demand effects of an increasing population help domestic businesses grow faster through higher capacity usage and more investment. In turn, these businesses create more employment as well. Arguably, this has been the case in Turkey as some economists claim that unexpectedly high growth rates of Turkish economy in recent years until the most recent slowdown may had been due to the massive refugee inflow from Syria, giving a boost to the businesses through higher demand for goods and services these migrants need to dwell in their new homes. It can also be asserted that immigrants' consumer spending help better alleviate the drawbacks of the economic slowdown.

Second, contrary to the common misperception, addition of immigrants to the workforce can actually increase the employment opportunities for the domestic workers. Immigrants usually have qualifications that are complementary to the workforce at home. Moreover, most refugees usually work in low-skilled, low-pay jobs due to the language barrier and adaptation issues. So, rather than replacing the domestic workforce, they create better employment opportunities with better pay and status for the nationals of the recipient economy. Although migrant workforce may lead to more competition in some segments of the informal sector, it increases the chance of employment in the formal sector. There is considerable empirical evidence for this in the case of Turkey as well.

Third, migration is a demographic opportunity for the host country. As migrant populations' age composition is usually much younger than the hosting society, which is certainly true in the case of Syrian migration in Turkey, immigration extends the demographic window of opportunity for the recipient economy. While this is a fact of crucial significance for fast ageing societies of Europe, it has important implications for countries like Turkey as well. Thanks to the Syrian immigration, Turkey can have a larger working-age population compared to its retired for much longer than formerly anticipated.

Of course, this does not mean that there are not challenges ahead. Refugees will continue to put burden on the government budget until they totally integrate into the society. Turkish government should formulate ways to smoothly incorporate huge working-age migrant population without disadvantaging the domestic workforce, while providing education for the immigrant children not to leave them behind. But, in the end, Turkish economy stand to benefit substantially from long run contributions of this young and vibrant community. For so long, Turkey is praised for its generosity and humane treatment of refugees (McClelland, 2014). Hopefully, it will be rewarded economically as well.

Figure 1: Number of migrants over the years



Source: Directorate General of Migration Management, Republic of Turkey - 2019

1. Immigration boosts demand and businesses

One way immigration can spur the growth rate of the domestic economy is by boosting demand. Immigrants increase the number of customers in an economy. Accordingly, they increase the demand for goods and services, which gives a boost to the domestic businesses. High consumption realized by refugees trying to settle in a new country feeds into various sectors of the economy. This demand-driven growth enhances the utilization of already installed productive capacity as well as incentivizing further investments in production, which in turn creates even more demand. This virtuous cycle translates into higher economic growth and more employment.

It has been claimed that one of the key factors behind the surprisingly high growth record of Turkish economy between 2013-2016 despite turbulent political events is the country's expanding migrant population (Devranoglu, 2016). Until recently, effects of this were easily visible in construction sector where rising demand for housing drastically increased the profit margin of the sector, creating further incentive for the business to expand and employ more people. Cengiz and Tekgüç (2017), for instance, estimate that the migration had a major positive impact on the residential construction sector in the host provinces. The construction of new dwelling units has risen by more than 33% in 2014 and 42% in 2015 after the refugee inflow to the host provinces and lead to a drastic increase in employment in the sector. Even though the sector has been straggling recently due to the slowdown in Turkish economy, it can be claimed that immigrant population's contribution to the housing demand alleviated the further strangling of the sector.

This demand effect is not restricted to construction either. Immigrant community boosts diverse sectors including domestic appliances, food, transportation, schooling, and many other services through increased demand. This triggers a supply response, with subsequent investments in these sectors. Akgündüz et.al. (2018), for instance, provide evidence for an increase in the size of agricultural and transportation sectors. They also analyse the effects of refugee inflows on total sales, gross profits, and entry of new firms in hosting regions of Turkey. They find an increase in the

number of firms, and report indications of a rise in total profits and sales in provinces where most refugees were concentrated until 2014.

One way to estimate the contribution of consumer spending by Syrian refugees to the overall economic growth is to take 'starvation line' as the consumption level of an average immigrant family. This method clearly underestimates the demand effect because it is based on the bare minimum an average person needs to spend to stay alive. According to the Confederation of Turkish Trade Unions, the starvation line in Turkey as of March 2019 is approximately 500 TL (around \$90) monthly although this differs for different age and gender groups (Turk-İş, 2019). Based on such a calculation, Turkey's 3.6 million Syrian refugees are spending at least 4 billion dollars per annum, which accounts for 0.5% of the overall GDP of Turkey. This might not sound like a sizable gain but is significant over an extended period of time. Furthermore, this number rises to 1.7% if we use the 'poverty line' instead as a proxy variable for average individual immigrant consumption.

