MIGRATION AND ECONOMIC DEVELOPMENT OF CITIES IN GERMANY

By

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1. Introduction, questions, outline

The cities of Germany are faced today with an abundance of challenges, which are growing over the long-term and are increasingly linked. They are the consequences of so-called “megatrends”: within the current structural sector changes in the ongoing tertiarisation of the economy, there is the need, in particular, for additional skilled jobs in the service sector as well as the guarantee of attractive and sustainable growth, living and environmental conditions. Globalisation and the global competition this involves, as well as the increased options for work and capital, increase the need for suitable measures to preserve and improve the attractiveness of the structures of public space, housing, employment and business for citizens, private households, employees and the local economy.

Demographic change is leading to a decrease in and aging of the population in general and the labour force in particular. These developments will manifest themselves differently at the local level in eastern and western Germany, in the north and south of the country, in districts and in independent cities and within these units. As early as 2020, according to recent population prognoses produced by official statistics, the number of the inhabitants will decrease, for example in the east, by up to a tenth. By mid-century the drop in and aging of the population will accelerate across the whole of Germany. The associated sectoral, regional and, not least, ethnic changes demand adaptations in urban-planning goals and provisions, particularly for older citizens.

Although immigration has decreased since the mid-1990s, the cities of the Federal Republic are faced with ever-stronger challenges as a consequence of years of largely uncontrolled migration. These relate, in particular, to the still inadequate integration of migrants into local networks, as well as into education, training and labour-market structures. Therefore, with the 2007 National Integration Plan, participation by and integration of these people, their children and grandchildren has not
only moved to federal and regional levels, but moved into the centre of the local political agenda, particularly in the cities.

This is particularly valid in view of the differing age structures of migrants and local people, caused by differing birth rates, resulting in increasing numbers of first or second-generation young immigrants facing ever fewer German coevals. In many cities more than half of the under-15s have migrant backgrounds, making corresponding demands on the local health, education and training systems. In some districts with multi-ethnic structures, these challenges amount to serious problems with segregation, so that the situation is one of parallel structures and parallel or indeed mutually hostile existences rather than co-existence.

In addition, in a generally aging society there are an increasing number of older people with a background of migration, which necessitates substantial adjustments to the age-specific private and public infrastructure. In 2005 there were 1.3 million migrants aged 65 or more in Germany, amounting to almost one-twelfth of the agegroup as a whole. By 2030 the number of older migrants could rise to 4 million out of a total older population of 20 million. They will predominantly be living in the larger cities. Because of relatively favourable working and living conditions, perceived ethnic-solidarity benefits and corresponding networks, 28 percent of all foreigners in Germany live in state capitals and major cities, as against only 14 percent of the total population. On a regional level, it is mainly the independent cities in western Germany that must adjust, as they are home to a third of the total population, but half of all foreigners. In reference to all inhabitants with migrant backgrounds in these authorities, this proportion might well be still higher and will increase in the future as these people age.
These perspectives result on the one hand from the different phases of migration since the end of the Second World War, which saw the arrival of German refugees, expellees and those resettled from eastern Europe and the former Soviet Union, as well as foreign workers with their immediate families. After German reunification many more late repatriates (ethnic German immigrants) arrived, along with asylum seekers and numerous refugees fleeing the 1990s Balkan wars. Many immigrants have remained for the more-or-less long term, enriching German economy and society.

On the other hand, the outlined megatrends will increase the migration and integration-specific demands on local infrastructure and decision-makers. Therefrom the following questions result for German and European migration and integration policies, which will be addressed after an outline of the empirical framework in the second section of this paper:

- How is the current situation a consequence of past development and what does the long-term future development of cities look like?
- Against this background, how are German and European migration and integration policies reacting to these challenges; with what goals and signals and to what extent are there conflicting economic, social, demographic and political goals?
- What challenges face the respective levels regarding a consistent migration and integration policy and what paradoxes are to be observed and/or overcome?

