

From Guests to Permanent Visitors? - From the German “Guestworker” Programmes of the Sixties to the Current “Green Card” Initiative for IT Specialists²

Abstract

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Abstract

From the 1960s on, German industry increasingly needed labour. The home labour supply decreased and, with the construction of the Berlin Wall in 1961, the stream of in-migration from East Germany ran dry. So, recruitment agreements for “guestworkers” were concluded with a number of Mediterranean countries. At that time, the prevailing opinion was that temporary immigration would be in the interests of all the parties involved: German firms would get cheap labour, the “guestworkers” would earn money and take their savings home, and the countries of origin would benefit from the remittances their workers would send home from abroad and also from the knowledge they brought back with them. This ideal scenario turned out to be a pipe-dream.

There were certainly advantages but there were also costs. Above all, however, the longer the length of stay, the more improbable a return to the homeland became (illusion of return). Moreover, the rotation principle decided upon at the outset was never strictly enforced. It was also not in the employers’ interest to send back a trained foreign worker after just one or two years. So, even though the majority of “guestworkers” did go home, still a well-known saying in migration research circles was proved true: “there is nothing more permanent than a temporary migrant worker”.

After the 1973 oil crisis and price hike, in principle a recruitment ban was introduced on workers from non-EU countries. This was followed by a period of restrictive regulations which, for a number of reasons - for instance, family reunification was not discontinued - failed to prevent any further increase in the foreign population, which had meanwhile risen to 7.3 million. New immigrant groups appeared, such as asylum-seekers, refugees, immigrants of German origin from Central and Eastern European Countries (CEECs) and the former Soviet Union. So-called project workers from CEECs form a separate group. These workers have been able to carry out fixed-term projects in Germany with their firms since the beginning of the nineties (1990s).

With the improving labour market and only occasional shortages of skilled labour, it is only recently that a new immigration situation arose. Since August 2000, there has been an inflow quota of 10,000 (if necessary, 20,000) foreign IT specialists who, as things now stand, may work in Germany for 5 years. This prompted an immigration debate which raises questions that every immigration policy has to answer: who? how many? from where? for how long?

Finally, on the basis of the experience gained from the previous immigration programmes, this paper attempts to provide conclusions for a more comprehensive immigration approach which is more labour market-oriented.

1 Introduction

After the 1973 oil crisis, Germany and most European industrial countries banned recruitment and until very recently pursued a rather restrictive immigration policy. In spite of this, in Germany there has always been a high level of in-migration which has usually exceeded out-

migration (Graph 1). As a result, the number of foreigners has risen steadily (Table 1). There are now more than 7 million foreigners living in Germany. The nationality structure and immigration categories have shifted over the course of time (Tables 2 and 3, Graph 2). In the meantime, a need for immigration is again making itself felt partly for demographic reasons (generations with low birth rates entering the labour market), and also for economic and labour market reasons (drop in unemployment, skills' shortages). In Germany, a debate has sprung up about fresh in-flows of foreign workers, the first tangible result being the simplified employment procedures for foreign IT specialists. Against the background of the whole immigration debate which has flared up once again, it seems appropriate to correlate Germany's experience with immigration programmes for foreign workers since the sixties (1960s), and to see what lessons can be learned so as to shape the future development of immigration flows geared to the labour market.

Below, the story is told of the origins of the programmes, the various recruitment phases involved, the means of control, and the outcome of the "guestworker" programmes. The account begins with a description of the recruitment of "guestworkers" in the 1960s. What considerations were of importance at the time and how did the "guests" finally become permanent residents? The next larger-scale programmes for foreign workers were introduced after the end of the Cold War. The temporary employment of workers from the CEECs was intended to further those countries' economic development. Since the early 1990s, firms from the CEECs have been able, under certain circumstances, to fill orders through carrying out fixed-term projects in Germany using their own workers. The most recent and, for the time being, the last programme of temporary immigration concerns IT specialists.

Since August 2000, foreign IT specialists have been allowed to live and work in Germany for a maximum of five years. This so-called "green card" initiative is described and the first results are discussed. The final section sums up the current immigration debate and draws conclusions. It should be noted that since EU nationals enjoy freedom of movement, i.e., the possibility of seeking and taking up work in another member state under the same conditions as the national population³, the focus here is on non-EU citizens living in Germany.

³ The free movement of labour has been in force since 1968 for workers and their families of the six founding countries (B, D, F, I, NL, LX), also for UK, IR and DK since 1973, after enlargement of the EC. Greek workers obtained freedom of movement in 1987, and Portuguese and Spanish workers in 1993, after a period of transition. With the 1995 enlargement, free movement of labour was granted to Austria, Spain and Finland.

Tables 1 – 3 and Graphs 1 and 2 provide an overview of the development and structure of immigration in Germany in the last four decades. They should serve as an initial overview and, as the sections unfold, can be consulted to follow trends over time

2 Origin of the “guestworker” recruitment programme

After World War II, currency reform, Marshall Plan aid, the development of the social market economy, and the generally favourable economic climate set the Federal Republic of Germany on the road to sustained economic growth. But unemployment remained high as West Germany had to absorb millions of German refugees and East Germans. It was not until 1960 that, for the first time, the number of job vacancies exceeded the number of registered unemployed. The first bilateral recruitment agreement was concluded with Italy in 1955. Originally intended to cover openings in agriculture, it soon became apparent that the real need for manpower lay in the booming manufacturing industry. By the end of July 1960, there were 280,000 foreign workers in the Federal Republic of Germany, 45 per cent of them Italian.

There were several good reasons for importing foreign workers:

- * In the 1960s, the German labour force was shrinking for demographic and related reasons, e.g., more educational opportunities for the young and earlier retirement for the old.
- * In view of a still uncertain economic recovery, importing foreign workers temporarily was considered less risky than costly mechanisation and rationalisation.
- * When the German Democratic Republic (GDR) closed its borders and built the Berlin Wall in August 1961, the stream of refugees who had supplied workers for West German firms was cut off. The building of the Berlin Wall caused shock-waves because it showed how dependent Germany was on those refugee workers (Bendix 1990: 27). Now German manufacturers had to look further afield for their labour supply.
- * Europe was starting to unify. 1957 marked the establishment of the European Economic Community, the founder members being France, Federal Republic of Germany, Italy, Belgium, the Netherlands and Luxembourg. One of the aims would be to allow the free movement of labour among the Member States. If this was soon to be arranged for Italian workers (the major emigration country at that time) then why not allow workers from other countries to come and work for a year or two under bilateral agreements? It should also be noted that as soon as Germany opened its doors to Italians, many other countries expressed their interest in sending workers (Bendix 1990: 30).