There are also side effects of increased consumer spending. The demand-led growth may create inflationary pressures if it is not met by an equivalent increase in the supply of goods and services demanded. In response to higher demand and profit, domestic businesses may be able to increase their supply to some extent through further investments in production, but sometimes the rise in demand is too much to keep up with, which will lead to adverse price effects destabilizing the domestic economy. This may be especially true in cases of mass migration over a relatively short period of time, similar to what Turkey has experienced. The solution to this problem can also come from immigrants. Immigrants should enter the production process as well which eases the inflationary pressure.

2. Immigrants improve the working conditions of locals

Contrary to the standard view, immigrant labour force can actually improve the working conditions and wages of the home workers. Most labour economists agree that, in most cases, the presence of more immigrant workers does not hurt locals, mainly because the immigrants typically compete for and are employed in different sectors than local workers. This is because they have different skill levels and qualification than local workers. They usually work in sectors which require less education and training while paying lower wages. Furthermore, in some cases, they help local workers upgrade occupationally from low-pay, informal jobs to high-pay, formal jobs.

Immigrants can either be complements to the local workers or substitutes for them. When immigrant workers are substitutes for native-born workers, they compete for similar jobs adding pressure to the job market which can lead to higher unemployment and lower wages. However, immigrants are usually complementary to the domestic labour force in terms of skill levels and qualifications. Then, immigrant workers fill in the gaps in the recipient economy reducing the cost of production and increasing the output, which improve job opportunities and wages for the entire labour force (Lewis, 2013; Wolla, 2014).

Furthermore, as countries develop and per capita income rises, less people opt for low-skilled jobs with lower pays, squeezing the market for these jobs and increasing the production costs. This is mostly why manufacturing production leaves developed countries for less developed countries where low-skilled labour is cheaper. Inflow of low-skilled workers in this respect may help survival and expansion of some sectors which require increasingly more such workers without curtailing the shift of domestic workers to more skilled and better-paying jobs (Lewis, 2013). Therefore, the inflow of low-skilled immigrants may enable local workers to take advantage of immigrant-native complementarity, as those two groups differ in skills and specialise in different occupations, and upgrade their jobs. This phenomenon has been empirically proven in cases of many developed countries including the US, the UK and Denmark (Ottaviano and Peri, 2012; Manacorda et al., 2012; Foged and Peri, 2016).

There is a strong case for immigrant-native complementary in Turkey as well. According to TEPAV (the Economic Research Foundation of Turkey), of 2.2 million working-age Syrian refugees, roughly 1 million are employed informally. Only 32 thousand, which accounts for 1.5% of migrant workforce, are officially registered and hold work permits (TEPAV, 2018). In fact, refugees were not even given legal work permits until 2016 when a new law allowed them work legally under certain condition. Aside from the self-employed, the rest of the working-age population are either students (see figure 6) or housewives (which may also be categorized as informal/household production). This means that overwhelming majority of Syrian migrants do not have worker protection and avoid labour taxes. However, this also implies that Syrian workforce contribute minimally to the competition in formal employment.

As for the informal sector, there is apparently more competition and less job opportunity for native workers as a consequence of increased migration. Del Carpio and Wagner (2016) report that for every 10 refugees, 6 natives are displaced from the informal sector employment in Turkey. This affected all informally employed Turkish workers irrespective of age, gender, and education. However, this also led to lower production costs and boosted output in the informal sector which translated into cheaper consumer products (Tümen, 2016). More importantly, job losses for native workers in the informal sector are mostly compensated by better job opportunities in the formal sector, so there is no increase in overall unemployment (Del Caprio and Wagner, 2016).

This is consistent with the above mentioned pattern of native workers' upgrading occupationally as a consequence of increasing migration. Lower costs in informal sector boosts the economy and expands the market size, increasing demand for formal workers. Having certain advantages which the refugee workers do not have, such as better training, proficiency in local language or legal entitlement to formal employment in certain sectors, native workers reap the benefits of expanding formal sector. Consequently, thanks to Syrian migration, native workers in Turkey move from low-pay, informal, irregular jobs to high-pay, formal, regular jobs (Tümen, 2016; Kırdar et al., 2018). What is interesting is

that unlike many other contexts, Syrians have a very high employment rate despite having very limited access to formal employment, which is an advantage for Turkey.

