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Immigration Policy and the Labor Market

The German Experience
and Lessons for Europe

 Springer



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With 23 Figures and 6 Tables

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Preface

The German policy debate on immigration and integration issues has been revived by the passing of the first comprehensive immigration law in January 2005. This law marks a historical turnaround after this crucial policy field had been dangerously neglected over the past decades. Since German policymakers previously focused on strategies to curb immigration, effective integration programs were rare. While the new immigration law still has deficiencies (which are to be analyzed in this volume), its implementation raises hopes that a strategic immigration policy accounting for economic criteria could well be established over the medium term. This prospect becomes all the more important as many industrialized nations and the European Union as a whole are increasingly moving issues of immigration, integration and the labor market towards the top of their agenda. Against this background and the growing competition among aging western societies in filling shortages of high-skilled labor, Germany – despite the new law – still lags far behind other nations in terms of immigration policy. German competitiveness in this field is still limited and may even further decrease if policymakers were to take a break now rather than continuing on the new path after painfully pushing the bill through parliament. The fact that Germany is still a leading European immigration country based on the annual inflow of foreigners is by no means contradictory to these findings. One of the key problems is that Germany remains an attractive receiving country for those who would be unable to meet the immigration requirements of other nations.

Germany negligently forgoes the enormous welfare gains associated with an active “quality control” of immigration. The analysis of the inevitable trend towards a shrinking and aging population shows that an immigration policy based on economic demand – although it cannot single-handedly solve the funding problems of the social security systems – must become an integral part of any larger strategy to deal with the challenges of demographic change.

In the light of first experiences with the new immigration and integration law, this book provides a comprehensive account of the immigration situation in Germany. It develops future perspectives that are not confined to Germany but can be applied to many other European nations as well. The book is based on intensive research and advisory activities by the Institute for the Study of Labor (IZA) in the field of migration policy. IZA has developed a national and international reputation as a think tank on immigration issues. It has provided policy advice to the British and German governments, to the European Commission, and to U.S. government agencies. At the core of each IZA analysis is the deep conviction that an immigration policy consistently geared towards economic needs is the best guarantee for a successful integration of immigrants into society and the labor market.

A summary of German migration history and policy is followed in chapter 2 by an assessment of the new immigration law. The subsequent chapters 3 and 4 describe the difficulties of estimating future labor demand and the scope of immigration required to meet the demographic needs. Chapter 5 explores the potential tools of an immigration policy committed to both short-term and long-term objectives. It also provides an overview of the existing systems for an active control of immigration in Canada, Australia, New Zealand and the United States. Chapter 6 presents a proposal for a future German migration policy based primarily on economic criteria. Chapter 7 again broadens the perspective and outlines future tasks of migration policy. This volume is the first book that combines a scientific evaluation of the situation in Germany before and after the implementation of the new Immigration Act with concrete policy proposals for a comprehensive future migration and integration policy at the national and European levels.

The authors are grateful to all those who have provided invaluable support during the production of this book. They wish to thank various members of the IZA Research Fellow network for many helpful discussions. Special thanks go to Mark Fallak, Andreas Krüpe, Lukas Roegler and Markus Teubner for excellent research assistance, translation and copyediting services, to Rowan Roberts for proofreading the entire manuscript, and to Melanie Messerschmidt for creating the layout. The authors also acknowledge the continuing fruitful cooperation with the publishers at Springer.

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1 Introduction: Why Do Germany and the EU Need a New Immigration Strategy?

Developed economies around the world are becoming increasingly worried about migration issues. On the one hand, questions of homeland security and immigrant integration, often accompanied by new ethnic rivalries that give rise to violence and terrorism, are major causes for concern. On the other hand, policymakers in many countries are contemplating ways to promote economically motivated immigration. Despite a number of contradictory issues, this field offers tremendous scope for an improved immigration policy.