3 Temporary workers: in the interests of all concerned?

In the past, Germany and Switzerland have often been described as having a rotation or so-called “guestworker” system. In such a system, individual immigrants are issued with work and residence permits valid for a limited time only and frequently the work permits are tied to a specific job - sometimes even to a specific employer. Family reunification is not encouraged, and immigrant policy measures such as good housing or language instruction are given little

attention. A rotation system, strictly speaking, would mean that the “guests” who left would have to be replaced by new workers employed under the same temporary restrictions.

A temporary worker programme was justified politically, economically, and socially by the ideal scenario whereby all parties concerned would benefit. Below, there is a list of arguments that can be used to ascertain whether everybody’s interests converge or diverge.

Interests of the receiving country

- * Manpower bottlenecks can be alleviated. The imbalance on the national labour market can be cyclical, regional, sectoral (e.g., construction industry), qualification-related (e.g., nursing) or seasonal (tourism, agriculture). The numbers admitted and the structure of the foreign workers’ skills can be flexibly adapted to the prevailing labour market conditions. Foreign workers can easily be assigned to the regions where there is a demand. They are more mobile as they do not yet have a permanent residence in the host country.

- * Benefits are a by-product of the work done. Having comparatively cheap labour available in times of economic expansion strengthens (at least in the short run) the competitive position of both individual companies and the national economy.

- * Displacement of national workers by foreign labour should be avoided. To maintain social peace and obtain the consent of the German trade unions, it was agreed that foreign workers should be paid the collectively bargained wage. Thus, there was no undercutting of going wage rates by foreign workers, which would have set them at odds with their German counterparts.

- * Consequential social costs are avoided. Because the immigration was temporary, there were hardly any further costs to be expected. These would arise, however, if the family were to join the worker in Germany. Examples are the social benefits payable such as unemployment benefit/assistance, housing subsidies, retirement pension, children’s allowance, or the additional burden on the education system when the migrants’ children attend school.

Interests of the migrant worker

- * Higher wages. Given the large differences in earnings between one country and another, the main motive for temporary migration is to receive better pay or indeed to find a job at all. The earnings can be used for consumer goods or for capital expenditure, e.g., setting up one’s own business.

- * Improvement of individual labour market opportunities. Even if the chief reason for employment abroad is better earnings, the knowledge and skills acquired abroad can help improve individuals’ labour market opportunities on returning to their home country. This may certainly be the case in the emerging industries in the country of origin; alternatively the savings from income earned abroad can provide a basis for self-employment.

- * Protection from exploitation. The migrant workers need protection from exploitation as they are in a weak position. Therefore, the bilateral agreements fixed minimum social standards and the work contracts stipulated wages and working conditions.

- * The early migrants did not wish to stay for extended periods. Survey after survey showed that they wanted to earn money and then return home with their savings. This was true in many cases, but many of the migrants stuck to the “illusion of return”: in fact, they postponed their departure repeatedly while still hoping to go home.

Interests of the country of origin

- * Alleviating the labour market situation. In the Mediterranean emigration countries, there was a lack of job opportunities associated with high unemployment and/or low income. Temporary

employment abroad can mean that those concerned escape joblessness, thereby reducing unemployment in the home country.

* Furthering the development of the home country. Employment abroad reduces unemployment at home and enables migrant workers to obtain better pay. Remittance of their earnings may also contribute to the home country's economic development, depending on whether the transferred capital is spent on consumer goods or invested. Furthermore, it was argued that skills acquired abroad can be put to good use after returning home, either in the emerging industries or when setting up a small business.

* Maintaining some control over the outgoing migrants. The country of origin also has an interest in checking on the temporary emigration of its nationals. This can best be done if migration is arranged in co-operation with the host country through bilateral agreements. The country of origin's interest in the type and level of emigration is two-fold: firstly the social welfare of the migrants has to be safeguarded. Bilateral agreements can stipulate the principle of equal treatment for nationals and foreigners with regard to wages, working hours and other working conditions, including social security (health insurance, unemployment benefit, pension rights, etc.,). Secondly, countries still want to have a say in the selection of workers who are leaving. But there is a conflict of interests here. In the selection process, more pressure can be exerted by the immigration country and the waiting employers.

Benefits for all concerned?

Everybody now knows that the concomitant interests of all the parties concerned was a pipe-dream. To name but a few hard facts:

The most important one was certainly the shift from temporary stay towards prolongation and finally settlement. As it turned out, people's intentions changed over time. Migration experience suggests that many temporary migrants extend their stay if the labour market permits and as long as the receiving country allows them to do so. Family members join the workers, children are born and, while the wish to return may still be harboured, it is further postponed time and again, and may finally be abandoned ("illusion of return").

Emigration may have little positive effect on the labour market of the sending country. First, because too few people may be involved to have a real impact. But, more importantly, labour migration is a selective process. Migration research tells us that neither the poorest nor the richest tend to leave, but in general the middle classes from regions which are often already undergoing change (Castles/Miller 1998: 21). It is the enterprising and more dynamic workers, who are not necessarily unemployed who go⁴, but these are the workers who would also be necessary for development in their home country.⁵

⁴ The US Commission for the Study of International Migration and Co-operative Economic Development (1990): Unauthorized migration: An economic development response, Washington, p. 9 writes: "A consistent finding is that those most prone to emigrate are neither the poorest nor least educated but are among the most aspiring and energetic members of their communities. They generally have jobs at home when they decide to leave, although these jobs are often low-paying and with little potential for advancement. They choose to go abroad to improve their economic well-being".

⁵ Some thirty to forty per cent of the Turks recruited to work in Germany were skilled workers in Turkey who worked as manual labourers in Germany. Cf. Philip, L. Martin (1998): Germany: Reluctant land of immigration, German Issues 21, The American Institute for Contemporary German Studies, Washington

The possibilities of acquiring vocational skills and knowledge largely depend on circumstance. If workers are channelled into some narrow specialisation, restricted to only unskilled or unpleasant jobs or segregated from native workers in the workplace, then there will be little opportunity to acquire vocational skills. Moreover, it is not certain whether the skills and knowledge acquired can later be used in the country of origin exactly as learnt. Results of migration research so far suggest that few of the skills acquired abroad tend to be used upon return.

There is a long-standing debate in economic literature concerning the economic effects of remittances. The question is whether and how much of the transfers is spent on consumer goods or used for productive investment at home. Remittances obviously boost the earnings of the migrants' families and can significantly promote the household's well-being. A series of studies have shown that "where the macroeconomic environment is stable and other conditions are conducive, remittances can raise the level of domestic investment" (Ghosh 1996: 100). But when many migrants tend to stay, family members join them. Once their lives increasingly revolve around the host country, remittances may dwindle and finally stop.

Temporary migration was generally regarded as beneficial to all concerned: the labour-importing country, the sending country and the migrant workers themselves. The assumed beneficial effects for all were taken as economic and social justification for concluding agreements concerning temporary workers, for adopting measures, introducing regulations and establishing recruitment procedures. The following section will show how the recruitment, employment and staying of foreign workers were controlled and to what effect.

