9 Migration scenarios: Turkey, Egypt and Morocco

Michael Bommes, Simon Fellmer and Friederike Zigmann

9.1 Introduction

The previous two chapters in this volume – by Ulrich and by Fassmann – are based on demographic analyses that keep constant all social conditions beyond demographic developments in the populations of the three countries in question. This approach has the advantage that the models employed are easy to manage, and the numbers produced have a certain hardiness to them. Yet they remain rather abstract.

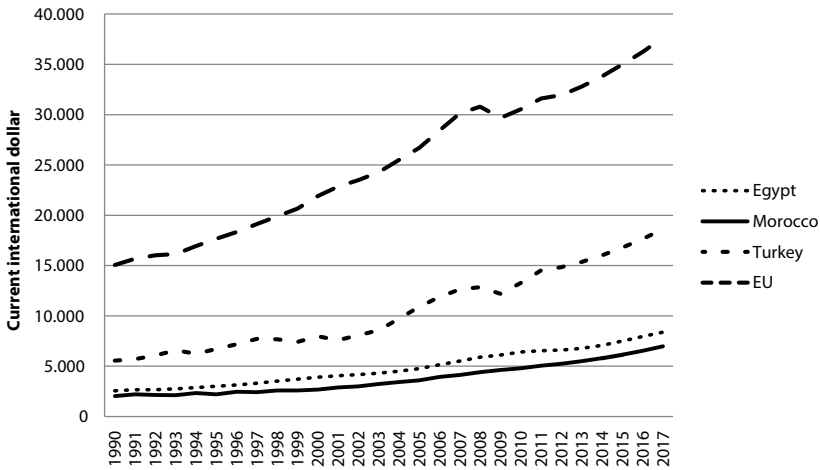
The present chapter reintroduces some of the 'realities' not taken into account in these demographic analyses. We enrich the models presented by Ulrich and by Fassmann by introducing further, mainly economic, variables using highly aggregated data. Like Ulrich and Fassmann, we do not take into account the political and socio-cultural developments in the respective countries, as these cannot be meaningfully introduced into the current models.

9.2 Methods

The scenarios presented in this chapter draw on one of the classic tenets of migration theory – growing economic differentials between particular countries or regions lead to increased migration.[1] This approach seems to be fruitful, because diverging economic dynamics between the European Union and the MENA countries were observed in the past and can be expected to occur in the future as well. Turkey, for example, has been catching up economically, and thus converging, with the EU, whereas the economic performance of the other MENA states is still very much lower than in the EU (see Figure 9.1).

1 This idea can be traced back to the nineteenth century, as discussed by Hicks (1932) in his theory of wage differentials, and has been applied to more recent developments by Borjas (1999), amongst others. For a more detailed discussion of such approaches see de Haas in this volume. De Haas' assumption that the poorest do not migrate may challenge our pure theory of economic differentials as drivers of migration. Nevertheless, we see clear benefits from our approach, the most important one being that we depart from the stable demographic figures presented by Fassmann in this volume and develop them further by adding other important factors.

Figure 9.1 GDP based on purchasing power parity per capita in the EU and MENA countries, 1990–2017



Source: International Monetary Fund. World Economic Outlook Database, April 2012

In order to measure these economic disparities, we concentrate on three central factors: gross domestic product (GDP),[2] income as expressed by the gross national income (GNI)[3] and the labour-force participation rate (LPR)[4]

2 We use the GDP as defined by the International Monetary Fund: 'gross domestic product based on purchasing power parity (PPP) per capita' and data from 2010 or 2012 (World Economic Outlook Database, April 2012). GDP is the single factor normally used to depict the overall economic activity of a country. It encompasses the total value of all goods and services produced within a certain period of time within one country. GDP based on purchasing power parity is the most appropriate for calculating economic disparity in cases of permanent migration, where it is important to take into account how many goods effectively can be bought with the money spent in the particular country. The alternative method of comparison would be to use exchange rates. However, this value is more important for commuters than for permanent migrants (Sinn, Flaig, Werding & Hänlein 2000: 32ff).

3 The GNI used here is the 'gross national income per capita (PPP international US$)' for 2011, as calculated by the United Nations Statistics Division. GNI corresponds roughly to GDP, but excludes taxes on production and imports as well as compensation of employees and property income due the rest of the world. However, these are taken into account when they are owed by the rest of the world to the respective country.

4 The labour-force participation rate used here is from 2010 and is based on data provided by the International Labour Organisation (ILO), which defines this rate as the proportion of a country's working-age population that engages actively in the labour market. We use this factor instead of unemployment since there are no reliable data on unemployment in Turkey, Egypt and Morocco because of both the more informal nature of employment and the inadequate gathering of data on formal employment.

in the three MENA countries and put these in relation to the values we find for the EU.[5] GDP expresses economic power, GNI the resultant earnings, and LPR the part of the working population that is actually employed.

We restrict our model scenarios to these three characteristics for methodological reasons. Of course, socio-cultural and other factors such as political stability or instability are of considerable importance, especially in the countries in question. However, they cannot be expressed in figures and are therefore excluded from our calculations. Leaving them out is thus not a statement about their value as such; they are treated in depth in the contributions by Faath and Mattes, and by Nuscheler, in this volume.

The empirical starting-point for modelling our scenarios is the emigration potential calculated by Fassmann in his contribution to this volume. This emigration potential is based on the age-specific migration rates for Poland and the demographic prognoses up to the year 2050, but does not take into account economic disparities between Poland and the MENA countries. Our first step, therefore, is to transfer Fassmanns' age-specific emigration rates to the conditions of the poorer MENA region. We thus calculate the ratio of the value of the Polish GDP, GNI and LPR compared to the GDP, GNI and LPR of Turkey, Egypt and Morocco. The average of these three ratios is our 'country-specific factor', with which we weight Fassmann's emigration potential. As mentioned above, we assume that higher economic divergences produce higher emigration potential. So if the GDP, GNI and LPR of a specific MENA country were to equal the Polish ones, the country-specific factor would be '1' and the emigration potential calculated by Fassmann would apply. As this is generally not the case and the country-specific factors we find are higher than '1', the emigration potential rises. Or, in other words, since GDP, GNI and LPR are generally higher in Poland than in the MENA region, the thus-modified emigration potential for the MENA region also turns out to be exponentially higher.

For instance, the Polish GDP is 1.42 times higher than the Turkish, the GNI 1.25 times higher and the LPR 1.14 times. The average of these ratios is 1.27. If we multiply the emigration potential calculated by Fassmann – e.g., for the year 2015 (503,000 persons) – with this factor, we get a modified emigration potential of 639,224 persons (see Table 9.1).

Subsequently, we use this modified emigration potential to manipulate the figures further. We make assumptions as to how GDP, GNI and LPR will develop in the future in the EU as well as in every single MENA country. For

5 If there are no values for the EU as a whole, we take the average of the values of the member states of the EU instead.

the EU the following is assumed: that GDP will increase up to 2030 at a linear rate of 1 per cent per annum, and GNI at 0.9 per cent per annum. The LPR will remain constant over this period. These are conservative projections that take into account the effects of the present financial crisis. For the MENA states, we develop three possible future scenarios, with diverging assumptions for each country, and explain why we see GDP, GNI and LPR increase or decrease at certain points in the future. Technically we proceed as follows. Our base year is 2012. In this year we have a certain difference between e.g., the Turkish and the EU GDP. If we now manipulate the development of the Turkish GDP for the future, we get a new difference which is bigger or smaller than the one in the base year and which we show as the percentage quotation compared to the difference of the base year. For instance, if the Turkish GDP grows by 5 per cent by 2015 and that of the EU by 1 per cent, the difference between the two GDPs shrinks from 18,684.05 in 2012 to 18,291.73 in 2015 or to 97.9 per cent of the basic difference. We carry out these manipulations for GNI and LPR as well, and calculate the average percentage difference of these three values (see the twelfth line in Tables 9.1-9.9). We multiply our modified emigration potential with this average value and get a new manipulated emigration potential. If the average difference increases, the emigration potential rises; if the differential decreases, the calculated emigration potential falls. This new, manipulated emigration potential is depicted as a 'final emigration potential' in Tables 1-9. This final emigration potential is the emigration potential we would predict for the future, taking into account economic variables in addition to demographic ones.

9.3 Migration scenarios: Turkey

Turkey is the one country in Europe whose emigration potential plays a very important role in public discussion concerning its possible membership in the EU (Independent Commission on Turkey 2004). This is true for the Netherlands, France, Austria and Germany, in particular, the four main receiving states of Turkish migration to the EU, which began as labour migration in the 1960s and 1970s, and was followed by family and marriage migration as well as by asylum migration triggered by the military takeover in 1980 and the growing repression of the Kurdish population (see İçduygu in this volume). Turkish immigrants make up a large share of the immigrant population in some of the countries above (in Germany, one third) and have been the focus of the immigration debate in recent years.