Still ahead in this respect are the traditional immigration countries such as Canada, Australia and New Zealand, whose points systems have served well to achieve a proper balance of qualified, economically “fitting” labor immigrants. Even without any sophisticated system of selection, the United States has miraculously managed to attract the world’s best and brightest as well as the much needed low-skilled workers. Now the U.S. public debate is centering on whether to establish a guest worker system for the purpose of curbing illegal immigration, mostly from Mexico.

In Europe, the United Kingdom has assumed a pioneering role by courageously implementing a points system to better select immigrants, while other EU member states have tightened immigration regulations for refugees and immigrants from non-EU member states. France and Germany, still pondering reforms of their immigration policies, are caught between a pessimistic stance towards integration, a stronger focus on language skills, and measures to attract foreign high-skilled workers.

Until now, European treaties are still limited to the development of mutual standards concerning the admission of immigrants and refugees as well as the agreement on the joint fight against illegal migration. Consequently, they leave sovereign rights to formulate immigration and integration regulations mostly untouched. In recent years, however, the European

Commission has made several attempts at developing an EU-wide policy for immigration, asylum, and integration. In 2005, following various other initiatives of the previous years, the Commission published a “Green Paper: On an EU Approach to Managing Economic Migration,” which holds that “The Commission believes that the admission of economic migrants is the cornerstone of any immigration policy and that it is therefore necessary to address it at [the] European level in the context of the progressive development of a coherent Community immigration policy.”¹ The “Policy Plan on Legal Migration,” also published by the European Commission at the end of 2005, aims at advancing the political debate in the EU member countries.² And only recently, the Bureau of European Policy Advisors (a Directorate General of the European Commission that reports directly to the president and acts under his authority) submitted a study on “Migration and public perception”, which has brought new impetus and fresh thoughts to the European debate and hopefully fosters the path to a more open and flexible political agreement at the EU level.³

Of course, this project will be confronted with the almost insurmountable problem of an appropriate allocation of costs and benefits among the 25 member states. However, due to the increasing shortage of skilled labor in most of the Western EU countries, there is a growing pressure on policy-makers to agree on a common strategy that centers on economic criteria. This strategy is needed particularly in view of the global competition for high-skilled international human capital. In this competition, Europe has continuously lost highly qualified migrants to the traditional immigration countries while the majority of low-skilled migrants has chosen to come to Europe.⁴ Hence the EU Commission recommends devising “a common special procedure to quickly select and admit such [highly qualified] immigrants, as well as attractive conditions to encourage them to choose Europe,”⁵ while a remarkable German-French policy initiative argues in favor of temporary “circular” labor migration from developing countries.

Dealing effectively with the competition for international human capital definitely requires a common EU migration strategy. It must focus on the

¹ Commission of the European Communities COM(2004) 811, p. 12.

² Commission of the European Communities COM(2005) 669.

³ See Canoy et al. (2006).

⁴ See Fargues (2005).

⁵ Commission of the European Communities COM(2005) 669, p. 7.

adequate allocation and selection of immigrants in order to guarantee a successful integration in the labor market. This book contains some suggestions for future German policy initiatives that may as well be adopted by other EU member states and become part of an at least partially harmonized EU migration strategy.

Germany has been the EU country with by far the most extensive influx of immigrants, but also of refugees, for over 40 years now. The fact that their entry was for the most part uncontrolled, as will be shown in the following on the basis of the legal and actual development of migration history, is both the cause and the result of a painfully long dispute about whether the country actually was an “immigration country”. Nonetheless, German society has undergone significant change during the course of time. Stories of success and failure of integration reflect the long-standing “normalcy” of the immigrant situation beyond the struggle for a larger strategy of migration and integration policies. Moreover, the sheer scope of immigration into Germany clouds the fact that high-skilled individuals too often opt against coming to Germany – either because they plan to immediately emigrate to the U.S., the UK, Canada or Australia, or because Germany serves merely as temporary host or transit nation until entry permission for one of those countries has been granted, or because existing integration services are regarded as insufficient. A determined effort must be made to attract this human capital.