The paper ends with a summary appraisal of the most important results and with conclusions for migration and integration policy locally and for other interdependently linked policy areas.

2. Empirical Framework

We will only examine international migration in the following; i.e. the processes of spatial movement of people across Germany’s state borders. The term “migrants” is used to denote those (and their children) who were not born in their country of residence. This includes foreign nationals,
naturalised German citizens (former foreigners) and those ethnic Germans resettled from eastern Europe and the former USSR (late repatriates). For their descendants who were born in the country of destination, the official statistical term is: “persons with a migration background, experience or history”.

By 31st December 2007, there were 6.7 million persons with (exclusive) foreign nationality living in Germany, according to the central register of foreigners. This corresponds to 8.1 percent of the total population. More than half of these foreign nationals had lived in Germany at least 10 years. They are distributed – for historical reasons – very differently between regions: some 320,000 foreign nationals live in the former East German states (about 2.4 percent of the population there), as against close to 6.4 million in western Germany and Berlin (about 9.4 percent of the population there). Furthermore, the foreign population concentrates, as do other populations with a migrant history (app. 8 million, predominantly ethnic German immigrants), in large cities and industrial conurbations, such as the city states (Berlin, Hamburg, Bremen) and the regional capitals and major cities with more than 500,000 inhabitants (Munich, Cologne, Frankfurt am Main, Essen, Dortmund, Stuttgart, Düsseldorf, Duisburg and Hanover, as well as – the only East German city in this list – Leipzig).

3. Review of current situation

Figure 1 shows the proportions of the population split up according to their migratory background, in the city states as well as in the federal states. It is noticeable that there is a clear south-north gra-

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3 Official statistics distinguish only between “German nationals” and “foreign nationals” over this long period, as individuals have only been differentiated by migration status since the micro-census in the year 2005.

4 Members of the armed forces stationed in Germany, their representations and families are not subject to the regulations of the German aliens law, therefore they are not included in the statistics of foreign nationals.
dient in the sense that the proportion of migrants declines as we move north. In Berlin and Hamburg, as well as in Baden-Württemberg and North Rhine-Westphalia, the proportion of foreign nationals is relatively high, while the proportion of German migrants and Germans with a migration background is, in addition, also high in Bremen and Hamburg. In Hamburg the proportion of migrants in the city exceeds 25 percent. In contrast, the proportion in Saarland, Rhineland-Palatinate, Lower Saxony and Schleswig-Holstein is less than 15 percent. In the East in total, the proportion of foreign nationals together with German migrants and Germans with a migration background is only 4.5 percent. Immigration here is insignificant not only generally, but also in regard to individual cities, as can be seen by having a look at the document “Foreigners in the Region” produced by the Federal Office for Building and Regional Planning (Bundesamt für Bauwesen und Raumordnung, BBR), which shows things from a different perspective.

In 45 western and eastern German cities examined under the purview of the BBR’s city centre space monitoring programme (Innerstädtische Raumbeobachtung, IRB) in 2005, which further distinguishes between exclusively foreign nationals and people holding dual nationalities (figure p. 153), between 2.8 and 31.1 percent of the population was foreign; the average was 13.4 percent. The difference between cities in the old (Western) and the new (Eastern) federal states is still extreme, even 15 years after reunification.

\[\text{On average in the year 2005, one seventh of the 82.5 million citizens altogether in Germany lived in the cities mentioned, which at the same were home to 28 percent of the 6.75 million foreign nationals living in Germany, their proportion thus being twice as high.}\]
Figure 1:

Foreign and German population with migration background and experience (ME) in Germany in 2005, in % of the respective total population.