4 The first phase: expanding recruitment

The construction of the Berlin Wall in 1961 and the subsequent interruption in the previous flow of refugees from East Germany marked the beginning of a phase of "uncontrolled expansion" of immigrant labour. Recruitment agreements were signed with Spain and Greece in 1960, with Turkey in 1961, Morocco in 1963, Portugal in 1964, Tunisia in 1965 and Yugoslavia in 1968. This phase actually lasted until recruitment was called to a halt in November 1973. It can be divided into two periods, separated by the short recession in 1966/67.

The recruitment process was straightforward and did not change very much over time, except that after the 1967 recession successful efforts were made to reduce visa entrants through restrictions in the number of visas granted by German Embassies abroad.

There were two different procedures:

(1) The first method or "anonymous recruitment": the labour authorities collected applications from German employers who wanted to employ foreign workers and checked that German workers were still being given employment priority, that the applications complied with certain requirements of the model contracts of employment, and that the wages promised were equal to those for Germans. Finally, the particular German firm had to prove that migrant workers were being provided with "adequate housing" (e.g., dormitories). Recruitment contracts approved by the labour authorities were passed on to the sending countries' recruitment offices in Athens, Belgrade, Lisbon, Madrid, Verona and Istanbul. The recruitment offices used three criteria in making their selection: qualifications, health, employment record (including skills testing, e.g.,

construction worker). They also arranged the necessary formalities such as residence and work permits (valid for one year only) and organised group transport to Germany.

(2) The second method or visa recruitment: under this procedure, the older of the two, the employer stated that a specific migrant worker was willing to work for him and ordered his visa from the competent German consulate abroad. The consulate then had to obtain the approval of the German authorities. The local immigration authorities checked that the legal conditions allowed a residence permit and work permit to be issued. If the application was approved, the consulate granted the visa. After that, the foreign worker entered the country and obtained the necessary residence and work permits, usually valid for one year only.

The employers were charged DM 300 (approximately one third of a month's salary) which since 1973 has been increased to DM 1000, for each person recruited.

Clearly, the great influence the German authorities exercised over the selection of workers ensured that the interests of German industry prevailed over those of the sending countries. In fact, the procedure led to the selection of the healthiest and most able workers, against the interests of the sending countries which had hoped to see their labour market problems alleviated, not an exodus of their best workers.

From 1960 to 1966 about 3.6 million foreigners entered Germany and about 2.3 million left, increasing the non-German population by 1.3 million to 1.8 million. The in- and out-flows show that there was a considerable turnover. About three out of five foreign workers who entered the country went back home (cf. Graph 1)

The 1966-67 recession caused the German unemployment rate to rise to above 2%. Measures were taken to "protect" the domestic labour market. Some of the changes affected all workers, such as shorter hours of work or reduced overtime. But some actions were specifically aimed at foreign workers, such as reducing the number of work permits issued to foreigners. This precarious situation had three consequences: first, the number of new entrants dropped to 330,000 in 1967, half as many as the previous year; second, more than a million left in 1966 and 1967; and last but not least there was an abrupt increase in the unionisation rate of foreign workers (Bendix 1990: 48).

Firings were relatively uncommon at the time. Because of the equal treatment clause, foreigners could not be treated differently from Germans and could not be laid off solely on the grounds that they were foreigners. Foreign workers were more easily persuaded to go by not renewing their employment contract. So, as long as their residence permit remained valid, they stayed in Germany looking for other jobs and living off their unemployment compensation. If their search proved fruitless, they returned home, which led to an elastic response to the recession.

Yet, by 1968 the economy was again so strong that it was as though the recession had never happened. The years 1968 to 1973 were characterised by a very low rate of unemployment. They became the peak recruitment years. Trains and planes were chartered to bring workers into Germany at the rate of between 500 and 1,000 **a day**. (Martin 1998: 9). The migrant workforce rose from 1 million to 2.6 million. One in eight workers in Germany was a foreigner. At the same time the migrants' national composition began to change: the proportion of Italians gradually decreased while the number of Yugoslavs and, after 1969, of Turks rose dramatically. In 1969,

Turks accounted for about 13 per cent of all foreigners in the Federal Republic of Germany. By 1980, this figure had risen to 33 per cent.

It is important to note that during the period of “overemployment” and even as late as 1976, the unemployment rate was lower among foreigners than among Germans, a fact which underscores the economic importance of immigrant labour. Foreigners were mainly employed in various branches of industry (metal processing, mechanical engineering, textiles), construction, and in low-paid services. The large increase in migrant workers did not cause a corresponding expansion in total employment. It led instead to a process of substitution whereby migrant workers gradually took over the least skilled and most strenuous jobs. Despite a general reduction in working hours, this process enabled young Germans to receive a better and longer education without causing shortages on the labour market. Moreover, the process of substitution resulted in “collective upward mobility” for the German workforce, a phenomenon which made immigration more acceptable to the German population and which initially was not recognised by immigrant workers as being disadvantageous to them in the longer run.

Despite the tremendous increase in the number of foreign workers and their prolonged duration of stay German politicians, employers, unions, and the migrants themselves continued to proclaim that the stay was only temporary. It is true that more migrants left than stayed. However, the rotation of workers was neither in the interests of the migrants nor their employers. As long as well-paid work was available, migrants stayed longer than planned to save more money. Some sent for their families. Many German employers favoured family reunification, since the wives of the “guestworkers” were also able to work. Moreover, the presence of the wives ensured that the experienced and trained migrants remained, and so saved employers the cost of recruiting and training new migrants.

The German government did not enforce rotation strictly. But the Aliens Act did not grant foreign citizens any legal rights to permanent immigration or residence. Residence permits were often issued at the discretion of the immigration authorities, whose decision was based on the “interests” of the Federal Republic of Germany (Esser/Korte 1985: 184). The permit could be restricted as to duration or location. This was the rule in the case of immigrant workers, most of whom received work permits valid for one year only.

To ensure priority is given to German workers, a work permit is granted “according to the situation and development of the labour market with regard to the individual case” and as long as there is no German applicant for the same job. After a stay of more than three years, a work permit **may** be issued for a period of two or more years. After a minimum residence of five years, a permanent residence permit **may** be granted.

These regulations made the foreign workers into a manoeuvrable labour force which could be controlled according to labour market conditions. But in spite of all the restrictions, inevitably those migrants who remained obtained more residence rights with each work permit renewal.

By 1973, it was clear that many of the temporary “guests” had become more or less permanent residents. Nevertheless, many Germans felt uneasy about the unexpected settlement of Turks and Yugoslavs in Germany. The government responded by restricting immigration. It raised the recruitment fee paid by the employer from DM 300 to DM 1000 to discourage employers from requesting new migrants. A wave of wildcat strikes in the summer of 1973 involving many

migrant workers provided further reason to bring foreign worker recruitment to a halt. In November 1973, the German government - in line with most other European labour-importing countries - proclaimed a recruitment freeze. This was justified by the oil embargo, which was threatening to cause an economic recession and would make additional migrants unnecessary.