Turkey is characterised by a number of very specific cleavages resulting from its particular history and, especially, from its state-building process (Lewis 2002). The modern Turkish state grew out of the collapsing Ottoman Empire and established itself against competing state-building processes in the neighbouring Balkan states and Greece as well as against the colonial plans of European powers. This process was driven by a reformist military elite educated in the capitals of Europe (especially in Paris), who implemented a legal order of Swiss and French origin. It thus established an official laïcism in Turkey, where the overwhelming majority of the population was Islamic, and combined this with a nationalisation of religion. In addition, the major top-down modernisation process linked to Turkish state-building brought about a new political system, a switch to Latin writing, a modern educational system – including compulsory school attendance – and industrialisation. The resulting tensions were superficially bridged by the mythification of the country's founder – Kemal Atatürk – and a strong nationalism, and have been reflected in political conflicts up to the present day. After introducing a multiparty system in 1946, the military assumed power three times (in 1960, 1971 and 1980), and the country is still plagued by the question of whether the military is truly ready and willing to relinquish its power and decision-making competences. It also remains to be seen whether Turkey can continue and, indeed, extend the economic and political reforms that began with the economic liberalisations of the 1980s and the growing orientation toward joining the EU since the 1990s (customs union in 1995; membership consultations since 2005).

9.3.1 Conditions for the expected migration: Turkey's economic situation

Parallel to the many political upheavals, the economic history of Turkey has, up to the present day, been a veritable roller-coaster ride, marked by a number of debt crises and periods of high inflation. Seen from a long-term perspective, however, the Turkish economy has grown continuously at comparatively high average rates (1950s: 6.7 per cent, 1960s: 5.6 per cent, 1970s: 4.1 per cent and an average of 5 per cent per annum since 1980). In the past few years, Turkey's high rate of economic growth was combined with a strong increase in personal income, a reduction in state debt and low inflation.

Economic sectors, trade and economic policy

Whereas economic policy following the founding of the modern Turkish state in the 1930s and up to the end of the 1970s was characterised by inward-

oriented industrialisation and import substitution policies, from the early 1980s onwards Turkey adopted an export-oriented, open-market policy that has since been expanded as part of its efforts to join the EU and to meet the liberalisation demands of the World Bank and the International Monetary Fund (IMF). The reduced role of the state had a number of effects at the time: an increase in unemployment due to the extensive privatisation efforts, a generally lower standard of living, an increase in social inequality and a decline in social security (Aydın 2005: 43-45).

The Organisation for Economic Co-operation and Development (OECD) currently sees Turkey on the road to economic prosperity (OECD 2006a). It describes Turkey as having made substantial progress in macro-economic stabilisation and institutional reform (see also the progress reports prepared by the EU as part of the membership negotiations). A satisfactory level of macro-economic stability has been reached, although the Turkish economy is still viewed as vulnerable. In this context, and in light of the high dependence on exports, any external shock tends to reverberate throughout the entire economy.

Whereas the OECD is still demanding further liberalisation of the Turkish market, other authors see Turkey's dependency on international capital flows as the major reason behind the crisis of 2001/2002 – something that could occur again at any time (Aydın 2005: 107). After the Justice and Development Party (AKP) won the elections in 2002, the country experienced a time of economic recovery: strong economic growth coupled with a tremendous expansion of trade, reduced inflation and state debt (Altug & Filiztekin 2006: 22). Yearly GDP growth rates of at least 5 per cent are projected for Turkey through to 2015 (Bagoglu, Hungermann, Kelkenberg, Klaiber & Schreiber 2005: 5).

The economic sectors contribute to this GDP growth to varying extents. The largest proportion (about 60 per cent) comes from the service sector, in particular from communication, transportation, finance and tourism, an industry that has markedly grown since the 1980s. At the same time, this sector is still plagued by informal employment and informal economic activity. Second place is held by industry, with more than 25 per cent of GDP. Whereas private companies have become more productive and internationally competitive, this is not universally true for state-run firms. The automobile branch, in particular, has been able to attract foreign investors, and automobile exports have caught up with the textile and clothing industries suffering from the strong competition of the Chinese. Recreational and household electronics are also gaining more importance. Agriculture still contributes about 10 per cent to GDP, but with a decreasing tendency. The

building sector is represented by some 5 per cent of GDP and has experienced very dynamic development over the past few years (CIA 2012).

Of growing importance in the tertiary sector are the areas of education, transportation, communication, financial services and tourism (also one of the largest sources of foreign currency) as well as health and social services (Hütteroth 2002: 31; Schrick-Hildebrand 2006). At the same time, the service sector still includes a large number of shoe-polishers, doormen and other lower-level providers, so that it cannot yet be considered comparable to the service sectors present in other countries of Europe (Hütteroth 2002: 26). The agricultural sector still comprises around a third of the entire Turkish working population, many of whom work on small-scale farms with low productivity. Agriculture contributes about 10 per cent to GNP, with a declining trend and an ever-growing level of de-agriculturisation (Altug & Filiztekin 2006: 51). The resulting privatisation and concentration processes are putting great pressure on small farmers, causing unemployment and often forcing them to migrate to the city (Aydın 2005: 175-177). Among the most important agricultural products grown in Turkey are grains, various types of fruit and vegetable, tobacco and olives. Turkey is the most important producer of hazelnuts in the world. In addition, Turkey has a large cotton industry that constitutes the backbone of its internationally competitive textile and clothing industry.

The Turkish economy has profited tremendously from its business and trade relationships with the EU countries, particularly since the customs union came into effect in 1995. In 2005, Turkey did half of its external trade with members of the EU (Bagoglu et al. 2005: 145). Among the 50 largest trading nations of the world, Turkey lies somewhere in the middle, with imports still out-running exports (Martin 2002: 171). This point is of particular importance in light of the high vulnerability of the Turkish economy to turbulences in world economic development. Apart from tourism – mainly responsible for the procurement of foreign currency – and the building industry, exports constitute one of the major growth segments of the Turkish economy, but imports are increasing at about the same level because of the country's dependence on the importation of raw materials. In 2007, the value of all imports was US$63 billion higher than that of exports. As a consequence of this trade imbalance, Turkey is dependent on high inflows of external capital, which will continue to make it vulnerable to both internal and external economic shocks (Knupp 2008).

Public expenditure, debt accumulation and inflation

Since the crisis of 2001, Turkey has produced a number of fiscal surprises, most of which were achieved through tax increases. While, in 2001, the budget deficit was still 30 per cent of GDP, it was reduced to only 1 per cent

in 2005; the overall national debt was also reduced in that time period from 91 to 56 per cent of GDP (OECD 2006a: 5). Following monetary reforms in 2002, inflation fell below 10 per cent (CIA 2012; Hütteroth 2002; Schrick-Hildebrand 2006). A major role in these developments has been played by the Turkish central bank, which gained independence in 2001 and has since been successful in controlling inflation (OECD 2006a: 3-4).

Companies in Turkey, however, still suffer from a number of problems, particularly because of the inefficiency of the Turkish financial system and the resulting poor availability of loans (OECD 2006a: 6). There is a lack of domestic investors in the private sector, and Turkish industry remains oriented toward the public banking system because of the lack of private credit institutions and foreign capital (Aslancik 1998: 183). Large companies have fewer problems getting loans, but small and middle-sized firms are being squeezed (Tükel, Ücer & Van Rijckeghem 2006: 290-291). In the formal sector, too, the bar is set so high concerning transparency and management that only a few firms can fulfil the criteria (OECD 2006a: 9) and revert to the informal sector to stay alive.

The job market

The job market in Turkey is still characterised by a high level of unemployment (about 10 per cent) and high income inequality. However, the official unemployment statistics do not reflect the true state of affairs, since they do not include all areas of employment; there are also no proper statistics available for the agricultural sector, where relatives often act as 'helping hands' (Hütteroth 2002: 26). Moreover, the informal economy is large and produces much informal employment (Hütteroth 2002; Schrick-Hildebrand 2006). Last, but not least, there is a large reservoir of unused labour in Turkey: Nearly two-thirds of all working-age females did not work in 1997, either because they chose not to work or because they could not find suitable employment (Martin 2002: 175).

Still, there is some evidence that the job market changed markedly between 1998 and 2003 because of the general liberalisation and privatisation occurring in the country. The job market opened up to women,[6] and the data on participation in the education system show that women born after 1980 are largely better educated than those born earlier and are better

6 In Turkey, compared to the rest of Europe, a relatively large number of women work in highly qualified professions. This may be traced back to the fact that upper-class women were encouraged by Kemalist policies to actively participate in the new, modernising cadres; on the other hand, women of lower socio-economic status were always available at relatively low wages to take over the work of such academically trained women at home (Wedel 2002: 138).

prepared to enter the job market (Tunali & Baslevent 2006: 97-98). Labour laws in Turkey, however, in the opinion of the OECD, are still among the most rigid of all OECD countries. Companies with more than 50 employees must fulfil a number of additional demands, making it unattractive to hire employees beyond this limit (OECD 2006a: 7). Labour costs are relatively high in some regions, and the OECD (2008) warned, in particular, that payroll taxes should be reduced, and the rise in the minimum wage capped, since it exceeds regional GDP in some regions (OECD 2006a: 7).

