



## Germany and the Refugee Challenge

### *Successes and Risks for the Future*

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#### Summary

Germany was among the countries that took in the most asylum applications during the refugee crisis in 2015 and 2016. Chancellor Angela Merkel shaped this momentum by promoting the “culture of welcome.” This chapter draws a rather positive balance regarding refugees’ integration into the educational system and labor market five years after the peak of the refugee crisis. Certain positive aspects are also noted with regard to the social welfare system. Despite that, it has to be acknowledged that the social climate towards refugees has become more polarized and populist movements have been on the rise. Therein lies another potential source of risk this chapter highlights.

Germany invested in refugees’ and asylum seekers’ integration by means of education and labor market measures. All asylum seekers are allowed to work three months after their arrival. Additionally, participation in integration courses is rewarded with social benefits. Overall, accommodation and integration of people seeking protection in Germany has been managed relatively well as concluded in this chapter. Even more, it is assumed that integration measures pay off in the long term and help overcoming the demographic challenge of an ageing society. However, the corona pandemic and the economic crisis resulting from it might threaten labor market integration of the asylum population and put a strain on social cohesion while strengthening

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At the end of 2019, there were 1.8 million people seeking protection in Germany. This number has more than tripled in 10 years, putting Germany in second place behind Turkey among countries that have accepted the most asylum seekers and refugees worldwide.<sup>1</sup> Around 1.3 million of those seeking to remain in Germany had a recognized protection status, 266,470 cases had not yet been decided. A further 212,815 had had their asylum applications rejected, yet most were granted temporary suspension of deportation. Around 34,085 were required to leave the country at the end of 2019.

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<sup>1</sup> UNHCR statistics only counts refugees with a recognized protection status putting Germany in fifth place (Global Trends 2019).

## 1.1 Integration into the Educational System and Labor Market Has Been Relatively Successful

Of those seeking protection, children and adolescents have been integrated quickly into the school system in Germany's different states, albeit at varying rates. It is estimated that around 130,000 refugee children and adolescents entered the school system between January 2015 and March 2018, equivalent to establishing around 500 additional schools.<sup>2</sup> Over 80 percent of the refugee students feel comfortable at the school they attend and have been able to establish good social contacts (Spiess and Wittenberg 2020). These are important prerequisites for developing both the motivation to learn and self-confidence, and schools are thus paving the way for the young people to move on later to vocational training, higher education and the job market.

Integrating older refugees into the vocational training system has been more difficult, but here again, the integrative power of Germany's dual system has become evident: 55,000 people with the nationalities asylum seekers most commonly have were in training programs as of September 2019, a significant increase from the 6,600 people with the same nationalities in 2015.

Integration courses, with a focus on German-language acquisition, have been organized rapidly for adult refugees with a recognized status. The Integration Act of 2016 (together with Asylum Packages I and II) aimed at advancing linguistic and professional integration according to the principle of providing assistance while also setting requirements (Thym 2016). Access to the integration courses was given to asylum seekers who had good prospects of staying, but not to those from safe countries of origin. Under certain circumstances, there was an obligation to participate in the social integration courses, as in the program for integrating refugees into the labor market. To ensure participation, benefits were reduced for those who refused to take part. Trainees – regardless of the outcome of their asylum proceedings – were granted a temporary right to stay and, subsequently, the opportunity for regular employment. Most importantly, all asylum seekers were allowed to take up employment three months after arrival.

These measures set the course for refugees to enter the labor market quickly. The Institute for Employment Research (IAB) has calculated that, of those who arrived as refugees in 2013, about half were employed at the end of 2018. Refugees were thus integrated into the labor market more quickly than in previous years. At the end of 2018, around 60 percent were gainfully employed or in vocational training and integration programs, 23 percent were actively seeking work, 4 percent on maternity/parental leave and only 13 percent were inactive (IAB Kurzbericht 2020). In July 2020, 359,000 people from the eight countries asylum seekers most commonly originate – from Syria, Afghanistan, Iraq, Iran, Eritrea, Somalia, Nigeria and Pakistan – held jobs that required social security contributions. In addition, about 71,000 were marginally employed. However, 281,000 refugees were registered as unemployed. The unemployment rate for individuals with the nationalities asylum seekers most commonly have was thus about 40 percent, significantly higher than for foreigners as a whole, at about 16 percent (Da Paiva Lareiro et al. 2020).

Overall, the results have been mixed but encouraging: by the end of 2019, measures to promote labor market integration had been relatively successful, but there is still a long way to go. Moreover, the corona pandemic is threatening the progress that has been made, since many of the refugees who are working only have unqualified jobs (some 44 percent at the end of 2018) and are especially at risk of becoming unemployed if the economy slows down.

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<sup>2</sup> In 2019/20, there were around 8.33 Mio. pupils in 32,232 in schools (of general education), i.e. around 260 pupils per school.

## 1.2 Burdens on the Social Welfare System Have Been Manageable

It is difficult to quantify the exact costs of the refugee crisis for the state. This is because refugee-related expenditure cannot always be precisely distinguished from spending for other groups, and because it takes place at different levels (federal, state and local). The federal budgets for the years 2016 to 2019 showed an annual average of € 21.7 billion. A considerable part of this went into combating the causes of displacement, i.e., it was not spent directly on people seeking protection in Germany. Excluding this expenditure, some 4 percent of the 2019 federal budget was committed to refugee-related spending. For the years 2020 to 2023, an average of € 1.2 billion per year has been earmarked for providing accommodation during asylum procedures, € 2.2 billion for integration programs and € 5.1 billion for social services after asylum procedures have been completed. In addition, € 1.9 billion per year has been earmarked to relieve the burden on state and local governments (Bundesministerium für Finanzen 2019).