- Schleswig-Holstein
- Lower Saxony
- Rhineland-Palatinate
- Saarland
- North Rhine-Westphalia
- Bavaria
- Baden-Wuerttemberg
- Hesse
- Bremen
- Berlin
- Hamburg
- New federal states
- Former federal territory and Berlin
- Germany


- Foreigners, excluding Turks, with own ME
- Foreigners, excluding Turks, without own ME
- Germans with ME
- Turks with own ME
- Turks without own ME
- Germans without (own) ME
Figure 2:

Percentage of foreigners and dual nationality holders in the IRB cities – 2005

Data sources: City centre space monitoring (IBB), Federal Office for Building and Regional Planning (BBR), communication databanks of the IRB cities

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A BBR diagram showing the distribution of foreign nationalities in the IRB cities in 2005 offers further views of the urban structures (figure 3). At first sight the strongly represented Turkish populations not only in Gelsenkirchen and Duisburg are striking, but also in the other Ruhr cities of Dortmund and Bochum. It is a similar situation for Oberhausen or Bielefeld, as well as Cologne and Krefeld, where Turks are also strongly represented in relation to other nationalities from within and outside the EU.

Before we talk about the long-term future perspectives and challenges in the following section, it is important to portray the very different developments of the German and foreign populations including the proportion of foreign nationals in the city-states as well as in the state capitals and major cities since 1982. The chosen pathways (figure 4) depict important demographic determinants for the impact of migration at a municipal level.

One can see sharp discrepancies in long-term development since the early 1980s. Until 2005, Berlin and Hamburg experienced large rises in their population: 315,000 and 100,000 respectively, of which around two-thirds (Berlin) and three-quarters (Hamburg) were due to the influx of foreign nationals. Frankfurt am Main also had increases in Germans and foreign nationals, but only of 26,000, of whom 11,000 were foreign and 15,000 German. As many Germans moved out of Munich as foreign nationals moved in; much the same is true for Cologne, Dortmund, Stuttgart and Hanover. The concomitant changes in the proportion of foreign nationals in the cities’ population was most pronounced in Munich and Stuttgart, where the proportions rose by 7 percentage points to 21.4 percent and 25.4 percent, respectively, and thereby reached the traditionally high level of.
Figure 3:

Official statistics distinguish only between German nationals and foreign nationals over this long period. Since the micro-census in the year 2005 individuals have more differentiated by migration status.
Frankfurt am Main (24.2 percent). Comparatively small rises of between 2 and 5 percentage points in the proportion of foreign nationals occurred in the Ruhr cities of Essen and Dortmund and in Düsseldorf and Hanover. Only in Duisburg, for structural reasons, did the proportion of foreign nationals sink: to a level of 13.4 percent.

4. Current and long-term challenges for cities

The demographic development in the cities of the Federal Republic of Germany is marked by a rising life expectancy with a concomitant birth rate too low to maintain population numbers. The population is shrinking, aging and diversifying; taking all together, the trend is towards a shrinking, aging, multi-minority society with a culturally and quantitatively less dominant German majority (see Birg 2001). This development can at most be buffered by political measures (family policies, immigration control, integration) but not halted.
These prospects are by no means a German peculiarity, but are typical of postindustrial societies. Germany appears to be, next to Japan and Italy, the most affected amongst the post-industrial nations. The socio-economic challenges of these Developments are not yet being realised to their full extent. Mostly, general financial topics such as the problems surrounding pension security, the health system and other social systems are discussed. In contrast, the effects and burden for the cities in their wide range of public service duties have been getting less attention, although they are probably no less serious. This includes child day-care and kindergartens, education, the social, job market and health infrastructure and municipal housing and public transport in a decreasing, aging and multi-ethnic urban population.