Education, welfare and inequality

Establishing and expanding the education system to encompass the entire population was one of the central tenets of Kemalism. His plan to modernise the country, however, was neglected for many years. In 1995, the rate of illiteracy was still 6.9 per cent for men and 23.9 per cent for women (Martin 2002: 174). Recently, Turkey has made great efforts to reform the education system. An eight-year period of compulsory education was introduced, though the quality of schooling still lags behind. Girls increasingly participate in basic education, but there is still space for development in the Eastern part of the country (OECD 2007: 9-10). Turkey has more than 60 universities, albeit with large differences with respect to quality and facilities (Hütteroth 2002: 31). Seen against OECD standards, basic and higher education in Turkey still reach only poor levels on average, whereas the best schools and universities of the country have very high standards. The highly selective education system is oriented toward providing a good education to the best pupils emerging from the competitive and state-controlled selection process.[7] For this reason, one can speak of a certain schism running through the education system between the primary/secondary areas on the one hand, and the tertiary area on the other. According to OECD data, Turkey should place a greater emphasis on publicly financing a broader-based system of general education by raising its financial basis and shifting funds from other areas (OECD 2008). Only then could the higher level of worker education produce a higher level of worker productivity (OECD 2006a: 9-10).

Educational inequality is reflected in income inequality in the country, which corresponds more to that found in Latin America than in Europe.

7 In the Turkish education system, private financing is used to close the gaps present in primary and secondary education, whereas public funds are used mainly to finance higher education. Thus, the education a child receives is, from the start, dependent on the financial situation of his or her parents, who often run into debt to secure their child's proper education (Duygan & Güner 2006: 84).

And yet the difference has narrowed over the last twenty years. Even if the present situation is still not satisfactory, the average wage in Turkey did rise nearly 80 per cent in the years 2003 to 2007 (Duygan & Güner 2006: 63-64, 71). However, other regional and economic disparities play a large role in Turkey. Economic activities are concentrated in the north-west, in particular in and around metropolitan Istanbul. The Marmara region produces some 40 per cent of total GNP. Other centres of economic power are Ankara and Izmir, the Çukurova region, the cities of Kayseri, Gaziantep and Denizli and the tourist regions near Antalya. On the other hand, broad sections of East Anatolia lag far behind, as does the Black Sea region (Bagoglu et al. 2005: 10-11). In light of the limited agricultural and general economic-development possibilities in the vast expanses of the eastern part of the country, internal migration from Anatolia toward the West, in part a reaction to the continued repressions of the Kurds, remains relevant (Hütteroth 2002: 23).

9.3.2 Three scenarios on the development of the migration potential in Turkey

Below we sketch out three scenarios of the future development of the migration potential in Turkey which seem plausible against the background of our remarks above.

Reform-oriented scenario: Admittance to the EU with strong economic growth and (near) convergence of relevant factors (scenario 1)
In this scenario, Turkey continues its reform efforts in order to gain admittance to the EU and, based on the increasing international investments in the Turkish economy, can maintain its economic performance of previous years. The repercussions caused by the international financial crisis remain moderate, the labour-force participation rate and (formal) employment rise considerably, and the differential with the rest of the EU is reduced. Turkey will invest a higher proportion of the increasing tax revenues in educational efforts, so that the overall educational level rises, producing long-lasting economic benefits.

GDP increases in the years up to 2020 by around 5 per cent annually and GNI by 6.5 per cent; by 2030, Turkey's GDP/GNI will have achieved near-convergence with the rest of the EU. The labour-force participation rate continues to grow and, by 2025, reaches a level of 52.43 per cent. The rising level of educational expenditure and the overall economic upswing translate into a higher absorption rate of qualified workers, so that it comes closer to the EU rate of 59.62 per cent.

Table 9.1 Turkey: scenario 1

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Turkey	13,275.37	14,636.10	18,679.78	26,199.36	36,745.95
Difference % (2012 = 100%)	100.00	97.90	85.25	54.45	7.93
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Turkey	10,488.00	11,895.75	16,298.21	24,501.66	37,698.84
Difference % (2012 = 100%)	100.00	97.59	84.42	54.18	1.44
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Turkey	48.80	48.80	50.38	52.43	55.93
Difference % (2012 = 100%)	100.00	100.00	85.39	66.47	34.14
Emigration potential	–	639,224	669,723	690,056	707,848
Average % differences	100.00	98.50	85.02	58.37	14.51
Final emigration potential	–	629,620	569,403	402,767	102,677

Source: Fassmann; IMF; UN; ILO; authors' calculations

This scenario, set out in Table 9.1, clearly shows that the effects of positive economic development lead, in the long run, to a large reduction in emigration potential to European member states. The gap between Turkish and European economic development is not so massive that it would be impossible to imagine convergence in the next twenty years. In that case, the current high emigration potential would decrease over the coming decade.

Weak economic development, later reform pressure (*scenario 2*)
This scenario – see Table 9.2 – presumes that Turkey feels considerable repercussions from the international financial crisis, and that its economic performance (GDP/GNI) falls by 2 per cent *per annum* through to 2019. The political pressure to enact reforms in the social security system, in the legal system and, in particular, in matters of private property and contractual law, and to improve the efficiency and reliability of the civil administration, becomes so immense that a radical reform package will be implemented to tackle the necessary steps at one throw. The *per capita* investments in education will be increased by budgetary realignments, the retirement system will be reformed and the job market extensively liberalised. These actions, however, fail to take hold before the year 2025 and then increase GDP/GNI by only 4 per cent. Only after the year 2024 is there a significant easing in the job market (the labour-force participation rate will rise to 55 per cent up until 2030).

In contrast to scenario 1, the emigration potential will increase in this scenario in the short term and will only decrease in the long run.

Moderate economic development combined with tentative reforms (*scenario 3*)
This scenario (Table 9.3) departs from the assumption that there will be economic development in Turkey (GDP will increase constantly by 3 per cent up to 2022 and by 5 per cent subsequently), but that this development will be hampered by the persistently weak world economy. The Turkish government will support the development by reforms that aim to decrease social-security services, attract direct investments and rationalise state administration. Nevertheless, labour-market absorption will not increase significantly, mainly due to rationalisation and to the lack of reforms in education. As a consequence, employment will only increase moderately up to 2020 (from 48.8 to 49.98 per cent). The GNI will not keep up with the development of the GDP and will only increase by 1 per cent. Only in 2020 will the Turkish government slowly raise its investment in education. The GNI will grow by 2 per cent per year from 2024 onwards and the labour-force participation rate will increase to nearly 52 per cent by 2030 due to

Table 9.2 Turkey: scenario 2

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Turkey	13,275.37	12,494.67	11,294.19	11,294.19	13,741.11
Difference % (2008 = 100%)	100.00	109.36	124.78	134.22	131.06
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Turkey	10,488.00	9,871.22	8,922.80	8,922.80	10,855.95
Difference % (2008 = 100%)	100.00	106.85	118.15	125.44	124.21
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Turkey	48.80	48.80	48.80	49.78	54.96
Difference % (2008 = 100%)	100.00	100.00	100.00	90.98	43.10
Emigration potential	–	639,224	669,723	690,056	707,848
Average % differences	100.00	105.40	114.31	116.88	99.46
Final emigration potential	–	673,771	765,562	806,542	704,003

Source: Fassmann; IMF; UN; ILO; authors' calculations

a cyclical upturn of the world economy and the better-performing labour market. Altogether these developments will lead to a decreasing emigration potential in the long run, especially when the falling birth rates observable now become effective.

9.4 Migration scenarios: Egypt

Egypt, a nation state with a very long history, has always played a major role in political constellations within the so-called Maschrek area.[8] To the present day, Egypt has remained a very centralised country, going back to the time of 'Arab socialism'. However, this centralised structure also has a material and spatial basis mirrored in Egyptian politics and economics. The most important lifeline of the country is the Nile River, with much fertile land and important cities lining it and forming its delta.

As early as the eighteenth century, Egypt was able to excise itself from the influence of the Ottoman Empire (of which it was formally a part). A modern process of state-building occurred soon after Napoleon's military intervention and, after the withdrawal of the French, with the establishment of state administrative authorities and modern educational institutes (for the elite) and the promotion of industrialisation. The country's attempts at territorial expansion and at establishing an empire of its own, stretching over Syria in the one direction and Sudan in the other, failed in the face of European opposition. The export of cotton became of ever-greater economic importance. But the notorious crises of state finances – for example, in the aftermath of the building of the Suez Canal – opened the gate to increased influence by the British and eventually to their occupying the country to secure their geostrategic and economic interests, particularly control of the Suez Canal and cotton production. Following British occupation (until 1922) and constitutional monarchy (with considerable British influence still present), independence was obtained in 1952 and Nasser (1952-1970) called for 'Arab socialism' and 'Pan-Arabism'.[9] Nasser implemented a forced etatistic policy of modernisation emanating from military elites,

8 An area stretching to the east of Egypt that includes – besides Egypt – Israel, Palestine, Syria, Jordan, Lebanon and Iraq.

9 Pan-Arabism as a movement strived to establish an Arab cultural nation – i.e., the community of all Arabs from the Atlantic to the Persian Gulf, in a single national country in accordance with the model of the Islamic Umma (community). Besides Nasser, the Baath Party in Iraq supported this idea, eventually leading to the founding and short-term existence of the United Arabic Republic (encompassing Syria and Egypt) as well as the Arabic Federation (Jordan and Iraq).