The general ability of the government to constructively regulate immigration has been proven by the example of the initially generous acceptance of ethnic Germans from Central and Eastern Europe, which has later been replaced by a rather strict acceptance system relying on language proficiency and cultural knowledge as well as on immigration quotas. Against this background, it is all the more astounding that similar regulations concerning the influx of foreign immigrants have long been opposed.

Persistent unemployment and a simultaneous shortage of skilled workers are typical of current conditions in the German and many other labor markets. This state of affairs, which is difficult to explain in general public debates, is mainly caused by the pressures on unskilled and less skilled workers to adapt to fast technological progress. As the less qualified increasingly fail to find employment, the shortage of well educated and trained employees is rising. Modern labor markets and production processes require substantial human capital, which is becoming the most important factor of produc-

tion. As this trend continues, the number of jobs for the unskilled dwindles, while the supply of skilled labor is short and many vacancies cannot be filled. The widening gap may well develop into a critical political and social issue.

The implications analyzed in the present book are complex, and the alternatives available to respond to the challenges of a shortage of skilled labor in an environment of high unemployment are not always straightforward. It will certainly not be sufficient to fight unemployment with more education and training. The impact of vital investment in education is not immediate and will therefore not provide an answer to urgent short-term needs. Action taken to activate individuals currently not seeking employment will likewise produce medium-term effects at most and will not supply the qualifications needed now. For this reason the questions must be raised whether an immigration policy guided by short-term labor market considerations promises enhanced economic efficiency and how such a policy would have to be organized in the first place.

Under long-term aspects, demographic developments are a key concern. Native populations will be decreasing sharply in Germany and in many other countries over the next few decades. A minor share of the present shortage of skilled labor is already due to demographic change but this share is likely to grow. The effects will be both quantitative and qualitative. On the one hand, the absolute size of the working population will drop significantly, as society becomes older, and, on the other hand, countries in which these changes occur will be confronted with a decline in qualified human capital, which will be felt hard as demand for labor remains unaltered or even rises.

In principle, a number of different courses of action are open to governments to accommodate these long-term trends in a manner that accounts for the needs of labor markets and social security systems. Options include a longer working life through an early entry into a professional career and late retirement, the activation of the unemployed and persons currently not seeking employment, an increase in the number of women in the labor force and immigration controlled by economic criteria. Each of these options would appear to be suitable to generate positive effects but, if implemented as a stand-alone measure, only with limited success whatsoever. Therefore, a mixed approach would seem appropriate, including a dual immigration strategy which pursues both short-term and long-term objectives.

Short-term needs call for a system which promotes the temporary coverage of skilled labor demand that has been identified. Such a system would at the same time alleviate the unskilled labor unemployment problem because employment opportunities for the unqualified generated by skilled work decrease as jobs for skilled labor remain open. It is a reasonable assumption that the employment of every skilled person enhances the prospects of the less skilled. In addition, any short-term immigration policy that follows economic reasoning must avoid the entry of unskilled labor where migration can be controlled and specific shortages do not exist.

Regarding long-term objectives, it would appear appropriate to develop an immigration strategy which reflects, of course, demographic trends and creates consistency both in quantitative and in qualitative terms, but remains sufficiently flexible to respond to changes in political or social conditions. The approach to be adopted will have to distinguish between controlled and uncontrolled immigration and could define a mixed system of quota and selection criteria in order to attract permanent labor immigrants to top up immigration to a previously defined total number of migrants entering the country.

Any national immigration policy must further be tuned to the international background against which it is set. Potential immigration from the new European Union member states must be one of the direct inputs into the strategic concept. Germany and Austria are the only “old” EU member states still adhering to the “interim period” that restricts freedom of movement for citizens of the “new” EU accession countries. Other old member states have already opened their labor markets and experienced positive economic effects caused by an East-West labor migration that has turned out rather limited in scope.⁶ Germany would have been well-advised to compete for skilled labor from the countries of Central and Eastern Europe from the start, and to rely on their positive impulses for the labor market and the economy, rather than to accept the risk of losing this skilled labor force to other EU countries or other regions of the world such as America.