They are of highly topical interest, moreover, because the cities will be affected noticeably by demographic change in the next ten or so years to 2020 (figure 5). So the two largest cities in the Ruhr, Essen and Dortmund, as well as Leipzig will have to accept further population losses of around at least 5 percent, that is to say nearly 25,000 to 30,000 citizens, whilst Munich, Stuttgart, Düsseldorf and Bremen will still register increases of up to nearly 3 percent. However, after 2020 these latter cities too will also noticeably shrink, following projections from official statistics until 2050, and, in the absence of suitable projections at local level, coarsely adapting the figures for the states to the cities (figure 6).
On these assumptions, with the exception of Bremen and Hamburg, all the federal states and Berlin must count on losses of at least 10 percent, whilst the states of eastern Germany will lose as least 20 percent. Thuringia (-25 percent), Brandenburg (-26 percent) and Saxony-Anhalt (-26 percent) will, according to these projections, lose as much as a quarter of their population. Breaking these declines down further to individual cities such as Schwerin, Erfurt, Potsdam or Magdeburg, additional losses of inhabitants are to be expected from 2020 to 2050: -22,000 (Schwerin), -50,000 (Erfurt), -35,000 (Potsdam) and -70,000 (Magdeburg). Accordingly, there are drastic requirements for adaptation at the local level. The impact that the national and international migrant and integration policies have in these contexts can only be sketched out here⁷.

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⁷ The influence of naturalization, births of couples of foreign nationality according to the new citizenship law of 2002, deaths and relocations cannot be taken into account here.
5. German and European migration and integration policy

A paradigm shift took place in German policy towards foreigners in the spring of 2000 with the government’s "Green Card" initiative. This meant that for the first time, Germany officially acknowledged that foreign specialists may be needed at short notice, at that time predominantly in the IT and computer industries. A process was set in motion which ultimately led to the immigration law. Since 2005, through residence laws and keeping the 1973 ban on recruitment of foreign workers from outside the EU, this has limited and steered economic migration to Germany to take account of the country’s current economic and labour-market interests. The new law seeks to address in particular skilled workers, as well as the self-employed and entrepreneurs from non-EU countries. The law has also introduced provisions for language and orientation courses, advice and projects for these newcomers, as well as for those migrants already resident in the country, in order to facilitate their integration. The number of lessons of these courses, which have generated great interest and are well attended, was expanded at the end of 2007.
The Directive-implementation Law passed at the end of August 2007, with which eleven EU directives on asylum and residence were passed into national law, eased immigration for the self-employed and simplified admission procedures for academics from non-EU countries. Their spouses now enjoy unrestricted access to the job market. On the other hand, the overwhelming majority of all immigrants from non-EU countries, above all Turkey, has consisted, as in other immigration countries, of the families of migrants already here, given that spouses will join their husbands/wives in Germany. In view of the high integration thresholds and requirements for these family members, the law has introduced requirements for basic knowledge of the German language. This must be acquired in the country of origin, before entering Germany.

At almost the same time as the Directive-implementation Law came into force, the Cabinet decided at a closed meeting in Meseberg to facilitate the immigration of specialists in the fields of mechanical engineering, vehicle construction and electrical engineering from new EU member states, as well as the admission of foreign graduates of German universities into the job market by renouncing individual priority-status tests. An inter-ministerial working group was established to produce an overall immigration concept. This was submitted in summer 2008 as an action plan with the title “The contribution of economic migration to the securing of the skilled-worker base in Germany”. It was accepted by the cabinet in mid-July 2008 and is intended to open the German job market to highly qualified workers, so that job-market supply bottlenecks can be eased.

But as before employing native workers is still the priority. For this reason temporary agreements for unskilled workers are to be extended for the larger countries that joined the EU in May 2004, as well as those countries that joined in 2007. The restrictions on free access to work are thus main-
tained for citizens of EU countries such as Poland and the Czech Republic until 30th April 2011 and for Bulgaria and Romania until, provisionally, 31st December 2013.

The provisions have acquired legal force on 1st January 2009 with the Economic Migration Control Law and its corresponding regulations. Thus, framework conditions are arranged to be more attractive to, primarily, graduate migrants. This includes the increased recognition of foreign degrees, while spouses of highly qualified academics do not have to prove knowledge of German before entry. Measures against racism and discrimination are to be strengthened.

Aside from refugee and asylum policies, along with visa and repatriation policies, which will not be discussed here, European migration policy concentrates on immigration, on combating illegal immigration and on the integration of immigrants. The European Union profits from migration demographically, economically and culturally. Immigration also faces the EU with new challenges, which can only be managed by countries working together. A co-ordinated asylum, refugee and migration policy forms the necessary means.