More recently, government has also focused its attention on giving citizenship to immigrants with valuable qualifications to the Turkish economy. Interior Minister Suleyman Soylu said, 76,443 Syrians have been naturalized by the end of 2018, most of whom are

educated or have business background (Haberturk, 7 January 2019). Apparently, around 70% of those naturalized are invited by the government, and 23% of Syrian businessmen living in parts of Turkey with highest immigrant concentration are already citizens, which is a much higher than overall percentage of naturalized Syrians (Makovsky, 2019). This selective process of giving citizenship, by design, adds a complementary workforce to Turkey's formal sector employment.

3. Immigration extends the demographic window of opportunity

Immigrants improve demographic opportunities for recipient economies. Migrants are predominantly of working age, improving the proportion of workers to dependents (e.g. retired). This is very important especially for ageing societies of Europe, where an increasing share of the society is dependent on the limited number of young employment. Cecchetti et al. (2010), for instance, provide 30-year projections for the path of the public debt to GDP ratio in a number of European countries and show that countries with rapidly ageing populations face the prospect of enormous future costs that cannot be met with current budget projections. In that respect, import of labour through migration eases the pressure on the social security system and public budget of these countries which struggle to maintain the provision of health-care to their elderly through the premium payments of the working age population.

Surge of refugees positively affects the age structure of the developing countries as well, ensuring the demographic window of opportunity remains open for a longer period than normally expected. Demographic window of opportunity refers to the period of time in a country's development path when the share of working-age population is relative larger that the dependent population. In underdeveloped countries, population is mostly concentrated at the bottom end of the age distribution that is they have younger societies. As countries develop, fertility rates decline which leads to an upwards movement in the age distribution (i.e. society ages). While making that transition, countries go through a period of high economic growth thanks to large working age population before the share of elderly in the population outweighs.

According to some calculations, Turkey's window of opportunity started in 2000s and is expected to end in 2030. However, Turkey is expected to gain a further decade in its demographic window of opportunity as a consequence of Syrian migration (Esen and Binatli, 2017). Looking at Syrian migrants' age distribution, this looks obvious (see figure 2&3). Around 60% of Syrian migrants (2.2 million) are working-age (18-64) while only 2% are above retirement age (65+). As mentioned above, Syrian migrant in Turkey have a high employment rate relative to migrants in other contexts. So these people are contributing to the productive capacity of Turkey. Moreover, almost half the Syrian refugees are below 18 with 1 million children under the age 10, most of whom were born in Turkey and have never seen Syria. Addition of Syrian migrants clearly skews the age distribution of Turkish society towards the bottom.

