Migration: Global causes, European challenges, national and regional economic outcomes

Starting with the assumption that migration will be a long-term issue, the paper offers five global causes of this phenomenon: military conflicts with a geostrategic background, diminishing resources, countries remaining in the first demographic transition, climate change, and access to information and mobility. The introduction provides a short interim summary of the recent European debate. The first section then illustrates the economic consequences of various scenarios, based on the German example. The main focus of the paper is the analysis of regional migration outcomes for growing metropolitan regions. During the last decades, these regions where faced by suburbanization, growing internal competition for inhabitants, and an unequal distribution of infrastructure burdens and public debt. Without regional cooperation, migration will be a driving force for accelerated conflicts. This pessimistic outlook seems to be valid if strategies for housing do not reflect the local labour market conditions and manpower demand (Bronx Scenario or Banlieue Scenario). On the other hand, migration can be an advantage for both an aging metropolitan core and an aging region in general. This optimistic outlook implies an integrated strategy for housing, education, infrastructure, and labour market (Vancouver or Ruhr Scenario). The strategy offers a win-win perspective for the problems of migrant integration.

Keywords: migration, regional planning, housing, public debts

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The challenges of the rapidly growing migration streams to Europe which we have seen in the recent years will not be overcome within a year.

To explain the development of refugee migration, a number of reasons can be distinguished on the global and macro-regional level:

- the first category of reasons are civil wars and international military conflicts. Although many of these conflicts seem to be driven by religious differences on the surface, deep down we will find motives of economic interest or political power. Figure 1 shows that, after 15 years of decline (end of civil war in former Yugoslavia), migration is once more on the rise;

Figure 1. Refugee population under UNHCR’s mandate, 1990–2015
Source: [UNHCR, 2015].
– the second driving force behind growing migration is minimized resources. Factors such as scarcity of clean water and fertile land or conflicts between traditional use of land (or water) by native people and the extraction of natural resources are forcing people out of rural areas to growing agglomerations and then on to richer countries [Saunders, 2011];

– we are also confronted with the fact that many countries, even in Africa, unaffected by some hopeful developments, remain in the first demographic transition [Swiaczny, 2014]. This phase is characterized by high population growth rates as the infant mortality rate is decreasing and the birth rate is still high. Due to the economic problems of developing countries, young men are choosing to leave [Der Spiegel, 2015: 108];

– if chances of development in these areas are further diminished by the effects of climate change, as is the case in large areas of Sub-Saharan Africa, we are faced with multiple driving forces for migration;

– last but not least, technological progress, such as access to information on the worldwide web and increased mobility, provides opportunity to migrate beyond neighbouring countries.

As such, Figure 1 represents only a part of the global migration problem. It is not easy to distinguish between those refugees who come for political reasons and apply for asylum, and those who come for other reasons. This growing migration is a fundamental challenge for the whole of Europe, as the development of 2014/2015 had severe consequences: breakdown of the Dublin system, excessive demands on Mediterranean EU members, border controls in several Schengen countries, and limited freedom of mobility across borders within the EU zone. Most EU countries prefer to strengthen external border control (Frontex) and hope to be unaffected (St. Florian’s principle, ‘Nimby’ – Not in my backyard). As the pattern of the Dublin system shows, all northern European countries tried to stay untouched by growing migration by delegating these duties to the southern border countries of the EU. This system worked more or less effectively after the end of the Balkan civil war, until rising migration made its way from destabilized Liberia to Italy. From this point on, the rules were disregarded. Therefore, it was an obvious error to declare the opening of the German borders in September 2015 as an invitation [Szalamacha, 2016]. Refugees had previously arrived via Italy and had already reached Hungary on the Balkan trail in September 2015. Many people, including politicians, hope to be able to restore the status quo. Austria and the Balkan States are attempting to create national border solutions. Looking at our own and NAFTA experiences, we know that this is an illusion [Die Zeit, 1998]. Migration streams might be reduced on one trail, but people smugglers will simply go on to find new trails, such as the way from Greece to Italy or the way from Turkey to the EU via Ukraine. The recent offers of the head of the European Council (Tusk) to Great Britain show that there is a real risk to European freedom of mobil-
ity. On the other hand, this fundamental challenge might not only be a major political problem of expenditure, cultural divergence, housing, education, and workplaces. It can also be seen as a question of economic growth, demographic adjustment, brain gain, and stabilization of social security systems. These are important questions for all European countries, as we are all faced with demographic trends of a similar nature.