Within this framework, a directive on unification of families was complied with. The rights of people from non-EU countries have been strengthened further by a 2003 regulation. Thanks to harmonising permanent residency and the generation of a European permanent residency entitlement, immigrants from non-EU countries can acquire legal permanent residency after five years of lawful residence. In addition there is a right of freedom of movement, which allows further migration to a different EU state. In order to promote intercultural exchange, a regulation was introduced four years ago which determines admission procedures for school and college students, unpaid work-experience participants and voluntary-service participants from non-EU countries.
Finally, at the end of 2005 the European Commission submitted a strategy document proposing concrete measures for development of common EU policies for legal immigration as well as concepts for combating human trafficking. In addition, further regulations are planned which are intended to guarantee the rights of legally employed non-EU citizens and the entry and residence of certain foreign nationals such as highly qualified workers, seasonal workers etc.

Illegal migration remains a major problem for the EU. The fight against illicit migration and human trafficking enjoys the highest priority. The common European policy is implemented, for example, in the form of a border protection agency and border police measures. Negotiation with the countries of origin and transit plays an important role here. As far as possible, the causes of illicit migration must be addressed. However, overlap with other EU policies has to be considered here, such as foreign trade, fisheries and agriculture as well as the corresponding subsidy policies of the EU, which are what create the migratory pressure from Africa to the southern borders of the EU in the first place.

Integration policy is principally the responsibility of individual nation states. Nevertheless, up to a point, an EU-wide policy can be useful. This can include on the one hand intensive exchange of information and reporting about successful integration programmes in the various member states and on the other hand the encouragement of specific initiatives. This is made possible by a specially established fund.

6. Barriers and paradoxes
The implementation of the “new” national and EU migration and integration policy requires not only a suitable legal basis, but also profound changes to society, economics and culture as well as extant infrastructures and local networks. In this process a number of obstacles must be overcome.
One of these is, with the important exceptions of city-states and major cities, the absence of a welcoming culture for immigrants.

Such a culture has not developed towards migrants on any large scale, despite decades of economic and family migration following the ups and downs of the economy. Germany – whether the former federal republic or the GDR – did not see itself as an “immigration country”. So the resident population always assumed, along with the politicians, that foreigners who were temporarily enlisted and welcomed for economic reasons would return sooner or later to their home countries – not least with state support in the form of repatriation grants as at the beginning of the 1980s in the Federal Republic. Many did, but not all. Those who stayed established themselves with their children and grandchildren, forming parallel structures in the cities despite long-term participation in the local economy and local added-value processes, not least because they felt rejected as fellow citizens by the host society. There is no need to point out in any depth that there are substantial regional differences between the western, southern, northern and eastern parts of Germany, between larger and smaller cities and towns and between (old) industrial regions and modern export-oriented service centres with numerous national and international business contacts. The discrepancies result from the different intensity of experiences and contacts of the German population with workmates, parents, classmates and families from other countries.

Further reduction of the various barriers and suspicions will certainly take many years, if not decades; this will depend first and foremost on economic integration, social participation and socioeconomic status and will require many initiatives and a lot of understanding and patience from all sides. It should be noted that migrants are always subject to the conflicting pressures of retaining their cultural identity on the one hand and identification with the majority host society on the other.
Mutatis mutandis this is admittedly also valid for the resident population, their culture and the current structures.