Table 9.3 Turkey: scenario 3

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Turkey	13,275.37	14,506.36	16,816.84	20,653.17	26,359.26
Difference % (2012 = 100%)	100.00	98.59	95.22	84.13	63.52
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Turkey	10,488.00	10,805.80	11,357.00	12,054.50	13,309.15
Difference % (2012 = 100%)	100.00	102.58	107.02	111.11	112.99
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Turkey	48.80	49.24	49.98	50.79	51.81
Difference % (2012 = 100%)	100.00	95.93	89.06	81.62	72.16
Emigration potential	–	639,224	669,723	690,056	707,848
Average % differences	100.00	99.03	97.10	92.29	82.89
Final emigration potential	–	633,047	650,302	636,854	586,750

Source: Fassmann; IMF; UN; ILO; authors' calculations

taking his political cue from the Soviet Union. His successors – Sadat and Mubarak – maintained the authoritarian centralistic state, but inched successively toward more-liberal, market-oriented and Western-influenced policies, balanced in relation to both the other states of the Arab League and internal opposition (Büttner & Ḥamzāwī 2007). The oppositional forces were effectively precluded from any political participation, even if the Muslim Brotherhood[10] had held up to 20 per cent of the seats in Parliament since 2005. This was the political background for a policy of slow reforms while also maintaining the *status quo*, with an eye toward the lower socio-economic parts of the population, for example, by retaining costly state-sponsored subventions for staple foods and energy. The regime's problems, as in other neighbouring states, are based on the lack of a mechanism for an orderly transfer of power beyond the continuity of persons. These regimes have always attempted to install a sort of succession, which inevitably failed in the long run (most recently during the Arab Spring uprisings). In 2012, the Muslim Brotherhood took over power, but was ousted from government in July 2013 by the Egyptian army after weeks of mass protests against President Mursi and his political party.

This short sketch of Egypt's domestic and foreign policies serves, at the same time, as a backdrop for the country's security situation – terror attacks at regular intervals, particularly in tourist areas, the existence of militant-Islamist movements such as the Islamic Group (al Jamaat al Islamiya) or Al-Jihad – both of which had major economic repercussions when the tourists failed to come or investors were scared away because of a loss of trust in the country.

A further factor is important here. The Arab Republic of Egypt has, to date, not been at the centre of the migration-political focus of the EU. The reason behind this is that, since the 1960s, emigration from Egypt has mainly been directed towards the Gulf states – about two-thirds of all Egyptian emigrants reside in the Gulf states and Libya, some 1 million of whom live alone in Saudi Arabia. This migration was encouraged by the Egyptian emigration authorities. Emigration, particularly of highly qualified migrants, to other regions was concentrated largely toward the United States and Canada and is – in contrast to the circular migration to the Gulf states – as a rule, permanent (see also Zohry in this volume).

In Europe, currently, some 300,000 Egyptians have taken up residence, most of them in the southern parts, in particular in Greece and Italy. Im-

10 The Muslim Brotherhood is one of the largest and oldest Islamic fundamentalist movements in the Near East. It was founded in 1928 in Egypt, quickly spread throughout the region, and is now present in many Arab countries.

migration data from the recent past show Greece and Italy absorbing the highest rates of Egyptian migration – in Greece, in 2006, there were about 4,800 Egyptian immigrants, and more recent numbers for Italy speak of between 80,000 and 100,000 immigrants. This compares to other countries, such as Germany, where only about 1,500 immigrants from Egypt enter each year, or France, which counts between 800 and 1,000 such immigrants annually (Eurostat). This makes Egypt an interesting case, compared to those of Turkey and Morocco, which have long-standing migration relationships in Europe and, thus, established migration systems. Because of the absence of such an existing ethnic bridgehead in the EU, the migration potential of Egypt will be weighted with a network factor, which reflects the limited likelihood of this group realising their migration projects. We expect the existing Egyptian networks to be only one quarter as strong as the Turkish or Moroccan ones. Thus we reduce the migration potential in Egypt, in the end, to 25 per cent of the originally calculated value.

9.4.1 Conditions for the expected migration: Egypt's economic situation

The Egyptian economy has expanded over the past few years and, in 2006/2007, grew at a rate of 7 per cent. Because of the worldwide financial crisis and the recent political power struggle in Egypt, this rate would seem exceptionally high, though it could resume its former pace in the near future since the baseline numbers were rather low. In 2010, Egypt still had an annual GDP growth rate of 3.4 per cent. In 2011 and 2012, the numbers went down to 0.1 per cent and 0.5 per cent respectively (World Bank Database) due to the Arab Revolution and ongoing political unrest. But, even with a high rate of growth, the differential between the Egyptian and the EU GDP rates will remain enormous – in 2012, Egyptian GDP *per capita* was US$3,777, thus considerably below even the average for the MENA region.

Economic sectors, trade and the economic climate

The economic sectors contribute to differing degrees to the GDP. Agriculture, for example, has forfeited much of its earlier importance, its share of GDP falling from about 30 per cent at the beginning of the 1950s to the present-day 14 per cent. Yet this sector still employs around 32 per cent of all employed persons in the country and thus also has a high potential for layoffs. Many of Egypt's agricultural goods – primarily cotton, rice, wheat, beans and other sorts of vegetable – are produced for export. At the same time, the country's agriculture is not in a position to produce enough basic

foodstuffs for Egypt's own population. This, in turn, translates into a high dependency on imported foodstuffs, which rank second only to machinery and electronic and technical equipment (Büttner & Ḥamzāwī 2007; Ibrahim & Ibrahim 2006). In 2011, industry and services contributed 38 and 48 per cent respectively to GDP (CIA 2012). The Egyptian economy mainly rests on three legs – the Suez Canal as a source of foreign exchange, the growing sector of tourism and the export of natural resources, namely oil and gas. Because of this structural dependence on transfer payments, the export of natural resources and tourism, the Egyptian economy is very prone to fluctuations of all kinds – witness, for example, the situation following the terror attacks on 11 September 2001 or the ups and downs occurring on the commodity markets. Tourism, in particular, reacts immediately to any terrorist attacks and the overall security situation in the Middle East. Egypt's oil reserves are also limited – oil production has been falling for the past ten years, and it is currently assumed that reserves will be exhausted within the next twenty years. Gas reserves make up only about 1 per cent of worldwide reserves, but the country has been a major exporter due to its having developed these resources very early on (Observatoire Méditerranéen de l'Energie 2011).

In recent years, the foreign-trade deficit fluctuated between 3 and 5 per cent. Currency transfers by Egyptians living abroad have been one of the most important sources of foreign currency. In 2011, a total of some US$14 billion was transferred to Egypt from abroad (see Zohry in this volume).

The economic situation in Egypt has improved overall due to a number of reforms that have especially benefited foreign investors. Yet, persistent bureaucracy and corruption, as well as a lack of legal certainty, have remained severe national problems. Adamant structural problems are the high national debt, high inflation and the future of the energy supply when the oil and gas reserves have been depleted. This will further increase the high dependency on imports and the fluctuations in export income – the major weaknesses of the Egyptian economy. Egypt ranks 101st of 169 countries on the Human Development Index (HDI) of the United Nations Development Programme (UNDP 2010: 144), and thus lies behind all other North African countries, with the exception of Morocco.

Public expenditure, debt and inflation

The Egyptian economy is, even today, a centralistic one. Only very recently has the Egyptian state seriously begun to privatise state-owned enterprises (such as the Bank of Alexandria) and to improve the investment conditions for foreign companies. This may be traced, in part, back to the Europe-

Mediterranean Agreement of 2001 between the EU and Egypt, which foresaw the eventual elimination of customs barriers. Nevertheless, the state still contributes 40 per cent to the national product.

A further structural problem is the notoriously high level of national debt which, in 2007, exceeded 100 per cent of GDP. The state subsidies for energy (electricity and oil) for businesses and private households also represent a major strain on the national budget. Yet, the existing high level of social inequality prohibits their reduction or elimination.

The job market

The difficult economic situation is reflected in the Egyptian job market. Officially, the rate of unemployment has hovered between 8 and 11 per cent in recent years (see Zohry in this volume), increasing to 13 per cent in 2013 (CAPMAS 2013). This rate, however, owes more to statistical whitewashing than to reality – according to OECD (2005) estimates, the informal sector comprises up to two-thirds of economic performance. In 2013, 48 per cent of the population were officially employed (CAPMAS 2013), apparently a relatively constant value over the past few years (in 2001 it was 45 per cent, according to ILO data). The continuing high rate of population growth of 1.8 per cent (see Ulrich in this volume) and the approximately 600,000 new workers entering the job market every year demand a constant increase in GDP of 6-7 per cent to keep up with the population growth (OECD 2005).

Unemployment affects mostly youths and young adults, particularly those entering the labour market for the first time (in 2005, 34 per cent of those aged 15-24 were unemployed, according to Eurostat data). Particularly affected are those with a secondary-school or university education (ILO data). There is a great discrepancy between the education system and the labour market – for structural reasons, the job market cannot absorb enough qualified workers, and the education system produces qualified personnel who, with the exception of the state apparatus, are not in demand on the open market (World Bank 2008). The number of female workers is also extremely low on the official job market.

Welfare and education

About a third of the total population is illiterate, overproportionally women. The Egyptian education system is in dire need of reform, particularly the primary-school area, which exhibits great regional diversity in school infrastructure. The average schooling in Egypt is currently 5.5 years. Expenditure on education in 2012 represented 4.4 per cent of GNI and has not risen since

2008. Expenditure on research and development also remains at a very low level: 0.21 per cent of GDP in 2009 (The World Bank Database).