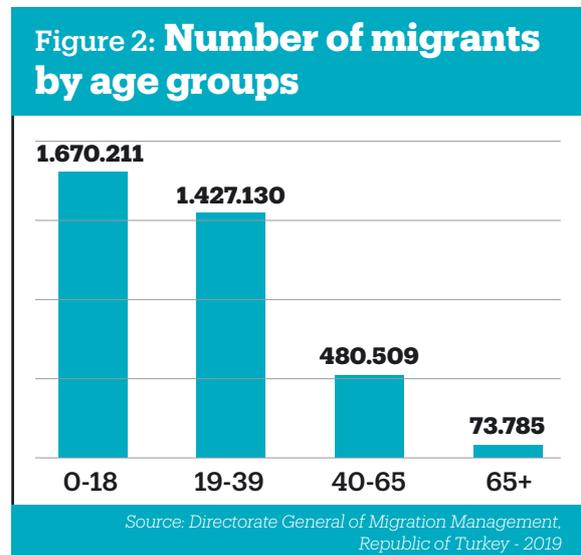
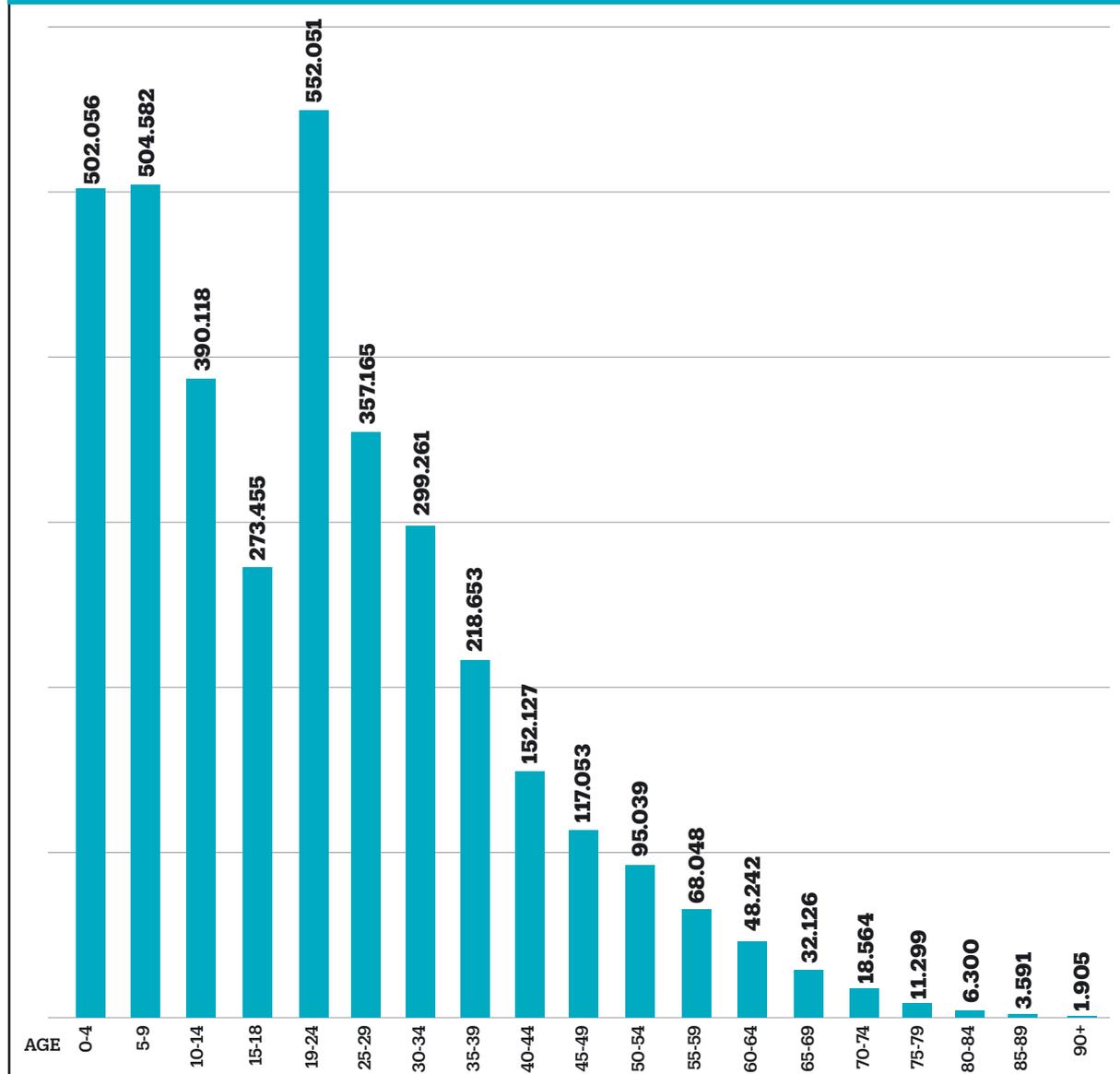


Figure 3: Number of migrants by age groups- detailed



Source: Directorate General of Migration Management, Republic of Turkey - 2019

Of course, because they are not formally employed, at least currently, Syrian migrants do not pay premiums to the pensions scheme, but neither do they receive pensions. So, they provide Turkey with a huge supply of labour without giving or receiving anything from the social security system. However, there is consensus around the view that most Syrian refugees will not move back to their home country, at least any time soon. Therefore, projections for the partial and gradual inclusion of this migrant population to Turkey's social

security system is of significance. Government seem to have begun implementing a policy of gradual integration into the formal labour force. A law enacted in 2016 enables Syrian workers to work legally under certain conditions related to the sector and location of employment. Furthermore, share of refugees in a company is restricted by 10 percent of the total employment of the company. As refugees are gradually included into the legal workforce, their contributions to the social security system will also rise.

4. Immigrants add to the Entrepreneurial Capital

It has been well documented that immigrants contribute disproportionately to the entrepreneurial capital of the hosting societies. In the US, for instance, migrants are 15% of the population but they represent 25% of all entrepreneurs. This means that immigrants contribute twice as much to the entrepreneurship in the US, the biggest economy in the world. Similarly, in the UK, immigrants are twice as likely as British-born individuals to start new businesses (Goldin, 2018). Furthermore, a study by Kerr and Kerr (2016) shows that businesses created by immigrants are also more successful in terms of employment growth and they are more likely to survive over long-time horizons than native-led companies.