5 The second phase: consolidation

With the recruitment ban in 1973 following the oil crisis, the second phase of the aliens policy began: it ran from 1973 to the early eighties. It could be called the “consolidation phase” of the employment of foreigners. It was also characterised by a gap between goals and reality. The recruitment freeze was intended to prevent any further increase in the number of foreigners in Germany. It failed, for two reasons:

- * Migrant workers who feared that once they went home they would not be able to return to Germany simply remained.
- * The fact that workers could be joined by their families meant that the foreign population continued to rise even without much new foreign-worker immigration. Another contributing factor was the births of foreign children. The foreign population increased from 4 million in 1973 to 4.5 million in 1980 – in spite of the decrease in the foreign workforce.

During this restrictive period, social and integration issues were gradually being considered. But the “integration” of immigrant workers into German society has never really been pursued.

It should be noted that despite all the insecurity and the efforts at restrictions, foreign citizens had incentives to remain:

- * With prolonged stay their residence status solidified and protected them against unwanted “rotation”.
- * As long as the earnings’ differential between the home country and the current country of residence was still high, there was a disincentive to return.
- * The Federal Republic of Germany has developed an elaborate system of social security that includes unemployment insurance, health insurance, pension funds, children’s allowances, rent subsidies and welfare assistance. In general, immigrant workers have the same social and industrial rights as Germans. In 1974, there was an important government decision which stipulated that unemployment alone was not sufficient reason for denying a residence permit.
- * Foreigners may fall under the “Aliens Act”, but this does not mean they are unprotected. Decisions by the European Court (for EU nationals), bilateral treaties with the countries of origin, international and European conventions on human and social rights, binding norms of German basic law (e. g., for the protection of marriage and family), together form a network of protective legal norms that place constraints on the government. Lawyers have specialised in these protection issues. However, this is not sufficient to give immigrants emotional security or to create in them the feeling of being part of the host society (Thürnhardt 1996: 209).

6 The third phase: efforts at control

The third phase, lasting up to the new millennium, could be called a (not very successful) quest for a policy of immigration restrictions (Bade 1992: 56). There were repeated calls for government help to integrate foreign workers and their families. However, decisions were often made according to current political considerations which frequently failed to recognise the medium and long-term consequences:

- The provision stating that child benefit should be paid only in the case of children living in the Federal Republic of Germany (as it was thought that their numbers could only be checked there) led to the children being brought to Germany under the family reunification scheme.

- Under a “repatriation grant” measure in 1984, foreign workers could receive up to DM 10,500 plus supplements for dependants if they returned to the home country with their families. In addition, they could also have their contributions to the statutory pension insurance scheme reimbursed. Fourteen thousand foreign workers took advantage of the “repatriation grant”. In this instance, take-what-you-can-get effects played an important role: prior decisions to return home were either postponed or brought forward in order to be able to receive the repatriation bonus (Hunekopp 1987: 287 ff.).

- As part of immigration restrictions, there was discussion of restricting the workers’ rights to have their spouses join them and of lowering the age when children can join their parents. The ruling, which is still in place, stipulates that foreign spouses only receive their own residence permit after four years of marriage and a four-year period of residence. The permit is tied to the continuation of the marriage during that period. It is only possible for the worker’s spouse to join him/her in the host country within the scope of family reunification if evidence of “sufficient living space” is provided. If the partner already living in Germany does not yet have an unlimited residence permit – which he or she can receive only after a stay of five years – and if the spouse then follows him/her, the latter has to wait for one year until a work permit is issued. Under family reunification, children are permitted to enter up to 16 years of age. Despite these obstacles, the practice of having foreign workers joined by their families has hardly been curbed.

- After a long discussion, the right of foreigners to vote in local elections was set aside (EU citizens were granted local voting rights in 1995).

- The new Aliens Act of 1991 and in particular the new Naturalisation Law of 2000 does in fact make it easier to acquire German citizenship, but the possibility of dual nationality was not permitted. There are disadvantages for foreigners wishing to be naturalised, if giving up the original nationality rules out, for example, land titles or the right to inherit in the country of origin.

In official statements, the Federal Government has repeatedly stressed that Germany is not an immigration country. Yet, integration efforts for those who want to stay should be maintained. Rather than an existing fixed set of rules, the aliens policy is, in effect, a goal to be pursued:⁶

⁶ Cf. Bundesministerium des Inneren (Federal Minister of the Interior) (1991): Aufzeichnungen zur Ausländerpolitik und zum Ausländerrecht in der Bundesrepublik Deutschland, Bonn

Promotion of voluntary repatriation. Since the financial support provided for repatriation in 1984, there have been no further schemes. Counselling on the possibilities finding employment in the countries of origin continues to be offered.

Restriction of immigration. New arrivals from countries outside the EC are, as a matter of principle, only issued with work permits in exceptional cases. However, there were and still are numerous exceptions. Apart from that, only the right to asylum remained as a “legal” doorway for immigration. German asylum law made immigration easier than in other countries. Low recognition rates and deterrent living conditions did not bring about any reduction.⁷ Therefore, a change in the constitution has been introduced which makes it possible to use a list of so-called “safe” countries. Asylum-seekers coming from or via a “safe” country can then be turned back at the border – which in principle was not possible before. The Federal Republic of Germany is at present surrounded by “safe” countries. The number of asylum-seekers has declined since the changes were introduced (Table 3).

Integration of foreigners living in Germany, in particular of recruited workers and their families. Integration is to be made easier by ensuring greater legal certainty than previously, as well as through integration schemes:

- Legal framework: the new Aliens Act which came into force in 1991 provides a statutory right to a residence permit, in a number of cases for the first time. Thus after five years, an unlimited residence permit must be issued to foreigners in gainful employment if they are able to make themselves understood in a simple way in German, if they have sufficient living space and there is no reason for deportation, such as criminal offences. After a further three years, a residence entitlement must be issued if it is ensured that the foreigner can support himself⁸ and he fulfils all requisite conditions. Deportation is then only possible for serious reasons of public safety and order. Foreigners are legally entitled to a work permit if they can show five years of dependent employment during the previous eight years of residence.

Until recently it was the Federal Government's view that naturalisation should not be an instrument for the promotion of integration, but should rather come at the end of a successful integration process.⁹ Therefore, naturalisation was generally only possible after 15 years' residence. For foreign young people who were born and/or grew up in Germany, simplified naturalisation after 8 years' residence was possible up to 23 years of age. Since 1 January 2000, children born in Germany automatically receive German citizenship if their parents have a permanent residence permit. At the age of 23 they have to decide between their two nationalities

⁷ Thus accommodation in collective accommodation is the rule, freedom of movement is restricted, supplementary benefit is only granted as payment in kind, there are no integration aids or educational opportunities.