The Egyptian state formally guarantees social security through three main measures: first, subventions for staple foods – especially bread, sugar and cooking oil; second, the theoretical coverage of all Egyptians in the social-security system (though, in fact, only about half the population is covered and only a sixth of the workers receives unemployment benefits); third, state pensions for needy families and the elderly. The social systems in place, however, are extremely complex and confusing in nature and factually do not reach large parts of the population – as well as being chronically underfinanced. They do not truly protect from poverty resulting from unemployment, and they generally favour the well-to-do. A fundamental restructuring of the system in the near future is not regarded as imminent because of the overall financial situation of the country (Loewe 2004; Loffredo 2004) and the necessary restructuring of the country in political and economic terms. A precondition for it would be, firstly, a stable domestic situation.

9.4.2 Three scenarios on the development of migration potential in Egypt

Economic growth without structural reform on the job market and in the education system (*scenario 1*)

This scenario assumes the continuation of the current economic reforms aiming to improve the overall economic situation and the legal stability in the country, and to restrict government regulation. These reforms will increase foreign direct investments in industry and services. Parallel to this development, the inflow of foreign currency will rise through tourism. This will absorb some of the rising costs associated with an increased importation of foodstuffs following a structural crisis in the agricultural sector. Oil production has also been on the decline since 2008 (oil rents as percentage of GDP have fallen from 11.1 per cent in 2008 to 6.3 per cent in 2010) as the reserves dwindle, making higher oil imports also necessary. These, in turn, can be compensated for by increasing gas production and export through the exploitation of new gas fields and the building of new pipelines, as agreed with the states interested in these resources. Thus, overall, GDP and GNI rise markedly.

However, this rise does not lead to an increase in the number of people employed; rather, the positive economic conditions increase productivity through rationalisation, leading to a reduction in formal employment.

This, in turn, causes an increase in the informal sector, which must absorb more workers because of the high competitive pressure being exerted. The structural crisis of agriculture also releases many workers, causing an overall rise in the unemployed and an accelerated fall in the labour-force participation rate – in our model from 49.5 per cent to a low of 44.2 per cent in 2025.

It is our assumption that these effects of economic liberalisation will ensue very quickly and, from 2010 on, simultaneously. Should reforms in the educational sector fail to be enacted, the mismatch between training and the job market would continue. Only in the year 2020 – following a long period of growth with a high level of formal unemployment – would there be any increase in the number of jobs available stemming from the increase in production facilities and general growth in the service industry. This is reflected not only in a long-term growth of GDP and GNI, but also in a rapid increase in the number of persons employed. The labour-force participation rate lies at 47.5 per cent in 2030.

This scenario clearly shows that lingering employment problems, despite positive economic development, lead to an increase in migration potential beyond that expected for demographic reasons. This is due to the fact that Egypt has a relatively low GDP compared to the EU to start with. As a consequence, it will take Egypt a long time to catch up with the EU, even if Egypt has a high level of growth and if we project only a moderate level of growth of 1 per cent in the EU. After twenty years at triple (!) the original GDP, Egypt will succeed in closing the gap by only about 18 per cent – and its GDP will still hover at about 50 per cent of that of the EU. It should come as no surprise that, in light of the employment statistics, this development does not serve to effectively reduce the emigration potential. Only in the year 2030, according to this scenario, would the emigration potential fall slightly below its demographic rate, always, of course, under the assumption of free movement between Egypt and the EU.

Reforms stagnate, political conflicts continue and the economy slumps (scenario 2)

This second scenario presumes a long-lasting economic stagnation stemming from the political crisis. This continues through to 2020 and results in only minimal growth or even recession. From 2014 onwards, the oil reserves are on the downturn, and market liberalisation is stopped because of the regime change and the resulting domestic turbulences. The consequences are, first, the stagnation and, later, the shrinking, of foreign investments.

Table 9.4 Egypt: scenario 1

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Egypt	6,417.28	7,348.52	10,311.49	13,799.10	18,466.31
Difference % (2012 = 100%)	100.00	100.15	95.12	88.38	77.37
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Egypt	2,784.00	3,188.00	4,473.42	5,986.45	8,011.22
Difference % (2012 = 100%)	100.00	101.61	102.42	102.69	101.47
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Egypt	49.50	46.40	44.90	44.20	47.50
Difference % (2012 = 100%)	100.00	130.63	145.45	152.37	119.76
Emigration potential	–	1,701,861	1,824,465	1,952,908	2,084,269
Average % differences	100.00	110.80	114.33	114.48	99.53
Final emigration potential	–	1,885,619	2,085,927	2,235,658	2,074,560
Reduced by network effect	–	471,405	521,482	558,915	518,640

Source: Fassmann; IMF; UN; ILO; authors' calculations

Between 2015 and 2019, not only will the oil reserves be drying up, but Egypt, with its limited gas reserves (which, for the most part, lie offshore), will also no longer be able to compete on the world gas market. Negative growth of GDP between 2019 and 2023 is the result since, apart from internal problems, Egypt will now have to import oil, which will, in turn, exacerbate the need for foreign currency. The reduction of subsidies for energy will lead to a decrease in industrial production. The permanent crisis in agriculture, however, will mean retaining the subsidies for imported grain in order to secure a basic supply of foodstuffs, consequently increasing the national debt. On the job market, these developments cause the labour-force participation rate to fall from 49.5 per cent to 43 per cent in the years 2012 to 2030.

Toward the end of the decade, the World Bank and the IMF intervene and impose a radical programme for structural reforms as a condition for granting Egypt the credit needed to prevent national bankruptcy. This succeeds in stabilising the situation and creating new growth by 2025. But the high level of imports and debt payments causes the GNI to stagnate. On the job market, the low level of employment in the formal sector fails to increase, a result of both the structural reforms and the parallel increase in the working-age population.

This scenario clearly shows that negative dynamics increase the emigration potential up until 2030 to more than 690,000 persons. And if we disregard the network factor, the increase is even higher. Should the EU adopt a liberal stance toward immigration or should it no longer be in a position to control immigration, this would, indeed, cause Egypt to be a very important source of immigration to the EU.

Early reforms despite economic and political setbacks (*scenario 3*)
The third scenario is based on extending the recent development in growth rates through to 2015. The Egyptian government presses on with the policy of opening up the Egyptian market in order to entice foreign investments. In light of the dwindling supply of natural resources, particularly of crude oil, it will also invest in education by improving the infrastructure and participation rates, in particular of women. In addition, the government will restructure the tertiary level of education and improve training in both technical and scientific courses of study to overcome the existing mismatch between market needs and educational means.

From 2020, the depletion of oil reserves begins to affect the growth rate. Even if Egypt's position on the gas market could be maintained, it would

Table 9.5 Egypt: scenario 2

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Egypt	6,417.28	6,546.27	6,474.84	6,062.97	7,164.94
Difference % (2012 = 100%)	100.00	103.29	110.14	118.67%	121.62
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Egypt	2,784.00	3,192.21	3,864.96	4,041.30	3,785.30
Difference % (2012 = 100%)	100.00	101.60	104.47	109.26	115.76
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Egypt	49.50	47.00	46.50	44.00	43.00
Difference % (2012 = 100%)	100.00	124.70	129.64	154.35	164.23
Emigration potential	–	1,701,861	1,824,465	1,952,908	2,084,269
Average % differences	100.00	109.86	114.75	127.43	133.87
Final emigration potential	–	1,869,438	2,093,641	2,488,511	2,790,191
Reduced by network effect	–	467,360	523,410	622,128	697,548

Source: Fassmann; IMF; UN; ILO; authors' calculations

not be enough to compensate for the lack of income from oil exports. The growth rate would fall considerably from its earlier 7 per cent and lie at about 1 per cent by 2025, which translates into a decline in the labour-force participation rate from 47.01 to 46.71 per cent.

In the year 2027, however, the market liberalisation policies, together with the long-term educational and qualification efforts, result in a turnaround. Foreign direct investments in the production and service sectors will increase due to the ever-more-well-qualified medium- and upper-level personnel available at comparatively low salaries. This will entail a considerable surge in growth rates along with a very effective increase in formal employment, expressed in a rise of the labour-force participation rate to over 50 per cent.

In this scenario, increasing growth has almost no influence on the demographic emigration potential in 2030 due to the virtually unchanged labour-force participation rate. With the depletion of the oil reserves and the decline in growth and employment between 2015 and 2020, the emigration potential increases slightly between 2020 and 2025, only to fall again by around 3 percent points under the demographic value in 2030, after eight years of continual growth and a resultant increase in employment.

This model clearly shows that, because of the initial large differences between Egypt and the EU and the large numbers of young persons entering the job market in Egypt, only a dynamically increasing and steady growth can lead to a long-term decrease in emigration potential in Egypt. Yet, such a development seems somewhat unlikely, especially in current turbulent times, since it demands long-term policies maintained over a considerable period of time.

9.5 Migration scenarios: Morocco

In contrast to the other countries under consideration here, Morocco is a monarchy. The nationalistic aspirations of this country go back to the 1920s, though they were suppressed by the French colonial power, which declared Morocco a protectorate in 1912. In 1955, Sultan Mohammed V, who was also the religious head of the country, negotiated a contract which provided for a stepwise transition to independence. In 1956, two different agreements were made for independence from France and Spain. The cities of Ceuta and Melilla on the north shore of Morocco remained enclaves of Spain – a situation that has created tensions between the two countries to this day.