The reason for this pattern is debated. It has been argued that 'immigrant mindset' includes the qualities required in the world of business. By nature, they are open to change and unafraid of taking risks which makes them more likely to succeed. They more easily adopt new ways of thinking and open to innovation because they do not have the luxury of being conservative in terms of their economic positioning in a new country. Moreover, they are usually more hard-working given that they have a worse fall-back position compared to the locals. It is usually not an option but rather imperative for immigrants to remain competitive and thrive as they must uproot their lives in a new environment (Kelly, 2018).

Figure 4: Businesses established by Syrian immigrants over the years

Year	Total
2012	157
2013	489
2014	1257
2015	1599
2016	1764
2017	1202
2018	1595
Total	8063

Source: The Union of Chambers and Commodity Exchanges of Turkey

Syrian refugees in Turkey have indeed contributed substantially to the entrepreneurship. According to the Union of Chambers and Commodity Exchanges of Turkey (2019), there are more than 8,000 Syrian-refugee-owned businesses 'registered' in Turkey, employing tens of thousands of people including around 44,000 Syrians as well as tens of thousands of Turkish nationals. Given that an average Syrian family comprises 6 individuals, Makovsky (2019) calculates that these businesses sustain more than 250,000 Syrian refugees along with families of nationals they employ. TEPAV estimates that the total employment, Syrian and Turkish, created by registered Syrian-owned businesses reaches 100,000. Making the same calculation for Turkish families, which comprises 4 individuals on average, these businesses sustain half a million people in Turkey. Note that although this figure includes informally employed workers in formal businesses, it does not include informal businesses.

We do not know the exact number of informal businesses owned by Syrian-refugees but a 2017 study by the NGO Building Markets reports that an average Syrian-owned business, formal and informal, employ 9.4 people on average. This implies that Syrian-owned businesses provide far more employment informally. According to the same study, as of 2017 Syrian refugees had invested \$334 million to the Turkish economy through formal businesses (Ucak et al., 2017). This amount must be much greater today considering that total number of registered Syrian-owned business has increased by 66% since then and that most of the companies which had been established then have grown in size through further investments. And, again, this figure does not include informal sector investments.

Most Syrian businesses are small. However, this does not make them less important. Small firms are the engine of growth in small towns of Turkey near Syrian border. With an average annual revenue of \$463,000, these Syrian-owned enterprises contribute significantly to Turkish economy (Ucak et al., 2017). Since 2013, every year Syrians start the highest number of companies in Turkey among all foreign groups (the Union of Chambers and Commodity Exchanges of Turkey, 2019). It should also be mentioned that especially in the first wave of migration, Syrian businessmen have



transferred considerable capital, physical and financial, from their home country to establish new businesses in Turkey. Deposits made by Syrians in Turkish banks has rapidly risen from 311 million Turkish Liras in 2012 to 1.2 billion in 2015 (Saçiroğlu, 2016). Furthermore, the share of Syrian capital in total foreign capital in new firms has increased from less than 2% in 2012 to 16% in 2015 (the Union of Chambers and Commodity Exchanges of Turkey (taken from Akgündüz et.al.).

Immigration can also help Turkey better integrate in global markets while enhancing foreign direct investments into the local economy. Most Syrian immigrants already speak Turkish along with Arabic. Furthermore, they know the business environment in Arabic-speaking countries very well. They can foster international trade between Turkish businesses and Middle-East both ways; enabling local business people engage in business relations with Arab-world better, helping exports, while facilitating foreign direct investments coming from the same region. Not to mention, Syrian businesses engage in international

trade themselves, contributing to the Turkey's gross domestic product and trade volume. Çağaptay and Menekşe (2014), for instance, report that after the initial decline at the beginning of the civil war, bilateral trade between Syria and Turkey have increased drastically. Exports from Gaziantep to Syria has risen from \$96 million in 2011 to \$405 million in 2015 while Hatay's exports doubled from \$100 million to \$226 million (Kaymaz and Kadkoy, 2016).

Turkey should capitalise on the entrepreneurial drive of the Syrian migrants. This has been proven to be a good investment in most other contexts. A report by Goldin et al. (2018) reports that if the immigration had been stopped in 1990, real GDP in 2014 would have been around \$230 billion lower in the UK and \$175 billion lower in Germany. Empirically, it seems obvious that migration makes substantial material contributions to long-term growth through businesses. So, from a policy perspective, it is only natural to encourage migrant entrepreneurship.