⁸ A foreigner can, in principle, be deported if he cannot pay for his cost of living without supplementary benefit. However, there are a number of restrictive provisions.

⁹ Bundesministerium des Innern (Federal Minister of the Interior) (1991) op. cit., p. 46

– German nationality or that of their parents. Other foreigners applying for citizenship are required to have resided in the country for at least 8 years. However, dual nationality is only permitted under specific circumstances.

- Integration schemes: together with the *Länder*, municipalities and various groups, a number of integration aids are offered which are related above all to language teaching and vocational preparation for young foreigners. Foreign workers can, as a rule, take part in training schemes on the same terms as nationals. Because of language and educational difficulties, their participation is still disproportionately low although it is improving.¹⁰

At the end of this section, it can be said that migration to Germany started as a demand-driven economic phenomenon and has now turned into a largely supply-driven self-feeding phenomenon mostly for humanitarian reasons such as family reunification, influx of asylum-seekers and refugees (e. g. from Bosnia) or political considerations as in the case of the immigrants of German origin from Poland, Rumania, the former Soviet Union or the Jewish immigration also from the former Soviet Union.

In this connection, reference should once again be made to the tables, which reflect the trends described above: Table 3 shows the composition of the migrant groups, which has changed over the course of time. Table 1 reflects how the size of the foreign population and the number of foreign workers are drifting apart. Graph 5 shows the development of the foreign workers according nationality groups. Employment has stagnated or even decreased. Unemployment has reflected this change almost like a mirror image (Graph 4).

7 The German project worker programmes of the 1990s¹¹

The latest example of a guestworker-type programme was started in the early 1990s. Bilateral agreements on the temporary employment of project workers are a relatively new form of agreement on the employment of foreign workers.¹² They concern the following situation: a foreign company concludes a contract with a domestic company for the performance of a specified job (contract of service). To perform that service the company can bring in its own employees. The foreign firm works as a sub-contractor for a domestic company with a contingent of its own labour. In bilateral governmental agreements the framework conditions are laid down,

¹⁰ For more information up to 1993 see Heinz Werner (1994): Integration of foreign workers into the labour market – France, Germany, the Netherlands and Sweden, Working Paper (World Employment Programme), International Labour Office, Geneva

¹¹ For more details see Council of Europe (1996): Temporary migration for employment and training purposes, Report and guidelines (Report by Heinz Werner), Strasbourg.

¹² Project contracts have been possible under international law all along and were used in particular in the case of assemblies of machinery abroad. The kind of project workers we are considering here must be distinguished from 'project workers' from EU countries. The latter do not need a work permit under the rules of free movement for labour, if they work as an employee of their firm at a German construction site. The member states cannot limit the duration of their employment. The problem here was that employers from the EU low-wage countries brought their own employees to perform a project at a German construction site and were not obliged to pay German negotiated wages according to current law. This was changed by the Act on the Seconding of Workers (*Entsendegesetz*): now prevailing local wages have to be paid.

such as reciprocity, maximum period the project workers can stay, maximum numbers (quotas) to be employed each year, consideration of the labour market when fixing the annual quotas or arrangements for how the procedure is to be handled by the various authorities. In principle, the wages and working conditions of the receiving country apply. However, wages are paid by the foreign sub-contractor who also bears the cost of social security for the project workers. There are no provisions for family reunification.

Such agreements exist above all between the Federal Republic of Germany and a number of CEECs and Turkey. The agreements were concluded between 1989 and 1993.

The quotas agreed upon (in general for several years) are often divided into sub-quotas and additional quotas. For example there are special quotas for the construction industry, for certain occupations (restoration specialists) or for medium-sized companies in the Federal Republic of Germany and the partner country. The latter stipulation was introduced to avoid only large companies benefiting from the agreements and thus gaining a competitive edge. The number of project workers employed reached its peak in 1992 when an annual average of 95,000 workers (84,000 of these from Central and Eastern Europe) worked in Germany. Since then, after a series of restrictions were introduced, the number has been falling. In 1994, the yearly average was 41,000 and 39,000 in 1999 (Table 3).

The aim of the agreements is to promote co-operation between German and Central and East European companies to the mutual benefit of the countries concerned. In Germany, sectoral or regional manpower demands, especially for skilled workers, can thus be met. The intention was to reduce the pressure to migrate by offering the alternative of legal temporary employment. The foreign worker will have at least temporary employment and may save a certain amount of capital for his/her return. The co-operation of German and Central and East European firms is to promote the economic development and the restructuring efforts in the transition countries.

The basis of co-operation is a contract for services or service contract between a German and a foreign firm in which the "service" (task, project) to be performed is stipulated. The foreign company providing the service carries out the necessary work with its own staff. The foreign company is thus a sub-contractor for a German firm. The service contracts do not envisage the customer (the German company) exerting influence on the number and quality of the workers involved in the performance of the agreed service. The international agreements do assume, though, that normally qualified workers are employed. It is not envisaged that the project workers be integrated into the customer's operations or production processes. But the foreign company providing the service retains the right to give instructions to its employees working on the customer's premises.¹³

The bilateral agreements establish quotas of project workers by country and stipulate the maximum number of work permits to be issued. It is generally an overall quota which holds good for all economic sectors. With some countries – as already mentioned - agreement has been reached on sub-quotas for small and medium-sized enterprises as well as additional quotas for the

¹³ Therein lies the difference to the so-called hiring-out of employees. Employees are hired out when the foreign employee is placed by his employer (the lessor), for the performance of work, at the disposal of another employer (the lessee), who employs him in his company according to his own company requirements. The hiring-out of employees is not permitted within the scope of the contracts for services.

construction sector with a three-year limit. The quotas refer to annual average figures which may be exceeded in individual months. If at the end of the year the annual quota is exceeded, the numbers must be balanced during the following year.

The service contract is checked by the employment services. One prerequisite is the agreement of the foreign partner administration (ministry, employment service) in the form of a licence or quota acknowledgement. The service contract is examined to ensure that there is no unlawful hiring-out of workers involved and that the foreign entrepreneur pays his workforce wages according to collective agreements in the Federal Republic of Germany. Social security contributions for the project workers are paid through the foreign company according to the provisions in its own country.

Only after the regional employment office has examined the service contract is the work permit issued. As a matter of principle, it is granted only for the duration of the service contract, but for not more than two years. In exceptional cases, an extension of up to a maximum of three years is possible. Since 1993, a fee has had to be paid for each project worker (DM 2 600 for a year).

In the event of non-compliance, fines are envisaged for domestic companies. Foreign companies may be excluded from the bilateral agreements if the foreign project company exceeds the quotas allocated, employs workers without work or residence permits, pays wages below the collectively agreed levels or if inadmissible hiring-out of staff to other companies has taken place. This is the case if the foreign company (lessor) lends to a German firm (lessee) his members of staff who were allowed in only on the basis of a service contract.