With the legislative measures taken since the beginning of the decade outlined above, the correct legal steps in any case went in the correct direction and the correct signals were set for dismantling these barriers. In many cities these signals were taken up and further developed in a myriad of integration projects. The federal government created the “Districts with deprived areas – the social city” scheme in 1999 within the framework of its urban development support programme, which is aimed at correcting social shortcomings in deprived city districts by means of an over-proportional allocation of funds in particular in eastern German municipalities. Obstacles also exist in the absence of a recognition culture for formal qualifications as well as educational and professional experience acquired abroad. Vocational qualifications not corresponding to German standards are not recognised, or only very hesitantly. Although German educational federalism offers advantages in the sense of introducing an aspect of competition, it is unfavourable with regard to the recognition of foreign qualifications and leads to a lack of transparency and fragmentation for those affected. A substantial “brain waste” exists here, which Germany cannot afford in the long run if it is not to endanger its international competitive ability. In the aforementioned scheme for the “securing of the skilled-worker base in Germany” native workers rightly have priority over new immigrants. But it is precisely when there appears to be little room for action, that a part of this process should be easier access for migrants to educational and training possibilities as well as employment in those businesses that offer young migrants on-the-job training, in the spirit of the “Charter of Diversity”. It is ironic that on one hand the German public continues to be suspicious of using German labour in the form of increased employment of older people and women and the extension of the working life and to oppose greater diversity in society through immigration, while at the same time maintaining expectations of continued growth and a further increase in standards of living.
As opposed to English, which is the first foreign language learned around the globe and represents a strong natural advantage for the traditional Anglophone immigrant countries, German is a significant language barrier for many people here with migration backgrounds. Learning the German language is often connected with high costs for them. The current enlargement of the EU to take in eight eastern European and Baltic states, along with Malta and Cyprus in May 2004, and Romania and Bulgaria in January 2007, means that any future EU enlargement will occur geographically ever further from the core German-language area. To that extent, the state language courses offered nationwide, which were established at the beginning of 2005 and broadened at the end of 2007 under the auspices of the federal government via the agency of the German Federal Office for Migration and Refugees, are of particular importance for integration. A further barrier which exists in Germany in contrast to other immigrant countries can eventually be reduced through successful participation in these courses, namely the absence of any social upward mobility for migrants: the second generation hardly get as far as their German coevals and climb the social ladder only slowly. The convergence of education and training qualifications has indeed made headway in the past three decades, but at this speed it will take further decades until equality is reached. It is obvious that above all the local authorities as well as the state governments bear a special responsibility here if the permanent marginalisation of a large sub-population is to be avoided. This responsibility is a concern for all educational establishments from kindergartens through schools to vocational training, but it is also a concern of the sustainable development of the local economy as a precondition for a smooth transition from education to work. From these perspectives, urban planning requires above all a redirection of priorities towards a major increase in status for the education of migrants, in view of their increasing importance for German society and the German economy. State and local equalisation payments should be more strongly concentrated in this area.
7. Summary and conclusions

In this paper we have outlined a short inventory of the current and longer-term challenges for local authorities in the matters of immigration and integration of migrants and we have put these in the framework of the “new” German and European migration and integration policy. Obstacles and paradoxes have been demonstrated which need to be further reduced, indeed removed, in order to implement these policies in the society, economy and culture of the states and their local authorities. These concern the development of a welcoming culture and an appreciation for the potential of migrants, as well as surmounting the currently prevailing negative orientation in the public perception and the public immigration debate.

Rapid demographic changes mean that people with a migrant background are gaining increasing importance in Germany, as in many other highly developed countries, in all social, economic and cultural areas. For this reason, education and training in particular must adjust as rapidly as possible, as these are crucial producers of “human capital” and the future living-standards in the federal republic. In this country, society and all levels of politics must therefore set clear priorities and allocate corresponding personal and financial resources. The beginnings came with investment in integration since 2005. Appreciation of the need for more investment is needed. If Germany is to develop into an “education republic”, young migrants must also, indeed in particular, be addressed. Future urban planning needs will be shaped primarily by the requirements of an increasingly diverse population, unlike in past times, when structural sector change determined local development. It is not only imperative to prepare early in order to secure the future, but also to avoid costs and waste, which would otherwise outweigh the now necessary investment in the education and training of young migrants.
Literature


Loeffelholz, Hans Dietrich von, (2010), *Social and labour market integration of ethnic minorities in Germany* (contribution to the IZA project commissioned by the EU Commission), forthcoming.