Upon achieving independence in 1957, Mohammed V set up a constitutional monarchy and gave himself the title of 'king'. His successor was his son, Hassan

Table 9.6 Egypt: scenario 3

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Egypt	6,417.28	7,567.56	10,613.89	11,155.31	15,188.25
Difference % (2012 = 100%)	100.00	99.29	93.94	98.73	90.20
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Egypt	2,784.00	3,410.52	4,783.43	5,326.09	6,226.22
Difference % (2012 = 100%)	100.00	100.86	101.37	104.92	107.51
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Egypt	49.50	47.21	47.01	46.71	50.21
Difference % (2012 = 100%)	100.00	122.63	124.60	127.57	92.98
Emigration potential	–	1,701,861	1,824,465	1,952,908	2,084,269
Average % differences	100.00	107.59	106.64	110.41	96.90
Final emigration potential	–	1,831,080	1,945,551	2,156,121	2,019,620
Reduced by network effect	–	457,770	486,388	539,030	504,905

Source: Fassmann; IMF; UN; ILO; authors' calculations

II, who survived two military uprisings and took part in the October 1973 war against Israel. In 1976, Morocco took ownership from Spain of areas in the West Sahara which had always been claimed by Morocco. This was also the time when the Polisario protest movement was born in the West Sahara which, to this day, fights for the independence of this area. In 1999, Hassan II's son, Mohammad VI, assumed the throne and partly loosened the autocratic rules laid down by his father. The elections of 2002 were seen by most observers to have been fair and free. Economic, political and social reforms followed, among others a strengthening of women's rights, permission to teach in the Berber language at school, and the release of many political prisoners. Nevertheless, freedom of the press is still limited in Morocco (Krauter 2004; Library of Congress 2006). In 2011, in the course of the Arab Uprising, the King of Morocco enforced a constitutional reform which, for the first time, included basic rights. Furthermore, democratic participation was extended. There is now a coalition government in charge, with a moderate Islamic president. Nevertheless power remains mainly in the hands of the king (World Bank 2013).

Major elements of instability in the country are the Islamistic groups such as Salafiya Jihadiya, who were responsible for the terror attacks in Casablanca[11] in 2003. Following these attacks, the government clamped down on these and other groups and eventually became an important ally in the fight of the North Atlantic powers against terrorism (Library of Congress 2006). The strict rejection of extremist attacks is also clearly linked to the country's dependence on international tourism, a very important source of income.

Like Turkey, Morocco has a long history of migration to Europe. France first recruited workers in Morocco for the army, industry and mines during World War I and World War II. However, most of these workers returned to Morocco. Migration from Morocco to France also continued after Moroccan independence, particularly during the time of the Algerian War of Independence (1954-1962). In 1963, France signed an official recruitment agreement with Morocco. Other countries, such as Belgium, The Netherlands and Germany, also recruited in Morocco, albeit to a lesser degree (see de Haas in this volume; also see Berrada 1994; Khachani 2004; Lahlou, Alami M'chichi & Hamdouch 2005). A significant rise in emigration to Spain and Italy took place in the late 1990s. Initially, it was thought that the migration of Moroccan workers to Europe would only be temporary but, after the oil shock of 1973, many migrant workers took up permanent residence there.

11 These consisted of five coordinated suicide bombings directed toward Jewish or Western establishments. A total of 40 people were killed in these attacks.

Currently some 2.7 million registered Moroccans live in Europe, mostly in France (around 1 million) and Spain (about 500,000) (de Haas 2009). However there is another, relatively large, group of Moroccans living illegally in Spain. Moroccans make up the largest group of immigrants in Europe from the African continent and will probably take over from Turkey the position of leading immigrant group sometime in the near future. The emigration of highly skilled workers is directed increasingly toward the United States and Canada (de Haas 2009; Heering & van der Erf 2002). About 10 per cent of the total Moroccan population (around 3 million persons) currently live abroad.

Generally speaking, since achieving independence, the Moroccan government has used emigration as a means of achieving economic development. For this reason, connections to Moroccan communities abroad are nursed and, if necessary, steps are taken to ensure the preservation of Moroccan culture, religion and language among the younger generations (de Haas 2009). At the same time, Morocco has slowly become a transit and immigration country, as illustrated in recent studies (see, for example, de Haas 2005).

9.5.1 Conditions for the expected migration: Morocco's economic situation

The Moroccan economy has been growing for many years now, though it does have its ups and downs. For the years between 2006 and 2008, average GDP growth was 5.4 per cent; in 2011, it slowed down to 2.7 per cent. The worldwide economic downturn appears to have had less-dramatic effects on Morocco, which continues to profit from decreasing commodity prices due to its lack of resources. Altogether, the country is in a process of opening up its economy, as witnessed by its 2004 trade agreement with the United States and an Advanced Status Agreement with the European Union (CIA 2012).

The *per capita* GDP in Morocco lies in the lower third of the MENA countries, exceeding that of Egypt, but clearly behind Turkey with US$2,925 (World Bank Database). Its *per capita* GDP is even below that of Egypt. But here, too, what we saw with Egypt is true – that the difference between Morocco and the EU will continue to increase despite its predicted constant growth.

Economic sectors, trade and the economic climate

After obtaining its independence, the Moroccan state did not immediately change the basic economic structures from colonial times. Following attempts to overthrow the government in the early 1970s, however, a state-run economic policy was instituted. This restructuring led, among other things, to increased subsidies, higher taxes on agriculture and an increase in foreign

debt. High import barriers were also set up. In the late 1970s and early 1980s, the economy broke down – the price of phosphate, the most important export commodity, fell which, together with rising state expenditure, nearly bankrupted the country completely in 1983. The IMF therefore set up a programme to install broad economic reforms in Morocco (Richter 2009). Nevertheless, the authoritative power structures of the Moroccan system continued to have a negative impact on the market economy. This was due primarily to the lack of transparency in Morocco's legal system and the widespread corruption.

Morocco has always suffered from an imbalance of foreign trade, which has worsened since 2008. Only about half of the imports are backed by exports. A fourth of all imports stem from the energy sector (CIA 2012). To date, tourism and remittances, which are among the highest in the world, have been able to make up the difference (Sørensen 2004).

The Moroccan economy is linked to the European economy in almost every regard. As is often the case, the migration links correspond largely with economic links. The most important import and export contacts lie in Europe; France and Spain are the leading partners in both respects (CIA 2012). A further important export sector is the textile industry, which recently came under pressure from competition from Asia. In past decades, Morocco has also tried to expand its supply industries for information technology, automobiles and aviation, but this development is still nascent or dependent on other investment plans (e.g., the new deep-water port, and car factories by Renault-Nissan – the first phase of construction of this latter project was completed in 2010). Yet these areas should provide a better long-term perspective than textiles or agriculture. The industrial sector presently contributes about 30 per cent to GDP, with the service industry providing some 54 per cent (CIA 2012).

One of the weak points in the Moroccan economy is still the high importance of agriculture, which contributes only 16 per cent to GDP but employs nearly 44 per cent of all Moroccan workers. The most important agricultural products are barley, wheat, citrus fruits, wine and olives. Morocco still has to import wheat for its own population. However, for decades the government has had a policy of self-sufficiency in place regarding foodstuffs, resulting in a well-developed food-processing industry that is now one of the major industrial sectors of the country. The government still subsidises food products, but the programme is currently being slowly phased out.

The situation with tourism – which is extremely dependent on the economic situation in Europe – is a very different one. In 2008 there was a dip in tourists coming to Morocco, but numbers have been going up again since (World Bank Database). This is important because tourism produces a

quarter of all foreign-exchange revenue. Previously this sector could boast a constant increase as expatriate Moroccans made up nearly half of the country's tourists (OECD 2006b).

Morocco has virtually no oil or gas reserves of its own, making them the most important imports. But it does rank as the world's largest exporter of phosphate, the price of which has increased considerably in the recent past. Investments in Morocco have also experienced a positive trend in the last few years. In 2010, there was a dip in foreign direct investment as a percentage of GDP but, in 2011, the numbers were back at the same level as in 2008 – 2.5 per cent. The same tendency is true for the net inflow of foreign direct investment (World Bank Database).

Public spending quota, debt and inflation

Morocco has begun to privatise previously state-run companies, such as *Maroc Télécom*, the largest enterprise in the entire country. The ten largest companies in Morocco are active in the energy and fuel sector where, despite restructuring efforts, three remain in public ownership (the telecommunication, airline and phosphate industries). The external debt stock as a percentage of GNI lies at 29.4 per cent and has therefore risen slightly in the years since 2008 (24 per cent).

The job market

The official unemployment rate lies at around 10 per cent. However, if underemployment and the high number of persons working in the informal market are taken into consideration, then the number would be considerably higher. Particularly hard hit by unemployment are the urban regions, specifically those in the 25-35 age group, corresponding to the number of unemployed university graduates – 26 per cent of all unemployed have a university degree. Hence, as in Egypt, there is a mismatch between the education system and the job market in Morocco, which cannot absorb the large number of highly qualified persons. Adolescents and young adults between the ages of fifteen and 25 are also at considerable risk of unemployment: 34 per cent (FEMISE 2004).

A further weak point in the job market lies in the number of persons employed in the informal economy – some 40 per cent of non-agriculture employees and about 20 per cent of all employable persons. This means a large chunk of the working population enjoys no formal social security and also fails to profit from the minimum wage introduced in 2004. On the basis of *per capita* income (and allowing for purchasing power parity) Morocco compares poorly to countries with similar *per capita* values (FEMISE 2004; Library of Congress 2006).