In the long term, expenditure can be offset by additional revenue for the state if refugees are successfully integrated into the labor market, and there may even be a “fiscal dividend” (Brühl 2016 and Bonin 2016). In the short term, much of this government spending has benefited Germany’s businesses, so it could be argued that the spending on refugees has served as a “hidden economic stimulus package.” The German Institute for Economic Research (DIW) has calculated that GDP increased by 0.2 percent in 2016 and 2017 as a result (Spiess and Wittenberg 2020). However, the funds could alternatively have been spent on infrastructure projects or promoting innovation.

Overall, German budgets seemed to have coped well with the challenges stemming from the influx of refugees. In particular, measures that help refugees integrate into the labor market are paying off for the state.

## 1.3 Impact on Cohesion Varies

The social climate in the host country also determines whether refugees are integrated successfully. In fact, the refugee crisis has been one of German civil society’s “finest hours.” Since 2015, 55 percent of the population has supported arriving refugees with donations (financial or material), public advocacy or active assistance (BMFSFJ 2018).

However, concerns about the negative consequences of immigration have increased among the population. The willingness to accept more refugees has also declined since 2015 and a narrow majority currently believes that there is too much immigration into Germany (Kober and Kösemen 2019). At the same time, the country’s “culture of welcome,” as seen by German society, has proven “robust” and, in most cases, stable at a high level: According to survey respondents, immigrants who work or study in Germany continue to be welcomed by the authorities (79 percent in 2019 compared to 77 percent in 2017) and by local people (71 percent in 2019 compared to 70 percent in 2017). Refugees are also seen to be welcomed by public authorities (71 percent in 2019, compared to 73 percent in 2017) and by local people (56 percent in 2019, compared to 59 percent in 2017). Refugees themselves continue to feel welcome in Germany (Da Paiva Lareiro et al. 2020) However, their concerns about xenophobia increased slightly between 2016 and 2018 (DIW Wochenbericht 2020). Around 60 percent had regular contact with Germans, in rural areas even two-thirds did.

The refugee challenge has also led to the rise of populists in Germany, who, by international standards, had previously been relatively weak and divided. The AfD party (“Alternative for Germany”) won a large enough share of the vote, almost 13 percent, to enter the national parliament in 2017. Meanwhile, the party has been successful in elections in all of the states, winning over 20 percent of the vote in some eastern states. Factors contributing to this success were the events on New Year’s Eve 2015/16 in cities such as Cologne and Hamburg, and the isolated acts of Islamist terrorism in Hanover, Essen, Würzburg and Ansbach in the course of 2016, culminating in the attack on the Berlin Christmas Market. Terrorist acts against asylum seekers by right-wing extremists increased and were also directed against locals with a migration background, as well as against local politicians who supported refugees.

Increased polarization in society – especially in social media – appears to be one cost of the refugee crisis, with regional differences being considerable and linked to experiences in dealing with immigration. In the face of the trends towards radicalization, politicians and security forces in Germany must continue to prepare for right-wing extremist and Islamist terrorist acts; they must combat these dangers across the board to effectively protect the native and immigrant populations. The “Orderly Return Act” came into force in August 2019 to ensure rejected asylum seekers can actually be deported (Thym 2019). However, a good relationship and close cooperation with the countries of origin will be decisive if refugees are to return to their native countries without delay.

Overall, Germany has so far passed the “stress test” presented by the refugee challenge relatively well. The vast majority of politicians and the population are committed to maintaining Germany’s open society and its humanitarian obligations. However, the consequences of the pandemic pose risks: they jeopardize refugees’ successful integration into the labor market; and they threaten the social situation of many natives. As long as the state is able to cushion these negative effects with extensive aid packages and the economy does not slide into a permanent crisis, Germany will continue to be able to promote the integration of refugees and maintain social cohesion. The government would be well advised to continue to cooperate closely with civil society (Thränhardt 2020). What will be decisive will be whether political leaders take middle-of-the-road positions and whether the previous consensus, endorsed by a majority of the population, persists for solving the refugee challenge in a values-based and pragmatic manner.

#### 1.4 Initial Investments in Integration Might Pay Off

Germany has so far coped relatively well with the challenge of accommodating and integrating some 1.8 million people seeking protection. The key here has been investing in education and the labor market, efforts that were relatively successful until the corona crisis struck. The financial impacts remained manageable given the stable economic situation. In the long term, these investments may pay off and mitigate the negative effects of demographic change. Another key factor has been the openness seen in broad sections of the population, something that was reflected in civic engagement on behalf of refugees; it also provided the basis for the major parties to advance solution-oriented policies. The security situation proved to be more robust than feared after the rightwing extremist and Islamist terrorist attacks of 2016. However, the refugee challenge has also led to a political backlash, one that is right-wing, populist and anti-migration and particularly strong in regions that have had little experience with immigration. Risks remain for the future: a pronounced economic crisis resulting from the corona pandemic could jeopardize the integration of refugees into the labor market, as well as

social cohesion, and a changed security situation could once again strengthen the currently weakened populist forces.

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