The sharp increase in the employment of project workers in combination with the deterioration of the labour market has led to criticism of the agreements:

(1) The foreign project workers should be paid collectively agreed wages, but for social security the rules of the assigning country apply. This means a labour cost advantage of 20-25%. This legal labour cost advantage can be passed on to the customer and makes the firm more competitive. Thus competition which is considered unfair develops between those companies which employ project workers and those which do not, e.g., because the quota has been filled. In order to involve more small and medium-sized companies, from October 1993 onwards a quota ruling was introduced according to the size of the firm for companies in the construction industry.

(2) The agreements specify payment of local wages by the project company. Compliance with this regulation is, however, very difficult to check. In many cases it must be assumed that wages are paid below the collectively bargained level and so wage and social dumping occur. To make checks easier, the company under contract has to keep evidence available of wages paid at the place of work in Germany. In the event of wage dumping, the foreign company can be excluded from any further work under service contracts.

(3) Agreements on the employment of project workers can provide a door for illegal employment, i.e., people employed without a work permit or authorised project workers who remain in the country after completion of the project - and after their work permit has expired. Therefore, the employment offices now carry out strict checks on construction sites.

(4) There is the risk that in some cases it is only a matter of hiring out employees as temporary workers rather than performing a service contract. This procedure does not meet the intention underlying the agreements on the employment of project workers from CEECs.

In conclusion, it can be said that the project worker agreements concluded between the Federal Republic of Germany and a number of CEECs must be understood from the standpoint of the prevailing political situation. With enormous labour cost discrepancies and with borders no longer closed to the immediate eastern neighbours since 1989, the project worker agreements have offered one way of reducing immigration pressure, channelling immigration and at the same time contributing to economic development by permitting foreign companies to perform service contracts.¹⁴ In times of rapid economic growth, there is no very noticeable competition with domestic companies and labour and foreign workers can be absorbed by the labour market. The situation changes when the labour market is strained. Competition is intensified by the fact that service contracts concentrate on certain sectors (e.g., construction industry), regions (e.g., border areas, cities), or types of enterprise (e.g., large companies). In democratic societies, labour cost competition caused by the short-term employment of foreign workers will only be accepted when account is taken of the labour market. Thus, labour market compatibility in the employment country becomes the most important criterion for accepting service contracts. This assumes flexible as well as simple handling. The former is not in the interest of the emigration countries since it does not provide any certainty for planning. The latter might mean that the contracts cannot be adequately monitored and thus have unintended effects. As the description of the German situation has shown, increasingly complicated regulations devised to prevent abuse have led to new evasion and circumvention strategies. Finally, they can lead to over-regulation which makes service contracts no longer a useful or viable tool, turns them ‘almost into a strategy of prevention’. It must also be pointed out that the relief factor for the labour markets of the countries in transition was slight. However, capital transfers which boost their balance of payments can be important for the sending countries.

In the meantime, because of the deteriorating labour market during the 1990s, the quotas for project workers have been reduced considerably. From a peak of nearly 100,000 in 1992, fewer than 40,000 still remain.

8 The current “green-card” initiative for IT specialists

The regulation

In February 2000, Chancellor Schröder announced the introduction of a so-called “green card” for foreign IT specialists.¹⁵ Skilled IT specialists were to be able to work in Germany for a certain length of time. This arose because companies were complaining that many IT jobs could not be filled and so the innovation, strength and competitiveness of German industry were being

¹⁴ It is striking that these arguments were quite similar to those put forward 30 years ago to justify the rotation principle (benefits for all concerned).

¹⁵ The name was borrowed from the American green card. In the American context a green card means for an immigrant that he/she has the right to live and work in the United States permanently. After five years the immigrant can apply for American citizenship. This regulation therefore differs clearly from the German “green card”, which is in the form of a temporary work permit.

adversely affected. Since August 2000, a regulation has been in force which makes it possible for foreign specialists from non-EU countries to work as IT employees for five years. Specialists in information and communications technology may apply; this includes, for example, specialists from the fields of software development, multimedia development and programming, the development of circuits and IT systems, and IT consultancy, as well as systems, internet and network specialists.

The “green card” regulation applies to foreigners outside the EU and is designed for people who have

- a degree from a university or a diploma from a polytechnic in the field of information and communications technology. This also now applies to foreigners graduating from German universities and polytechnics who previously would have had to leave the country after graduating
- or
- recognised ability in this field as confirmed by the employer’s willingness to pay an annual salary of at least DM 100,000.

During this period it is possible to change to another IT job in another firm. In that case, no further checks are made as to whether a German or EU specialist would be available for the job and would therefore have priority in filling the vacancy. Self-employment is only possible under certain circumstances. The spouse may only take up employment after a waiting period of one year.

An initial quota of 10,000 green cards was agreed upon. If there is further need, there are plans to increase this quota to 20,000. It is possible to apply for a first work permit until 31 July 2003.

The procedure

The IT firm applies to the employment office for a work permit. The employment office checks within a week that

- the need for a skilled employee cannot be met by a domestic or an EU specialist;
- the applicant is qualified for the position. To assess this, it is necessary to have a certificate of a university degree or polytechnic diploma showing specialisation in information and communications technology. Alternatively, as mentioned earlier, company confirmation of an annual salary of at least DM 100,000 is enough;
- the employer is not offering the foreign specialist less favourable conditions of work and pay than comparably qualified German specialists would receive. For this the employment office requires a job description of the vacancy to be filled.

On receiving a positive reply from the employment office, employees can apply to the German embassy or consulate in their country of origin for a visa to enter the Federal Republic of Germany. After entering the country and registering at the residents’ registration office and the aliens office, foreign workers must apply to the aliens office for a residence permit within three months (which is the period of validity of the visa). This is granted if there are no reasons for refusal, such as criminal offences, and so forth.

Results to date

From the introduction of the green card initiative on 1 August 2000 until the end of April 2001, almost 7,000 foreign IT specialists from outside the EU had taken up work. Half of them are concentrated in three agglomerations: Munich, Frankfurt, Bonn-Cologne. Almost two-thirds are employed in smaller enterprises with fewer than 100 employees. The majority of these foreign workers are men. Most of the IT specialists go to western Germany. One in eight received a work permit as a result of an agreement concerning an annual salary of at least DM 100,000. In that case, it is not necessary to have studied at a university or equivalent institution in order to receive the green card. Only about one in seven had graduated from a German university or polytechnic. What is also worth mentioning is the fact that the rejection rate is very low – well below 5%. Companies have a vested interest in correctly submitting the documents in full so they can rely on receiving the work permits (green cards) for their specialists as soon as possible.

If the rate at which green cards have so far been granted is maintained, i.e., 600 to 800 per month, the first quota of 10,000 is likely to be filled by the autumn of 2001. Against the background of the needs announced by the IT industry, namely 75,000 IT vacancies, this figure is on the one hand not high, but it also cannot be ignored, given that at present only about 6,000 German IT students are graduating from universities and polytechnics each year.