I would like to discuss these issues by means of a German regional example, focusing on demographic and economic issues. This example allows an analysis of demographic and economic outcomes of migration on both the national and regional level. Human rights for refugees are not a question of economic outcomes. Nevertheless, the debate has seen a strong focus on these outcomes. The aim of this paper is to first take a brief look at this discrepancy on the national level, followed by an analysis of regional allocation patterns and economic outcomes in greater detail.

1. Uncertainty: Migration and the big scenario gap

On the national level, the debate showed a wide divergence between optimistic and pessimistic positions: opportunity for a new ‘Wirtschaftswunder’, boost to the social security systems, antidote to the lack of skilled workers on the one hand; the risks of ongoing public expenditure for refugees, difficulty of integration into the labour market, and the need for exceptions to the minimum wage on the other. Zetsche, CEO of Daimler, was the first person to view migration with ex-
pectations of a new age of prosperity [FAZ, 2015]. These hopes may be valid, as German industry has been discussing the human resource problem of a presumed lack of experts (‘war for talents’) for a decade now and survived the economic crisis of 2008 better than some competitors. Germany has been an immigration country since the late 1950s, with long-term forecasts showing a population decline even with an average immigration rate of 200,000 per year. This might be an obstacle to long-term growth prospects. We know that immigration tends to go hand in hand with a rising GDP. As such, many economists argue that refugees should not be seen as a burden but, instead, as a long-term investment (see, e.g.: [Hinte, Rinne, Zimmermann, 2015]). However, only rising productivity combined with immigration will lead to a rising per capita GDP and an increase of welfare.

Not surprisingly, we find a greater number of pessimistic experts. Their focus is on public expenditure for migrants, the burden to social security systems, knowledge deficit, pressure on the low-qualified workforce and wages – and, therefore, problems of labour market integration [Raffelhüschen, 2015; Sinn, 2015]. The last question seems to be the central one. Integration into the labour market requires language skills and vocational knowledge. Only a minority of migrants have a higher level of education and knowledge of foreign languages. That notwithstanding, most of them are young and can be educated.

As a synthesis, the economic advisors to our government have drawn up some rough scenarios. Public expenditure for refugees might rise from 5.9 to 9.0 EUR billion in 2015, or from 8.3 to 14.3 EUR billion during 2016 [SBE, 2015]. These burdens are affordable with respect to the federal budgetary situation. But, of course, there are risks when it comes to bureaucratic procedures, labour market integration, etc. Therefore, the positive effects on the workforce and on growth due to the demand for housing and education can only be estimated. Advisers argue that the recently-implemented minimum wage should not be raised as it represents a high entry barrier for migrants. There is no end to the debate. And it goes without saying that it will gain considerable momentum without European solutions for refugee immigration on a common level. As mentioned above, these solutions are essential for Europe as a result of external migration pressure and internal demographic and economic trends [Rinne, Zimmermann, 2015]. This problem will be touched upon once more in the conclusion.

2. Driving forces of demographic development in growing metropolitan regions

Politicians are trying to proceed with a bureaucratic solution of regional burden-sharing. The distribution of migrants is based on population and tax revenue. Looking at regional allocation patterns of the last migration waves (e.g. in the first
half of the 1990s), recent experience in Germany, and international experience of immigration countries, it is evident that migration will not be widespread in the way politicians hope and is mainly a problem of metropolitan areas. This part of the analysis will be based on the experience of Bremen and its hinterland during the last few decades. The development of the metropolitan region Bremen-Oldenburg in the north-western part of Germany shows typical features. This example allows to connect long-term demographic research with recent developments.

![Figure 3. Population in the State of Bremen (1970 = 100)](image)

Source: [SLFHB, 2015, p. 35].

The development patterns for the population of the state of Bremen (as well as for most of the large industrialized cities in Germany) show a decline since the early 1970s. This decline was slightly smaller for the City of Bremen and more significant for Bremerhaven. Times of temporary population growth are times of migration waves, as was the case in the early 1990s. Looking at the long-term development, in the State of Bremen 6.8% of inhabitants had a foreign passport in 1985 and 14.7% in 2014. These figures do not illustrate the full significance of migration as many migrants from Eastern Europe were immediately issued a German passport.