Dynamic economies cannot evade the need for an economically motivated immigration policy. In the labor market, migrants are still in short supply, and their educational integration has been less than satisfactory even in the second and third generations. The overabundance of native low-skilled

⁶ See Gilpin et al. (2006) and Doyle et al. (2006).

labor, coinciding with a lack of highly qualified personnel, forces all developed countries to compete internationally for an active redesign of immigration policy. The awareness of important economic realities must be increased particularly in countries, such as Germany, where immigration and integration policies have so far been confined mainly to patchwork regulations.

2 The Migration Issue in Germany

Over the second half of the 20th century, Germany has experienced the highest population gains from immigration in Western Europe. Two parallel flows of people have surged into the country: immigrants of German descent on the one hand and, on the other hand, foreigners without German ancestry including labor migrants, dependent family members, refugees and asylum-seekers. There have been substantial differences in the intensity and composition of these flows over the years, shaped by a series of historical events. First, the new layout of Europe after World War II led to a massive influx of largely displaced ethnic Germans from Eastern Europe. More than 10 million people had resettled to the area of East and West Germany by 1950 (Salt and Clout, 1976). During the long, ensuing period of economic expansion, stopped by the first worldwide oil shock in the early 1970s, acute labor shortages led to the active recruitment of workers from Southern countries. It is a distinctive feature of this development that diverse populations were drawn into what had been an ethnically relatively homogeneous country. A third immigration wave occurred after the fall of the Berlin Wall. On the one hand, ethnic Germans became free to move to Germany. On the other hand, civil conflicts in the aftermath of the collapse of the Eastern Bloc led to a large flow of asylum-seekers and refugees. Immigration legislation in Germany changed several times in response to these historical circumstances.

In this chapter we provide a brief overview of German immigration policy and the corresponding development of migration. Some knowledge of the historical experience allows a better understanding of the challenge to establish a sound migration policy in a country that despite its long experience of population movements across its borders does not consider itself an immigration country.

2.1 Migration Policy in Germany

Germany has been the EU country with by far the most extensive influx of immigrants, but also of refugees, for over 40 years now. The fact that their entry was for the most part uncontrolled, as will be shown in the following on the basis of the legal and actual development of migration history, is both the cause and the result of a painfully long dispute about whether the country actually was an “immigration country”. Nonetheless, German society has undergone significant changes during the course of time. Stories of success and failure of integration reflect the long-standing “normalcy” of the immigrant situation beyond the struggle for a larger strategy of migration and integration policies.

The general ability of the government to constructively regulate immigration has been proven by the example of the initially generous acceptance of ethnic Germans from Central and Eastern Europe, which has later been replaced by a rather strict acceptance system relying on language proficiency and cultural knowledge as well as on immigration quotas. Against this background, it is all the more astounding that similar regulations concerning the influx of foreign immigrants have long been opposed. With its new citizenship laws, which came into effect in 2000, Germany has only begun to redefine its migration and integration policy.

In the other EU countries, there has recently been a trend to tighten immigration regulations for refugees and immigrants from non-EU member states. Up to now, European treaties are limited to the development of mutual standards concerning the admission of immigrants and refugees as well as the agreement on the joint fight against illegal migration. Consequently, they leave sovereign rights to formulate immigration and integration regulations mostly untouched and do not set a schedule for the realization of a common EU migration and asylum policy. This project will be confronted with the almost insurmountable problem of an appropriate allocation of costs and benefits among the 25 member states. However, due to the increasing shortage of skilled labor in most of the Western EU countries, some may soon follow the German example and take first steps towards economically motivated immigration legislation.

At the same time, Europe needs a common strategy to deal with the competition for international human capital. This strategy must focus on the

adequate allocation of immigrants and refugees, but most importantly, it must address the integration of immigrants in the labor market. The following analysis contains some suggestions.