Welfare and education

The *Human Development Report* ranks Morocco at 114, thus putting the country in last place in the list of North African states, far below Tunisia (81), Algeria (84) and even Egypt (101) (UNDP 2010). The deficits may be found in its GDP, the health sector – which is considered inadequate – and in education, one of the country's major weak points. The adult-literacy rate lies at around 56 per cent; women have an even lower rate of 40 per cent (World Bank 2008). The rate of persons receiving secondary and tertiary education lies far below that of other North African and Arab states. The World Bank has calculated that some 2.5 million children, above all, girls from rural areas, do not attend school at all (Library of Congress 2006; World Bank 2008).

Morocco has a welfare system that provides for employees in old age, when pregnant or when sick; for civil servants there is a separate insurance system. Not included are the self-employed. Social security is funded through the contributions of employees and employers. The National Social Security Fund has been responsible for gathering and distributing the funds since 1961. How many employees actually pay into this fund is unknown but, from the information provided by the fund itself, it would appear that the residents of the regions of Casablanca and of Rabat, in particular, participate in the system (48 and 13 per cent, respectively, of all participating employees nationwide). One could infer from this statistic that higher earners, especially in urban areas, are participating. To take part in the system, one has to earn at least the official minimum wage, which is not the case for vast swathes of the population. Another condition is legal employment (CNSS 2002; Library of Congress 2006; SSPTW 2007). Generally speaking, there is a large social divide in Morocco's population.

9.5.2 Three scenarios on the development of Morocco's migration potential

Maintenance of the status quo (*scenario 1*)

The first scenario assumes that the *status quo* is more or less continued into the future. It presumes that the price of phosphate remains stable and that the oil price experiences no major ups and downs. For economic development in Morocco, it is also particularly essential that neither the textile nor the tourism industries collapse. Making this assumption for tourism seems realistic, the only caveat being possible terror attacks. In this scenario, GPD rises at an annual rate of 2.5 per cent through to 2023 and of 3 per cent from 2024 to 2030 because of the positive development in the textile industry and the sustainable establishment of the (few) foreign

investment projects. Similar rates are also assumed for the GNI. In this scenario, however, the labour-force participation rate changes little, in the absence of radical changes in the economic or political structures, leading to a very modest 0.1 per cent increase due to the positive impulses coming from the textile industry and foreign investments. The emigration potential thus remains high – and, in fact, increases over time because of the low baseline level and massive differential with respect to the EU.

Decrease in tourism and the textile sector, and collapse of the price of phosphate (*scenario 2*)

Far more negative developments are conceivable. A massive terror attack could damage tourism for many years to come. The textile industry could also lose a considerable share of its market to China. In such a scenario, GDP is presumed to increase at a rate of 0.5 per cent up to 2019 but, from 2020 on, growth stops altogether and, after 2025, the economy even shrinks because of the worldwide decline in phosphate prices.

In order to fulfil its obligations, Morocco would have to raise taxes at the latest in 2020, leaving its citizens with less GNI to live on (a one-time reduction in 2020 by 4 per cent and thereafter, from 2025, a decrease by 2 per cent per annum because of the negative development of GDP). By 2026 at the latest, all these developments would hit the job market. Because the Moroccan government is not in a position to raise its investments in education or to carry out sustainable reforms, the labour-force participation rate would fall yearly by 2 percentage points, beginning in 2027.

The assumptions made above do not seem to be unrealistic nor overly negative in their prognosis about future developments. Rather, they clearly point out that only reforms within a country can, indeed, lead to permanent improvements. The 'misfortunes' to be borne by Morocco are, for the most part, beyond the reach of political will (terrorism, development of international commodity prices, rise of China). Yet deep reforms in the education and social systems, as well as a campaign against corruption, would open up new directions for an otherwise mediocre economic situation, for example, by attracting new foreign investments. In the above scenario, however, the results would be very different: The potential 974,537 emigrants by 2030 would represent a greater risk to Moroccan society than to the EU. One might assume that, among this number, a great many highly qualified persons would leave the country, since the job market in Morocco does not offer this group adequate prospects.

Table 9.7 Morocco: scenario 1

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Morocco	4,793.98	5,162.59	5,841.00	6,673.19	7,736.05
Difference % (2012 = 100%)	100.00	102.21	105.89	109.33	112.25
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Morocco	3,048.00	3,202.31	3,623.11	4,139.31	4,798.60
Difference % (2012 = 100%)	100.00	102.48	106.24	109.91	113.35
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Morocco	49.60	49.60	49.80	50.05	50.30
Difference % (2012 = 100%)	100.00	100.00	98.02	95.53	93.02
Emigration potential	–	698,134	723,067	741,767	763,584
Average % differences	100.00	101.56	103.38	104.92	106.21
Final emigration potential	–	709,046	747,535	778,286	810,972

Source: Fassmann; IMF; UN; ILO; authors' calculations

Table 9.8 Morocco: scenario 2

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Morocco	4,793.98	4,866.25	4,989.13	4,989.13	4,509.78
Difference % (2012 = 100%)	100.00	103.30	109.03	115.53	124.12
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Morocco	3,048.00	3,093.95	3,172.08	3,045.19	2,752.61
Difference % (2012 = 100%)	100.00	102.85	107.78	113.65	120.33
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Morocco	49.60	49.60	49.60	49.60	45.75
Difference % (2012 = 100%)	100.00	100.00	100.00	100.00	138.43
Emigration potential	–	698,134	723,067	741,767	763,584
Average % differences	100.00	102.05	105.60	109.73	127.63
Final emigration potential	–	712,445	763,583	813,905	974,537

Source: Fassmann; IMF; UN; ILO; authors' calculations

Table 9.9 Morocco: scenario 3

	2012	2015	2020	2025	2030
GDP EU	31,959.42	32,927.82	34,607.47	36,372.80	38,228.18
GDP Morocco	4,793.98	5,549.63	7,600.95	10,912.15	15,811.87
Difference % (2012 = 100%)	100.00	100.78	99.41	93.72	82.52
GNI EU	32,352.00	33,233.39	34,756.05	36,348.48	38,013.87
GNI Morocco	3,048.00	3,528.44	4,250.82	4,927.87	5,880.76
Difference % (2012 = 100%)	100.00	101.37	104.10	107.22	109.65
LPR EU	59.62	59.62	59.62	59.62	59.62
LPR Morocco	49.60	50.35	51.31	52.09	52.87
Difference % (2012 = 100%)	100.00	92.54	82.92	75.19	67.35
Migration potential	–	698,134	723,067	741,767	763,584
Average % differences	100.00	98.23	95.48	92.05	86.51
Final emigration potential	–	685,775	690,368	682,769	660,549

Source: Fassmann; IMF; UN; ILO; authors' calculations

Turkey as a model: Foreign investments and economic liberalisation (scenario 3)

In this final scenario the – relatively speaking – positive economic development found in Turkey serves as the model for Morocco's future. The country succeeds in effectively fighting corruption. As a consequence, it will become attractive to foreign investors (also because of the low wage levels and the relatively high number of well-trained workers available). Scenario 3 assumes an annual rise in GDP of 5 per cent, a similar rate for GNI and an increasing labour-force participation rate, albeit only by a modest 0.5 per cent. From 2013 on, the country will utilise its budget situation to invest in the educational infrastructure. Because of its well-educated pool of available workers, it will be in a position to remain attractive to investors and to secure foreign capital. The result is a veritable boom in subsequent years – after 2017, growth increases by 7.5 per cent, even 8 per cent by 2028. The labour-force participation rate rises only slightly (0.3 per cent) but, by 2030, has reached a relatively high level of 53 per cent. Only the GNI fails to keep up because of the moderate wage increases, and grows by only 3 per cent in the years up to 2026 and by 4 per cent in the years thereafter.

This optimistic scenario 3 highlights one important factor – even GDP growth rates of up to 8 per cent and GNI rates of 4 per cent, and an increase in the labour-force participation rate leading to convergence with the EU, cannot stop Morocco from remaining an emigration country. The economic gap becomes smaller, to be sure, but it is still large enough to trigger potential emigration among the population.

9.6 Conclusion

Empirically speaking, the nine scenarios presented here highlight the extreme importance of demographics. Demographic development remains the decisive factor in determining the emigration potential of these countries. A realistic projection of the economic development does influence the amount of emigration potential, but it cannot significantly change it. Only if we assume very large rates of growth in the MENA states do we get an emigration potential that markedly deviates from that determined in the demographic calculations. Scenario 1 for Turkey, for example, foresees an emigration potential of only 100,000 people by 2030 – but it was based on a tripling of GDP over this time period!

That demographics is of such major significance is also due to the large gap with the EU, as measured by *per capita* GDP. Even if we assume only very

moderate growth rates of 1 per cent *per annum* in the EU, the high baseline level effectively causes the gaps to increase in real terms. The image of the hare that runs faster and faster but cannot beat the hedgehog is a fitting one here. The same interest paid on a large amount of money results in more real income than on a smaller amount. A true convergence in this development seems, from our present vantage point, somewhat improbable.