In sharp contrast to the City, we have a growing hinterland with a lower proportion of migration or citizens with a foreign passport. We first need to define our understanding of hinterland. Regional planning often uses the regional spread of commuters to define the hinterland. For statistical purposes my definition is a simple one. Two circles of surrounding municipalities (see: [Mönnich, 2007, p. 280]) may be used to show the first and second step of suburbanization effects.

During the time before the recent migration wave, the population of both the suburbs and that of the whole metropolitan region experienced constant growth.
The figures show that the hinterland population is now higher than that of the City. The population development in relative terms is faster in the second circle and was in stagnation in the City until 2005.

Driving forces of decline for the cities within the region are:

- urban sprawl: since the beginning of the 1970s, encouraged by a rising rate of car-owners, increasing numbers of families decided to look for homes in suburban areas. It can be shown that this trend is still in progress [SLFHB, 2015, p. 49]. In 2014, Bremen had a net loss of 1,300 inhabitants to the surrounding state of Lower Saxony;

- mortality rate higher than birth rate: the prominent consequence of an aging population is a fall in population driven by a negative natural development. For the State of Bremen, this meant a loss of around 2,000 inhabitants per year during the last decade [SLFHB, 2015, p. 46].

The decline of population within the core of metropolitan areas will be decelerated by:

- change of family structures: rising numbers of singles, patchwork families, and other types of social diversity have an impact on the attractiveness of urban living. As such, if the typical family is no longer the dominant household, urban sprawl will decrease;

- students: cities with universities, like Bremen, experience a fairly constant flow of new and young inhabitants in the form of new students from outside. Therefore, more than 35,000 students in the state of Bremen contribute to a stable population. It will be interesting to see whether Bremen is able to attract graduates who settle in the City;

- migration: last but not least, and highly important for the recent rise in City population, is the question of migration. Looking at the last decades, we know that migration is the volatile determinant of demographic developments.
3. Competition for inhabitants within the region

The economic significance of all municipalities depends on population size and development. Therefore, competition for inhabitants can be commonly observed. This fact will gain importance if the amount and division of taxes is not only related to GDP but more or less simply to the number of inhabitants, as is the case in Germany. Since the tax reforms of the late 1960s, the division of common taxes, like income tax and sales tax, is made in relation to inhabitants. The municipality and state share of income tax is split based on the residence of the tax payer. Therefore, it is beneficial for municipalities to house well-earning citizens. The share of sales tax is simply divided by the number of inhabitants. As a result, the original public revenue is linked with the population development. Additionally, the outcome of tax division will be corrected by revenue equalization at state level and at municipal level within the states. Again, the main criterion is the tax power per inhabitant. Only real property taxes and the local profit taxes for companies can be influenced at the municipal level. Therefore, it is not astonishing that local authorities are competing for new inhabitants.

Figure 5 shows that all municipalities are expanding their housing areas at a faster pace than the development rate of citizens. Again, the second circle leads in this trend. Housing areas are an effective tool to compete for new citizens. Especially young and well-earning families are mobile and keen to buy or build a house. The rising demand for housing can be partly explained by rising affluence. Additionally, new housing areas are a competition tool between municipalities within the region. Rural municipalities try to attract families with affordable property prices. With its higher prices, the City tries to defend itself by offering housing subsidies. If the City does not succeed in this competition, segregation effects will be the result. Inhabitants with a lower income or requiring social aid will stay in the City. As forecasts for demographic development so far indicate long-term decline, this competition seems to be a ‘zero-sum game’.

Unfortunately, new inhabitants are not only a source of rising revenues. At the same time, they require public services. Especially the City clientele is used to a certain level of infrastructure, as well as educational and cultural facilities. Therefore, new residents in the suburbs demand new services, resulting in new expenditure. As amenities in declining Cities cannot be closed down as fast as the population is declining, fiscal problems arise within the region.

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1 There are only a few minor exceptions to this rule. The city-states (Berlin, Bremen, Hamburg) and sparsely populated states receive an inhabitant multiplier to cover additional expense for infrastructures. The systems of revenue equalization at municipal level differ from state to state and are a little more complex.
Figure 5. Development of housing areas (in % to 1979)
Source: [Mönnich, 2007, p. 282].