Until the early 1990s, German immigration policy was marked by a complex system of separate legal provisions by the federal states, which “caused more confusion than clarity”.⁷ Neither the era of guestworker recruitment in the 1960s nor the time of family reunification in the years after 1973 prompted policymakers to decide on consistent migration and integration legislation. Germany adhered to the same political agenda as other Western European countries that viewed guestworker migration as an economically motivated and thus temporary political measure (“rotation principle”), which, therefore, required no comprehensive legal provisions on residence or integration.

However, the extent of guestworker recruitment in Germany between 1961 and 1968 was much larger than in any other country. The substantial decline in the working population as a result of World War II, the end of the influx of refugees from the East owing to the erection of the Berlin Wall in 1961, the creation of the Federal Armed Forces in 1955, and, above all, the rapid economic reconstruction, resulted in the strong increase in the demand for labor. After signing the first recruitment agreement with Italy, Germany entered into other bilateral agreements on the recruitment of “guestworkers” with Spain, Greece, Turkey, Morocco, Portugal and Tunisia in short succession after 1960. In principle, the recruitment procedures relied on the demand reported by the German industry. If the Federal Employment Agency was unable to provide any German applicants, it became active in the recruitment countries.

Welcoming the one millionth guestworker was a major media event in 1964 – but only a little later, rapid economic decline led to the first debates about a change of policy towards foreigners and to a discussion of whether Germany was being “invaded” by foreigners. A recruitment ban was imposed for the first time in 1966/67, which – after a further recruitment agreement with Yugoslavia in 1968 – was succeeded by another complete recruitment ban imposed in late November 1973, due to the worldwide economic crisis. Germany’s recruitment ban, apart from being regarded as an inevi-

⁷ Schmalz-Jacobsen et al. (1993), see for a detailed history of German immigration policy. An encompassing account from an economic point of view is provided, amongst others, by Bauer et al. (2004).

table reaction to drastically changed economic conditions, was a response to the unprecedented, strong increase in immigration rates in the Federal Republic of Germany: over the five years prior to the second recruitment ban, the foreign resident population in Germany had more than doubled.

Notably, another 18 years passed before the first Federal Aliens Act was passed in 1991. Meanwhile, especially after 1983, Germany had tried to achieve a decline in the number of aliens through several repatriation programs. Since the recruitment ban did not apply to guestworkers' family members, EU citizens, refugees and other special forms of immigration, the rather limited success of these initiatives fell far short of political expectations. It is remarkable that the 1991 Aliens Act contained detailed regulations on residence permits, but almost entirely left out components of integration policy. This certainly reflects Germany's lack of perception of itself as an immigration country.

Part of the German hesitation in this respect can also be explained by a substantial change in the immigration situation that took place after the late 1980s. The political change in Eastern Europe, the war in former Yugoslavia, and the Turkish repression of the Kurdish minority in their own country caused the number of asylum-seekers in Germany to surge because refugees could rely on its generous asylum laws. Owing to German history, these laws were unparalleled in the world until this point. The influx of ethnic German emigrants from Eastern European states, who profited from generous immigration regulations since the foundation of the Federal Republic of Germany and who were entitled to according to the constitution, increased significantly at the same time.

This new situation prompted policymakers to pass some drastic legal amendments on immigration in order to limit the influx of both asylum-seekers and ethnic Germans from Eastern Europe. Asylum laws were tightened, and Germany relinquished its uniquely generous course – also partly due to European legal harmonization efforts. While every refugee was free to claim his constitutionally granted right to asylum until 1993, those who nowadays immigrate via a safe third country are categorically excluded. Given that Germany is in fact surrounded by safe third countries only, these regulations are particularly relevant. As a consequence, the right to asylum was effectively restricted, albeit in a way much disputed in domestic politics. Bilateral agreements on the return of asylum-seekers were made separately with several countries in order to reinforce these legal adjustments.