So far, the promised influx of IT specialists - the picture painted by some politicians who immediately called for a law to restrict immigration - has not happened. Also the expected onslaught from India has stayed within modest bounds, partly because Indian IT specialist still see the USA as their first choice of destination. English is spoken there and the USA already has an Indian community; there is the possibility of setting up in business and of remaining there for good.¹⁶

German firms are apparently satisfied with the procedure so far.¹⁷ There have been few complaints about too many rejections, bureaucracy or delays. Visas, work permits and residence permits have generally been granted quickly. The green card regulation stands out because it is clear and permits the control of inflows. These are important pre-requisites for an immigration policy to be accepted by the population. Restricting the stay to five years could, however, prevent

¹⁶ Since the beginning of the 1990s there has been a special immigration programme in the USA for foreign IT specialists (H1-B visa). 40% of those involved in this programme are IT specialists from India. In the meantime the annual quota has been increased to around 200,000.

¹⁷ See the *Süddeutsche Zeitung* of 21. 3. 2001 “Aus der Green Card wurde eine Goldcard” (“The green card became a gold card”)

many specialists from coming to Germany. Also, the fact that it is difficult to become self-employed makes the proposition less attractive.

The green card initiative has triggered a new debate about German immigration policy. Whereas people used generally to be reserved about immigration, the opinion gradually gaining acceptance is that targeted immigration is becoming sensible and necessary. This could create difficulties for the green card initiative since it is an isolated, partial action. So meanwhile, there are calls for the programme to be extended to other fields. If only certain sectors receive the work permit, other industries will demand the same rights. Therefore sooner or later it will not be possible to avoid introducing a consistent immigration law to regulate who may immigrate and how many of them.¹⁸

Annex: Provisional appraisal on the basis of a first survey after six months of the green card scheme

In the meantime, a first study has been conducted among companies and green card-holders.¹⁹ It examines many aspects arising in connection with the green card. The survey included interviews with 700 employers who have taken on specialists under the green card scheme and with 500 green card employees. More than 70 percent of the firms written to and 35 percent of the green card-holders took part in the survey.

The firms rapidly felt the benefits. Before the introduction of the green card, almost half of the firms interviewed had to turn down orders because of a drastic lack of personnel. The search for suitable staff lasted on average more than 20 weeks – an unacceptable length of time for this fast-moving, innovative industry. With the aid of the new work permits for foreign IT specialists, it has now been possible to fill vacancies within six weeks. Of the firms interviewed, 82 per cent said that this had clearly made them more competitive. As a result, one-third of the companies have been able to invest here in Germany and also to expand. In many cases, plans to move business activities to another country have been dropped. Almost one-fifth of the firms interviewed gave such responses. Without the opening up of the labour market in Germany, therefore, attractive jobs would have been lost or would not have been created. It is not necessary to go into greater detail here about how adversely this would have affected Germany as an economic power-house.

In-house initial and further training do not necessarily suffer when companies employ foreign specialists. This affects only eight per cent of enterprises – and here it is generally only temporary, until the order bottleneck has been reduced. The green card scheme and further training are not in opposition – quite the contrary. In many cases it is the green card that creates the right conditions for money to be invested in staff training once again. As to whether or not employers and green card-holders are satisfied, there has been a lot of positive feedback from both sides. 75 percent of the firms interviewed are very pleased with the foreign experts' skills. Three-quarters of the companies and 82 percent of the green card employees would therefore like to continue the employment arrangement beyond the five year time-limit.

¹⁸ Against this background an "immigration commission" has also already been established to draw up proposals for an immigration approach by mid-2001.

¹⁹ WIMMEX AG (2001): 6 Monate Greencard in Deutschland – Eine Zwischenbilanz, München (www.wimmex.com)

The green card has already led to considerable employment effects in the run-up phase. Within only six months, some 17,500 jobs have been created – 5,000 for green card employees and 12,500 for other “local” workers. The demand is estimated to be considerably higher for 2001. Companies are expected to require 42,000 green card specialists, who will prompt the creation of a further 76,000 jobs in Germany. The study also reveals one serious weakness in this connection, however: unlike other countries, Germany is still far from having professional recruitment strategies for specialists from all over the world. According to the study, this is also the decisive reason why the demand for staff cannot be met anywhere near as quickly as would be necessary.

9 Summary and conclusions

The original idea of the guestworker approach was to have foreign workers stay temporarily according to the needs of German industry. Received wisdom had it that the temporary nature of employment served the interests of all concerned (employers, foreign workers, sending and receiving countries). Thus, there were political, economic and social reasons to justify the rotation principle. This is still the reasoning behind the current seasonal and project worker programmes. They have to be distinguished from the “guestworker” programmes described above, to which most of the following conclusions apply. Seasonal and project worker schemes are short-term assignments, can be monitored and enforced. The German project worker programme also demonstrates that over-regulation should be avoided and that the admission of foreign workers should be designed to suit the labour market.

While the majority of former guestworkers more or less followed the rotation principle and left after one or several years, many of them prolonged their stay. The longer they stayed, the later their return was postponed; members of the family joined them and children were born: those who came were not merely workers, they were human beings.

Germany’s “aliens policy”, as it was called, reacted reluctantly, still considering the immigration of foreign workers and their families as a temporary phenomenon. The policy consisted mainly in trying to control the flow of migrants through administrative procedures (work permits, residence permits), sometimes even through excessive bureaucracy which is tantamount to harassment.

It is well to remember, however, that unlike the project worker programmes of the 1990s, the rotation principle had never been strictly enforced. The influence of various pressure and interest groups (trade unions, employers’ associations, welfare organisations, churches, etc.) together with international and European conventions were there to protect the migrant workers and their families from forced rotation. Moreover, in a democratic society it is virtually impossible to deport people with no criminal record by force, particularly under the watchful eye of the national and world media.

International conventions and national regulations gave the foreign workers equal social rights, such as unemployment benefits, health insurance, pension rights, housing allowance, social welfare and so on. The Constitution (basic law) of the Federal Republic of Germany placed the

family and marriage under the protection of the law and gave foreign workers the right to have their families join them.

German immigration policy has often been inconsistent. One reason is that Germany is a federal state and immigration policy is not centralised. Decisions at the national level are often difficult to obtain. There were frequent policy compromises and zigzags. Sometimes decisions backfired.

- The recruitment freeze had the opposite effect: many foreign workers stayed on for fear that they could not come back once they had returned to their home country. Moreover, given extended stay, they sent for their families. Instead of reducing the foreign population, it added to their numbers.
- Another example was the children's allowance. In the mid-1970s, the Government decided that child benefit should be paid only for children living in Germany. (This decision was in reaction to newspaper reports claiming that allowances were being paid for non-existent children living in Turkey). In order to continue receiving the children's allowance, Turkish parents were now encouraged to bring their children to Germany.