Figure 6. Local debts per inhabitant, Bremen and hinterland (in % to 1985)
Source: [Mönnich, 2007, p. 282].
Figure 6 illustrates the dramatic debt development of the City of Bremen\(^2\). So far, only the second circle of municipalities has had no rising debts. The region has inevitably been confronted with rising commuter traffic and, with it, a demand for better connections.

Table 1. Relation between commuters and local labour force of city-states

<table>
<thead>
<tr>
<th>Year</th>
<th>Bremen</th>
<th>Hamburg</th>
<th>Berlin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inbound commuters</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>39/100</td>
<td>40/100</td>
<td>12/100</td>
</tr>
<tr>
<td>2012</td>
<td>47/100</td>
<td>36/100</td>
<td>16/100</td>
</tr>
<tr>
<td><strong>Outbound commuters</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>10/100</td>
<td>6/100</td>
<td>5/100</td>
</tr>
<tr>
<td>2012</td>
<td>11/100</td>
<td>7/100</td>
<td>5/100</td>
</tr>
</tbody>
</table>

Source: [Hotze, 2015, p. 2].

4. Distribution of migrants in Germany

When talking about the national or regional distribution of migrants, one needs to recognize that this distribution cannot really be planned or regulated with administrative tools. Most types of migrants have the freedom of locational choice, such as the migrants from other EU states or family members of foreign workers with a residence and work permit\(^3\). Others, such as those applying for asylum, will be granted freedom of locational choice once their status has been clarified. This freedom is favourable from an economic point of view, because if migrants are allowed to work, they should relocate to the region where work can be found. Therefore, the experience of the last migration waves is now being repeated. The distribution of migrants does not follow the bureaucratic patterns of political regulation (Königsteiner Schlüssel) and does not veer towards areas with housing availability. Some municipalities in the eastern part of Germany or in Lower Saxony, which have lost residents during the last 20 years, had hopes of revitalization. These hopes will be disappointed in most cases. Migrants shift to growing metropolitan regions. Consequently, the structure of declining and growing regions [BBSR, 2015] will not be levelled out. This hypothesis is verified by the last data on migration distribution.

The forecasts show a growth perspective only for metropolitan regions and a stagnation of metropolitan cores due to housing possibilities. If an attempt is

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\(^2\) The debt explosion was only kept under control by federal revenues due to the State of Bremen successfully claiming to be in a state of budgetary emergency at the Constitutional Court in 1992.

\(^3\) A survey of all types of migration to and from Germany is provided by the latest report of the Bundesamt für Migration und Flüchtlinge [BAMF, 2014]. For example, it shows that the largest group of migrants to Germany came from Poland.
made to achieve an equal distribution of migrants, the result will be a higher amount of illegal workers and inhabitants in metropolitan regions [Wermter, 2016, p. 46 f.]. This statement is not necessarily a criticism of the local distribution of migrants within metropolitan regions. Looking at the last migration waves, we know that there was a high concentration of migrants within cities. However, looking at international experiences or German experiences of the past, we may suggest that there are different development possibilities. The last section of my paper aims to discuss these possible developments and their tools.

5. Scenarios for the Metropolitan Region Bremen-Oldenburg

Since the beginning of the recent migration wave, cities and suburbs in the Metropolitan Region Bremen-Oldenburg have been growing again. This development will continue, particularly in the suburbs [BBSR, 2015]. In 2013, the percentage of the population with a foreign passport in the City of Bremen was more than twice the percentage for the municipalities surrounding Bremen (12.8% vs. 4.7% [KNB]). The percentage of the population with a foreign passport in the whole Metropolitan Region is slightly higher (6.8%). The average is driven by Bremen, Bremerhaven, and counties with a higher number of foreign EU workers in the food industry, such as Vechta. At present, information on the distribution of refugee migration in the region is scarce and unreliable. The highest rate is 7.85% for Bremerhaven. The City is following with 3.75%. This may be explained by a higher vacancy rate for houses in Bremerhaven. The rate of all surrounding counties is fairly equal: 2.12 to 2.14% of all inhabitants [Leitlein, Venohr, Stahnke, 2015]. All municipalities are currently faced with the problem of registering the refugees, providing emergency housing, and schooling the youth.