5. Challenges ahead for Turkey

Education

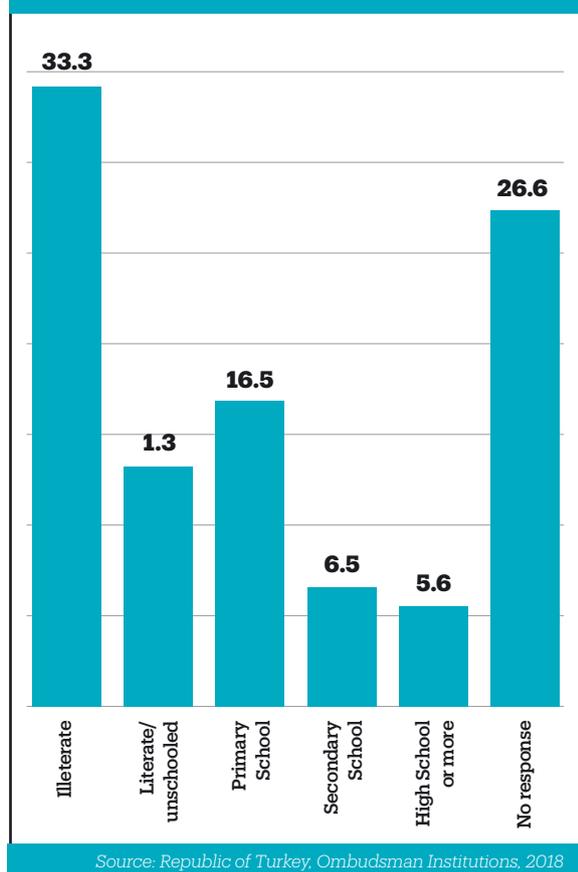
Education has the potential to multiply all the positive effects of migration discussed above. An educated workforce can make much bigger contributions to the Turkish economy by adding to the human capital of the country. Not to mention, it is an essential for successful integration of Syrian refugees to Turkish society as it plays a bridging role between refugee community and the rest of the society. Millions of Syrian refugees missed years of education due to the civil war. Vocational training for Syrian refugees in areas where

Turkish economy needs a bigger workforce along with an inclusive public education system can increase the potential contribution of the Syrian workforce to the productive capacity. Similarly, it is the best way to boost entrepreneurial capacity of the migrant community.

As it is visible in figure 5, most of the Syrian immigrants in Turkey are poorly educated. While one-third of all Syrian refugees in Turkey are illiterate. A UNHCR survey reports that 29% of refugees arriving Greek islands by sea hold university degrees from their home country (UNHCR, 2016). Only 5% of all refugees in Turkey

have a high school or college diploma. Therefore, Turkey seems to have lost its chance to keep the educated part of the workforce fleeing Syria. However, government is determined about the education of Syrian children living in Turkey. Needless to say, this requires significant investment in Turkey's education infrastructure along with hiring more teachers but benefits of this investment are far beyond its cost, as usually is in education.

Figure 5: Number of refugees by Educational Attendance and literacy



While taking more gradual and cautious steps in employment of refugees, Turkish government has been remarkably pro-integration in terms of including Syrian refugees to the education system. From the beginning of Syrian migration, Syrian children were given full and free access to Turkish education system. But, the number of refugee children attending Turkish schools remained limited. In 2014, Ministry of Education opened temporary education centres (TEC)

where refugee children were taught a modified version of the Syrian curriculum in Arabic by Syrian teachers. TECs were designed to substitute the education Syrian children were missing at their home country. As it is apparent by their name, they were thought to be a temporary solution until Syrian refugees can go back to Syria.

However, as it became clear that there are no prospects for a return to Syria in near future and most Syrian refugees are likely to be permanent in Turkey, government made a momentous decision to incorporate Syrian children completely to the Turkish public education system. As of 2016, Ministry of Education started to transfer students from TECs to Turkish public schools. TECs are planned to close by the end of 2019 so all Syrian children will attend Turkish public schools. Moreover, since 2017 TECs started to give 15 hours of Turkish education per week to all registered children. So, as the transformation continues, TECs contribute to the process by preparing children for education in public schools.