The results of our calculations are positive with regard to demographic and migration policies from a European point of view. If we add up the scenarios with the lowest migration potential for 2020, for instance, we get a total sum of 1,746,159 persons who would be ready and willing to leave their home country if there were no legal barriers – most of these would probably head to the EU. The highest migration potential would be 2,052,555.

These hypothetical thresholds in the migration potential of the three MENA states in question are relevant only if there were no legal barriers to immigrating into the EU and do not represent a threat to the EU. The EU states are confronted with a tremendous reproduction problem because of their general decrease in birth-rates. Already today, the younger generations are no longer able to replace the older ones who leave the job market. This problem also occurs in the main emigration countries for Morocco, Spain and France, which currently suffer from high youth-unemployment rates, especially for the highly educated. Whether this problem will remain and creates rivalry between migrants and non-migrants is hard to tell, since a lot of educated Moroccans fill low-qualified jobs abroad. Immigration will become a necessity in order to keep the workforce constant in light of an ever-more-productive economy and ever-greater exploitation of domestic potentials. This will particularly be the case when the children of the baby-boom years exit the job market. The migration potential calculated here for Morocco, Egypt and Turkey can make an important contribution to this process.

References

Altug, S. & A. Filiztekin (2006), 'Productivity and growth, 1923-2003', in S. Altug & A. Filiztekin (eds.), *The Turkish economy: The real economy, corporate governance and reform*, 15-61. London: Routledge.

Aslancik, Z.G. (1998), 'A regionalizing middle power. Turkey's role between Europe and Asia', in A.E.F. Jilberto & A. Mommen (eds.), *Regionalization and globalization in the modern world economy: Perspectives on the Third World and transitional economies*, 172-191. London: Routledge.

Aydın, Z. (2005), *The political economy of Turkey*. London: Pluto.

Bagoglu, N., K. Hungermann, I. Kelkenberg, S. Klaiber & E. Schreiber (2005), *Zukunftsmarkt Türkei*. Cologne: Bundesagentur für Außenwirtschaft.

Berrada, A. (1994), 'Migration, structural change and economic development in Morocco', in OECD (eds.), *Migration and development*, 267-274. Paris: Organisation for Economic Cooperation and Development.

Borjas, Georg J. (1999), 'Immigration and welfare magnets', *Journal of Labor Economics* 17 (4): 607-637.

Büttner, F. & 'A. Ḥamzāwī (2007), 'Ägypten', in W.M. Weiss (ed.), *Die arabischen Staaten. Geschichte, Politik, Wirtschaft, Religion, Gesellschaft*, 9-31. Heidelberg: Palmyra.

CAPMAS (2013), *Press release: 13.2% unemployment rate at 1st quarter of 2013.* Cairo: Central Agency for Public Mobilization and Statistics. www.capmas.gov.eg. Accessed 2 August 2013.

CIA (2012), *The world fact book*. Central Intelligence Agency. www.cia.gov. Accessed 23 October 2012.

CNSS (2002), *Renouvellement de la population active du régime de sécurité sociale géré par la CNSS*. Casablanca: Caisse Nationale de Sécurité Sociale. www.cnss.ma. Accessed 21 July 2013.

de Haas, H. (2009), *Focus migration: Country profile Morocco*. http://focus-migration.hwwi.de. Accessed 21 July 2013.

de Haas, H. (2005), *Morocco's migration transition: Trends, determinants and future scenarios*. Geneva: Global Commission on International Migration.

Duygan, B. & N. Güner (2006), 'Income and consumption inequality in Turkey. What role does education play?', in S. Altug & A. Filiztekin (eds.), *The Turkish economy: The real economy, corporate governance and reform*, 63-91. London: Routledge.

FEMISE (2004), *Profile pays Maroc*. www.femise.org. Accessed 21 July 2013.

Heering, L. & R. van der Erf (2002), *Moroccan migration dynamics: Prospects for the future*. Geneva: International Organization for Migration.

Hicks, J.R. (1932), *The theory of wages*. London: Macmillan.

Hütteroth, W. (2002), 'Schwellenland Türkei. Ein wirtschafts- und sozialgeographischer Überblick. Moderne Entwicklung und orientalisches Erbe', in H.-G. Wehling (ed.), *Türkei. Politik, Gesellschaft, Wirtschaft*, 9-38. Opladen: Leske + Budrich.

Ibrahim, F.& B. Ibrahim (2006), *Ägypten: Geographie, Geschichte, Wirtschaft, Politik*. Darmstadt: Wissenschaftliche Länderkunden.

Independent Commission on Turkey (2004), *Turkey in Europe: More than a promise?* www.independentcommissiononturkey.org. Accessed 6 November 2012.

Khachani, M. (2004), 'Moroccan migration to Europe: What impact on the economies of countries of origin', in IOM (ed.), *Arab migration in a globalized world*, 35-52. Geneva: International Organization for Migration.

Knupp, M. (2008), *Wirtschaftstrends kompakt. Türkei Jahresmitte 2008*. Cologne: Bundesagentur für Außenwirtschaft

Krauter, K.-G. (2004), *Orient: Welt des Islam; Marokko; ein orientalisches Land in der Entwicklung*. Esslingen: Krauter Geografie.

Lahlou, M., H. Alami M'chichi & B. Hamdouch (2005), *Le Maroc et les migrations*. Rabat: FES-MAROC.

Lewis, B. (2002), *The emergence of modern Turkey*. Oxford: Oxford University Press.

Library of Congress (2006), *Country profile: Morocco*. http://lcweb2.loc.gov. Accessed 21 July 2013.

Loewe, M. (2004), 'New avenues to be opened for social protection in the Arab world: The case of Egypt', *International Journal of Social Welfare* 13 (1): 3-14.

Loffredo, L. (2004), *Welfare in the Mediterranean countries: The Arab Republic of Egypt*. http://unpan1.un.org. Accessed 21 July 2013.

Martin, W. (2002), 'Die Wirtschaft der Türkei. Entwicklung, Leistung, Strukturen. Leistungsvermögen und Wachstumspotenzial außerhalb vielfach unterschätzt', in H.-G. Wehling (ed.), *Türkei. Politik, Gesellschaft, Wirtschaft*, 152-178. Opladen: Leske + Budrich.

Observatoire Méditerranéen de l'Energie (2011), *Mediterranean energy perspectives Egypt: Executive summary*. www.ome.org. Accessed 2 August 2013.

OECD (2008), 'Country notes: Turkey', in OECD (ed.), *Economic policy reforms: Going for growth 2008*, 58. Paris: OECD.

OECD (2007), *Reviews of national policies for education: Basic education in Turkey*. Paris: OECD.

OECD (2006a), *Economic survey of Turkey 2006*. Paris: Organisation for Economic Cooperation and Development. www.oecd.org. Accessed 6 November 2012.

OECD (2006b), *Morocco: African economic outlook 2005-06*. Paris: Organisation for Economic Cooperation and Development. www.oecd.org. Accessed 21 July 2013.

OECD (2005), *Egypt: African economic outlook 2004/05*. Paris: Organisation for Economic Cooperation and Development. www.oecd.org. Accessed 21 July 2013.

Richter, T. (2009), 'Materielle Ressourcen und der Beginn orthodoxer Wirtschaftsreformen in Marokko, Tunesien, Ägypten und Jordanien. Der Rentierstaats-Ansatz unter Anpassungsdruck?', in M. Beck, C. Harders, A. Jünemann & S. Stetter (eds.), *Der Nahe Osten im Umbruch*, 50-77. Wiesbaden: VS-Verlag.

Schrick-Hildebrand, P. (2006), *Türkei: Wirtschaftliche Stabilisierung und kontinuierliche Reformbemühungen*. www.ikb.de. Accessed 15 July 2010.

Sinn, H.-W., G. Flaig, M. Werding & A. Hänlein (2000), *EU-Erweiterung und Arbeitskräftemigration. Wege zu einer schrittweisen Annäherung der Arbeitsmärkte. Studie im Auftrag des Bundesministeriums für Arbeit und Sozialordnung*. Munich: ifo.

SSPTW (2007), *Morocco. Social Security Programs throughout the World*. www.ssa.gov. Accessed 21 July 2013.

Sørensen, N.N. (2004), *Migrant transfers as a development tool: The case of Morocco*. Copenhagen: DIIS, Working Paper No. 17. www.diis.dk. Accessed 12 November 2012.

Tükel, A., M. Ücer & C. Van Rijckeghem (2006), 'The Turkish banking sector', in S. Altug & A. Filiztekin (eds.), *The Turkish economy: The real economy, corporate governance and reform*, 276-303. London: Routledge.

Tunali, I.& C. Baslevent (2006), 'Female labor supply in Turkey', in S. Altug & A. Filiztekin (eds.), *The Turkish economy: The real economy, corporate governance and reform*, 92-125. London: Routledge.

UNDP (2010), *Human development report 2010*. Houndmills/New York: Palgrave Macmillan.

Wedel, H. (2002), 'Frauen in der Türkei. Modernisierung- und Identitätspolitiken in der Türkei. Symbole für Modernität wie für Islamismus', in H.-G.Wehling (ed.), *Türkei. Politik, Gesellschaft, Wirtschaft*, 133-151. Opladen: Leske + Budrich.

World Bank (2013), *Morocco overview*. www.worldbank.org. Accessed 2 August 2013.

World Bank (2008), *The road not traveled. Education reform in the Middle East and North Africa. MENA Development Report*. Washington: World Bank.