The next local policy steps involve the acceleration of house-building programs and the integration of refugees staying in the area into the labour market by vocational training. I would like to concentrate on the house-building program. Without any strategy – looking at the experiences of the last migration wave – we will be faced with a concentration of refugees in places where families and fellow countrymen live. This will be the cities. If this leads to a high concentration of migrants in particular urban districts near the city centre, a situation of segregation will be produced [Friedrichs, 2016, p. 70].

This self-directed development can be called the ‘Bronx Scenario’. Migrant concentration with or without a low rate of domestic population lowers the pressure for integration. Additionally, there will be a higher risk of long-term unemployment in these areas. Moreover, there will be rising pressure for suburbanization. The outcome
of this scenario will be a prolongation and enhancement of the developments ana-
lysed in Section 3. The result will be a suffering city and prospering Suburbs.

The second possibility is the concentration of migrant and refugee population in old or newly-built large housing estates on the periphery. If these estates are part of surrounding municipalities, the result will be a prospering city and suffering suburbs, like in the area surrounding Paris. We might call it a ‘Banlieue Scen-
ario’. If, like in Bremen, these estates are mainly part of the city municipality (Osterholz-Tenever, Oslebshausen, Grohner Düne), we get the same economic outcome of a suffering city. If the scenario is combined with private properties on the estates, this may lead to ‘no-go areas’ requiring demolition or high costs for stabilizing the quarter.

As all these outcomes seem to be the result of zero-sum games, we need to look for better options. This better strategy might be called a ‘Vancouver’ or ‘Ruhr Scen-
ario’. The underlying idea is a multi-central region participating in chances and risks and with a distribution of housing around the region, mainly addressing new centres in the suburbs. In Germany, we are familiar with such a regional de-
velopment with the emergence of the Ruhr Area. Driven by expanding coal min-
ing and steel mills, the number of inhabitants grew to 5 million at its peak during the 1960s. The migrants came mainly from the eastern parts of Germany and Pol-
land [Mönich, 1971, p. 156 ff.]. The development of migration was labour driven, with settlements located in the vicinity of new mills. The structure later formed the first example of regional planning in Germany [Mönich, 1971, p. 238 f.]. These
days, following the end of coal mining and in times of steel crisis, the Ruhr Area finds itself in a situation of decline and structural adjustment. However, it is the story of a century of expansion without being limited to one city centre. If we want to consider a comparable example, albeit more migration driven and still in a state of rapid expansion, we may look at the Vancouver Metropolitan Region. Vancou-
ver, situated at the west coast of Canada, is the first big city for migrants from Asia. The domestic (not the native) population came from Great Britain, Germany, and Scandinavia. Soon after its founding in the late 19th century, the region was con-
fronted with unintended migration from China as workers were imported for the transcontinental railway and did not return. The Vancouver Metropolitan Region is now a conglomerate of more than 20 independent cities or municipalities and a population of 2.4 million. A further million migrants are expected in the course of the next two decades. The city of Vancouver is a large town with 600,000 inhabi-
tants, but only primus inter pares (the first among equals) in the regional setting. Growth projections show a strong linkage between inhabitants, dwellings, and work places [Metro Vancouver, 2010, p. 74]. The greatest growth rates are ex-
pected for the cities outside Vancouver itself. This forecast seems to be realistic as Metro Vancouver has an elaborate public traffic system and plans additional in-
vestments in traffic links between the cities of the region.
Conclusions

Both migration in general and the current rising migration of refugees represent great challenges for Europe. The lowest common denominator seems to be stricter border controls. Migration might be reduced by these controls. However, it is an illusion to think that migration will return to previous levels. While the EU is struggling to find a common scheme to regulate migration and share the burden, problems of integration need to be solved on the local and regional level. Political solutions need to recognize that migration does not only entail burden-sharing. By contrast, migration is an opportunity in terms of demographic trends, social security systems, and growth prospects for our society. The main challenge on the regional level is a common strategy for housing, workplaces, and infrastructure investment. Instead of accepting the outcomes of a self-directed development with a number of segregation problems, regions should develop a shared multi-central strategy. This could lead the way to a win-win scenario for all participants.

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