In addition, German policymakers in the 1990s took measures to reorganize the entry of Eastern European immigrants of German origin. Although the focus of this book is on the immigration and integration of aliens, this is worth mentioning in order to illustrate that the political readiness to incorporate instruments for controlling and channeling immigration into national immigration policy was already well developed – paradoxically with regard to the entry of ethnic Germans.⁸ A quota arrangement for ethnic Germans was implemented for the first time in 1992, and a selection procedure based on language proficiency tests was established in 1996. At the same time, a law for the allocation of homes was designed to curb tendencies for ghetto formation and to promote societal integration by requiring immigrants to stay at the allocated place of residence in order to receive social transfer payments. Since then, the influx of ethnic Germans has decreased considerably.⁹ Regulations for ethnic Germans who intend to immigrate – including the application in the country of origin, the selection procedures, the immigration quota, and programs to foster integration in the receiving country – are a de facto immigration law for a specific group of people.

Another German particularity are regulations, in effect since 1991, for the admission of Jewish immigrants from former Soviet territories. This offer to immigrate in times of heightened efforts to curb immigration is historically motivated to sustain Jewish communities in Germany.¹⁰

The recruitment ban, in force since the end of 1973, hardly allowed for labor immigration. However, in view of impending labor shortages, especially in agriculture, but more importantly in the face of German Unification and the political and economic changes in Central and Eastern European countries, policymakers gradually lifted the restrictions and created a series of exceptions from the otherwise unchanged recruitment ban. An essential motive was to encourage the transformational process and to initiate more intense business relations with these countries, in addition to the identification of labor shortages in the domestic labor market. Additional bilateral contracts based on the exceptions to the German recruitment ban and the work permit provisions have since been regulated e.g. the temporary immigration of so-called “contract workers”, “guestworkers” and “seasonal

⁸ See amongst others the overview by DeVoretz et al. (2002).

⁹ See Federal Commissioner for Migration (2003), p. 27 for a concise overview of legal fundamentals concerning ethnic German immigrants.

¹⁰ See Federal Commissioner for Migration (2003), p. 34 for more detailed information on this special form of immigration.

workers”.¹¹ Further exceptions apply to au pairs, specialists of international corporations, scientists and teachers, fashion models, artists/performers and nursing staff. With an additional amendment to include IT specialists (“green card”) in 2000, the German recruitment ban now contains so many exceptions that a complete redesign would certainly make sense.

Employees of Eastern European or Turkish firms who cooperate on a project basis with German companies may become licensed contract workers for two or three years within certain quotas. In order to prevent permanent residence, re-entry after expiration of the contract is only permitted after an equally long sojourn in the country of origin. While a prior assessment of labor market conditions is not conducted, the German contractor is not allowed to order any layoffs or short-time work during the contract period. Licenses for contract workers are also denied in cases of extremely high local unemployment. Remuneration must comply with German standards, but as social security contributions have to be paid in the partner countries, wage expenditures decrease. Nonetheless, the full potential of annually allocated quotas for contract workers has not yet been tapped.

Foreign citizens from partner countries may enter Germany as guestworkers for a maximum working stay of 18 months if they are no older than 40 years of age, provided their remuneration complies with German standards and they pay complete social security contributions. This regulation, which is primarily applied in construction and metal industries, focuses on professional and language abilities. Apart from completion of vocational training, basic knowledge of German is also one of the requirements for approval. Re-entry after termination of the stay is not possible.

Since 1991, moreover, foreign seasonal workers may be hired for a maximum duration of three months per year in agriculture, fruit and vegetable processing as well as in the hotel and restaurant industry in order to fill specific labor shortages during peak periods. For this purpose, special bilateral arrangements are made between the Federal Labor Agency (Bundesagentur für Arbeit) and the labor administrations of Eastern European countries. They also contain far-reaching rules for priority hiring of domestic workers. The German employer must also observe national regulations on wages and working conditions and is required to pay social security contributions.

¹¹ See Federal Commissioner for Migration (2003), p. 52 for further details on the regulation of temporary labor migration.