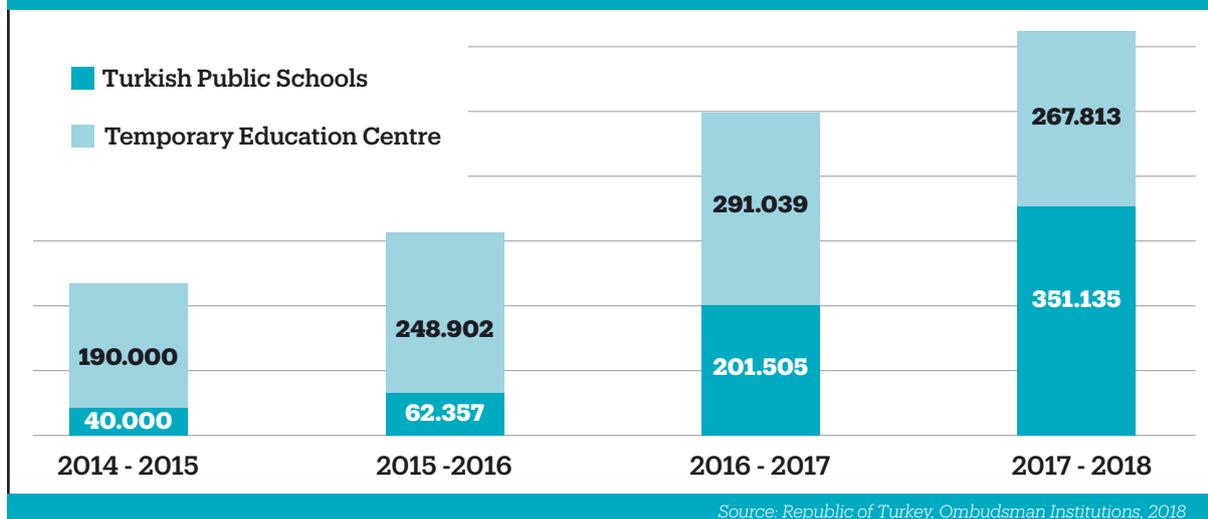
As it can be seen in figure 6, government's efforts bear fruit as the school attendance has substantially increased from 30% in 2014 to 63% in 2017. Specifically, 98% of all primary school age were in school by 2017. Same statistics is 53% and 23% for secondary and high school age, respectively. Furthermore, for the first time in 2017, number of refugee children attending public schools have surpassed the number of children in TECs. There are also more than 17,000 Syrian university students in public and private universities across Turkey. (Turkey Ombudsman Institutions, 2018).

Figure 6: School attendance of Syrian Refugees children over the years

Years	School-age population	Registered students	Rate of schooling
2014-2015	756 000	230 000	30%
2015-2016	834 842	311 259	37%
2016-2017	833 039	492 544	59%
2017-2018	976 200	618 948	63%

Source: Republic of Turkey, Ombudsman Institutions, 2018

Figure 7: Distribution of Syrian refugee children between Public Schools and TECs over the years



Unfortunately, there are still around 300,000 refugee children who do not attend education. Especially after 2016 decision to include refugees to Turkish education, Ministry of Education has increased its efforts to reach unschooled Syrian children. In 2017, Turkish government started Conditional Cash Transfer for Education (CCTE) program to encourage further school attendance of refugee children. Aided by the EU funding, program provides monthly cash assistance (around \$10) to families who send their children to school. Moreover, government started to provide daily transportation to schools for more than 40,000 refugee children (Turkey Ombudsman Institutions, 2018). Note that the number of school-age refugees in Turkey surpasses the total number of students in many European countries. Considering the reception of refugees in most developed countries, Turkey's decision to include around 1 million school-age children to Turkish education system is beyond any appreciation.

Burden on the Budget?

Immigrants can impose a large fiscal burden on the government, especially if immigrants are disproportionately dependent on government support or public services. This will necessarily strain the government budget leading to higher taxes or welfare cuts for the natives, which will hurt the economy and make life more difficult for citizens. However, there is also evidence in contexts like the US that over the long-run, refugees actually contribute more to the government budget than they receive at the beginning. So, the strain on the budget may be a short-term drawback. Furthermore, considering the age composition of Syrian

refugees and that their labour force participation is considerably high (compared to refugee communities in other countries), refugees may be less dependent on government support in Turkey's case compared to other contexts.

Turkey has indeed spent generously on refugees. Syrian migrants living in Turkey have free access to education and health care as well as receiving exceptional services in refugee camps on first arrival (McClelland, 2014). As of December 2017, according to Recep Akdağ, Deputy prime Minister of Turkey then, Turkey had spent a little over \$30 billion on Syrian refugees (see figure 8). This includes funds that came out of municipal budgets along with central government. One-third of this total amount is spent on public services provided to newly dwelling Syrian refugees by municipalities at the local level as well as direct cash assistance to arriving refugees. Another one-third has been spent on education and health services provided by government facilities.