Despite all the administrative inconvenience and the atmosphere of insecurity created by the official slogan, "Germany is not a country of immigration", foreign workers preferred to stay on as long as the economic situation in their home country was no better and did not offer any prospects upon their return. The need for foreigners to fill vacancies persisted longer than anticipated and guestworkers found ways to settle – which led to the aphorism, "there is nothing more permanent than a temporary worker."

The difficulties associated with the guestworker programmes of the 1960s and 1970s remain acute for Germany. They seem more acute than for some of the typical immigration countries such as the USA, for example. In the USA there is a wide range of jobs available, from highly paid to low-paid.²⁰ Simple, low-skilled jobs in Germany are no longer available in large numbers, at least not in manufacturing, where most guestworkers were employed. Once unemployed, it becomes difficult for foreign workers to find a new job. The manufacturing sector continues to shed labour. A move to the service sector often requires language and/or other skills. The unemployment rate for foreigners is double the rate for nationals and the gap is not narrowing (Graph 3). But there are considerable differences according to nationality (Graph 4). Another problem is upward mobility. Germany is a "certificate-driven" society. Without appropriate educational qualifications - certificates - there is the risk of being stuck at the lower end of the job scale. There are signs that young foreigners do not continue with their education beyond

²⁰ Therefore, if a worker is made redundant, a new job may be found, albeit at lower wages or with less favourable working conditions.

compulsory schooling and their educational attainment is low, even among those born in Germany.²¹

²¹ Cf. Wolfgang Jeschek (2001): Schulbesuch und Ausbildung von jungen Ausländern – kaum noch Fortschritte, in: DIW-Wochenbericht 10/2001

European countries, including Germany, are still reluctant to employ new immigrant workers. But for demographic reasons and with the European economy now bouncing back, with unemployment rates dropping from their extremely high levels and European Union leaders clamouring to catch up with the USA in high technology, business is facing a serious skills gap. Europe is suffering from a critical shortage of highly skilled IT professionals.²² As a result, in Europe and in Germany governments are under pressure to find ways around obstacles to immigration at least for the much-needed, highly-skilled IT workers. In Germany, Chancellor Schröder set off a stormy debate with his proposal in early 2000 to lift restrictions so that software experts from India and elsewhere could work in Germany (“green card” initiative). Since August 2000, foreign IT specialists have been able to work in Germany for five years. An initial quota of 10,000 IT specialists was established, which can be increased by a further 10,000 if need be. So far, the promised tidal wave of immigration of IT workers has not occurred. On the other hand, inflows of 600 to 800 per month cannot be ignored. The green card initiative sets clear criteria for access, and red tape has been kept to a minimum. However, it is an isolated initiative which will sooner or later have to be incorporated into a general immigration approach. The programme is restricted as regards numbers and duration, making it acceptable to the population who feel that immigration can be controlled. It is not possible to carry through an immigration policy against the will of the populace. Although the green card initiative is still a timid step in the right direction, it may prove to be a turning point in German immigration policy as eventually it will lead discussion away from the past focus on restrictions and instigate a general debate on who should be let in.

From past experience, the following lessons have been learnt about arranging immigration that is geared to the economy:

- Immigration rules should be transparent and lay down clear criteria.
- Over-regulation (sub-quotas, detailed restrictions according to sectors/occupations, etc.,) can lead to evasion action, as happened in Germany with the contract workers.
- The criteria should be laid down with the broadest possible social consensus.
- Immigration principles should not be changed constantly, in order to give migrants and employers certainty for their planning. This would also reinforce the population’s trust in the immigration policy being pursued.
- Immigration should be geared more strongly than previously to labour market conditions. In this respect, account can be taken of the experience of key immigration countries (e.g., Canada, Australia, USA, Switzerland).
- Immigration criteria should take into consideration the extent to which incomers can be expected to integrate into their chosen society (integration capacity). Qualification level/education, occupational experience, language skills or age generally facilitate integration into the labour market and society.
- Bigger immigration flows of low-skilled workers (as with the “guestworkers” of the 1960s) is likely to raise difficulties in the near future as this group of people is disproportionately affected by unemployment. This would result in integration problems. The present prognoses all assume that the demand for hands in simpler activities will decline and that the demand for skilled personnel will increase. As far as the low-skilled are concerned, there is still the danger of wage pressure and of being replaced by domestic workers.
- Immigration must be able to be geared to local/regional needs.

²² Cf. Commission of the European Communities (2000): Strategies for jobs in the information society, COM (2000) 48 final

- Short-term requirements do not necessarily match longer-term needs. If immigration is to be permanent, it must therefore place more emphasis on individuals' integration capacity).
- Immigration and integration are two sides of the same coin. Integration can ultimately only be successful if immigration can also be controlled in accordance with the individuals' integration potential. This includes, for example, the receptivity of the labour market and the housing market, and – by extension – acceptance by the local population.

On the one hand, the criteria must permit a flexible response but, on the other, the destination country must retain its appeal for the desired migrants. This includes, for example, the certainty of being able to stay.

One possibility would be to consider staggering the duration of the work permits according to inflow criteria: e.g., desired occupations/qualifications would receive a longer-term work permit, whilst fixed-term work permits would be granted for simpler activities or temporary activities - seasonal or cyclical occupations.

In the matter of wages and other working conditions, foreign workers have to be given equal treatment with domestic workers. This includes e.g., the payment of the usual wage rate for the area. If this is not done, wage dumping results. This can lead to a "displacement competition" between local and foreign workers, which is considered unfair and can trigger tensions.

Perhaps it would be worth considering introducing a company fee so as to encourage firms to look for workers on the domestic labour market first, and not to recruit workers from abroad straight away. Furthermore, by making foreign labour more expensive, enterprises would be prompted to provide their German workers with further training.

Germany, other European countries or the USA may differ in their approaches to immigration and integration schemes. Nevertheless, they all face similar migration issues. Although these countries already have high percentages of foreigners or foreign-born residents, ongoing immigration can be expected in the future. Countries must answer the basic immigration questions: who, how many, from where, and with what status should foreigners arrive and be allowed to stay? When tackling these questions, three principles of migration have to be kept in mind (P. Martin 1998: 43): First, there are no quick-fix answers. Second, policies must be flexible. Short-term consequences of immigration may be the opposite of the longer-term effects. Third, durable solutions to migration issues are more likely to be found nearer the middle than at the extremes of the spectrum of options. Therefore, it is advisable to seek middle-of-the-road solutions and thus avoid zigzags in policy. It would also assure the broadest possible acceptance by the national population.

Migration experience shows incidentally that nothing is more permanent than a temporary migrant worker. If an employer is satisfied with his foreign workers, he will find ways and means of extending their stay. With regard to the drastically declining population and the consequent need for or even shortage of skilled labour in Germany (and Western Europe) this would not be the worst thing that could happen to skilled workers.