An expansion of this form of seasonal employment of immigrants is only permitted for small-scale industry and in the case of start-ups or plant extensions, but not for companies which have previously resorted to seasonal labor. The Central Placement Services of the Federal Labor Agency allow companies to recruit workers known by name. Of course, a general revision of these special regulations concerning temporary labor migration will be inevitable in the wake of EU enlargement.

Since 2000, foreign IT specialists may receive a “green card” within fixed quotas if they hold a degree in a relevant field and are already staying in Germany for this purpose, or if they can show proof of a job offer in Germany which pays them a minimum gross income of €51,000 per year. The maximum duration of their stay in Germany is five years. In the case of premature job loss, the residence permit becomes void, but transition periods of varying duration may be granted for job search purposes. The admission procedure for “green card” applicants is much shorter.

At first glance, this seems like a contradiction to the efforts of limiting immigration to Germany, but it is in fact – at least in terms of the fundamental idea – a rather plausible supplement to existing regulations on permanent immigration that aims at meeting demand in a more targeted way. The importance of temporary labor migration will continue to rise in modern, increasingly intertwined societies, which are based on the division of labor and thus require enhanced labor mobility. The attempt to take economic reasoning into account must be recognized in the bundle of regulations on temporary labor migration, even if they are still insufficient and overly bureaucratic. The German Immigration Act, which came into effect in 2005, is likely to accelerate this process.

Work permits are issued analogously to the different forms of residence, defined by complex German law, whose allocation either centers on the purpose of the stay or alternatively entails certain requirements, especially concerning the minimum duration of stay or language acquisition for temporary or unlimited residence, respectively. Apart from EU citizens, holders of unlimited residence permits (after five years of legal residence) or persons eligible for residence (after eight years’ stay) and several special cases, all immigrants and their family members need work permits. Since early 2001 (and in an earlier period from 1991-1997), this again applies also to asylum-seekers, who in the 1980s and from mid-1997 on were not allowed to take up employment at all.

In Germany, a work permit may be denied, for instance, if the Federal Employment Agency fears negative effects on the labor market or regional employment patterns. In such cases, residence permits may already be marked “economic activity prohibited”. Moreover, a work permit is only issued if no member of the resident population, either native or long-term resident, is suitable to fill the vacancy. This “priority-hiring assessment” (Vorrangprüfung) must be repeated at regular intervals (and is a serious obstacle to employment from an entrepreneurial point of view). In addition, equal employment conditions for immigrants and “privileged” employees must be guaranteed. It is also possible to restrict work permits to certain activities and a limited time.

A work permit for reunited family members is only granted under certain conditions pertaining to the residence status of the immigrant who entered the country first. It may be denied or granted either immediately or after a waiting period of one year. In contrast to war and civil war refugees, a work permit for asylum-seekers and other “tolerated refugees” is only awarded under specific conditions after a one-year waiting period. Granting an unlimited work permit without any requirements is only considered after a legal stay of at least six years or five years of employment subject to social security contributions in Germany.

For a long time, Germany was among the European states with the most reluctant naturalization policies, as its naturalization regulations are still rooted in the citizenship legislation of 1913 (Reichs- und Staatsangehörigkeitsrecht). Until 1999, German citizenship could be attained by birth (provided one parent is German), by legitimization (in case of illegitimate children) or by marriage to a German. The Aliens Act provided a legal entitlement to naturalization after a 15 years’ stay in Germany if the applicant had no previous convictions and was able to earn his own livelihood. Foreign youths were entitled to naturalization if they had been living in Germany for a minimum of eight years, spending six attending a German school. German language proficiency was not a prerequisite for naturalization until the end of 1999. However, it did play a role in the naturalization process allowed under institutional discretion after only 10 years of legal residence.

The citizenship act, in force since 2000, is based on a fundamental redefinition of German citizenship: the principle of birthplace (*ius soli*) was introduced in addition to the principle of descent (*ius sanguinis*). Thus, children of foreign parents automatically qualify for German citizenship if at least