It should be mentioned though, Turkey has also received financial support from the EU and the US but this does not comprise a big share in total spending on refugees. In line with March 2016 agreement between EU and Turkey, EU committed 6 billion Euros (\$6.7 billion) over a 3-year period to assist Turkish government with refugee-related expenses. So far, EU released around 2 billion Euros (\$2.3 billion) which is far behind the planned 4.2 billion Euros that was supposed to be paid by now according to the terms of the agreement (European Commission, 2019). The US has also contributed some \$814 million to support Turkey since the war started (US Department of State, 2019). So, in total the EU and the

Figure 6: Government Spending on Syrian Refugees between 2012-2018

Spending Category	thousand dollar
Health Services	5 725
Education Services	5 532
Municipal Services	6 260
AFAD (the Disaster and Emergency Management)	1 995
Government Foundations (Red Crescent etc.)	735
Directorate General of Migration Management	279
Security and Public Order Services	3 296
Humanitarian Services at the Border	796
Campaigns by Municipalities	111
Project-based Support for NGOs	304
Services within Syrian borders	582
Direct Cash Assistance	4 160
Total	30 314

Source: Anadolu Agency

USA have contributed around \$3 billion, which accounts for only 10% of Turkey's total spending on refugees until 2018.

Note that assistance from EU or the US does not include any transfers to Turkish budget but rather direct cash assistance for refugee-related projects. Most of this money goes directly to refugees through two major programs: 'the Conditional Cash Transfer for Education (CCTE)' program, mentioned above, which provides support to parents of 470,000 students and 'the Emergency Social Safety Net (ESSN)' program, which provides support to more than 1.5 million Syrians in need, as of January 2019. ESSN beneficiaries receive 120 Lira (around \$20) per person monthly along with a family allowance between 50 and 250 Lira. CCTE pays parents of schooled children some amount between 35 (\$6.5) and 60 Lira (\$9), depending on the gender and level of education.

Unfortunately, most such analyses disregards refugees' contributions to the budget. Even though majority of Syrian migrants do not pay income taxes because they operate in the informal economy, they still pay indirect taxes on their consumption spending. As a matter of fact, around 70% of government tax revenue is collected through indirect (consumption) taxes in Turkey anyway. The vast majority of small- and medium-sized enterprises in Turkey evade taxes while around 33% of Turkish nationals are also informally employed (TurkStat, 2019). Considering the fact that almost all Syrian enterprises are also small- and medium-sized, it can be estimated that the gap in tax pay between Syrian refugees and Turkish nationals with similar circumstances is probably negligible.

There is some evidence from the US which suggests that in the long run refugees, or more generally immigrants, actually contribute more to the state budget than they take. Using a comprehensive data set from the US, Evans and Fitzgerald (2017) show that over a 20-years period, refugees on average pay 21,000 USD more in taxes than they receive in benefits from the public budget. Working age refugees are net receivers from the public budget when they first arrive. However, apparently this quickly changes (in 6 years in the case of the US) and over the long run their employment rate rises as they overcome the language barrier and adopt to the native county. They further show that refugees who enter the country before age 14 attain education at the same rate as native born (Evans and Fitzgerald, 2017).

This study has important implications for Turkish economy. First, as it can be seen from figure 3, majority of Syrian refuses are school age children or even younger (40% is below 14). Assuming that similar dynamics to the US are also important in Turkey, we can expect this segment of Syrian population to attain same level of education as Turkish natives and contribute to Turkish economy without problems of integration. Furthermore, young Syrians are working and already creating their own businesses. Hopefully, Syrian community can be net contributor to the government budget in Turkey as well once they fully incorporated to the Turkish economy. Critical issue for Turkey's fiscal balance is the duration of transformation.

Conclusion

It is natural that immigration, just like any other change, disadvantages some segments of the society. And, the risks and costs of immigration are not negligible. However, I would argue that the negative perceptions of immigration do not result from observation of reality but rather expressions of fear for change. Arguments about negative impact of immigration are not supported by evidence. Furthermore, the aggregate contributions made by the migrants through new businesses, markets, and skills, are most likely to be positive. Immigration is an opportunity for the domestic countries as it contributes a young and vibrant community to the society. They create better job opportunities for the natives while helping economies grow.

Turkey, as an economically rich and politically stable country, will continue to be a magnet for people flowing from its poor, war-torn, or authoritarian neighbours and even countries as far as in Africa. Turkey should make the best of it. It is by no chance that so many successful examples of economic growth in the history went hand in hand with a stable and long-term influx of migrants. The overall effect of immigration depends on having the proper institutional framework on the ground to facilitate smooth integration. Government has to formulate policies and create the legal basis for educating, employing, and culturally incorporating the immigrants. This will benefit the migrants and natives alike.

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