



TOWARD A NEW IMMIGRATION POLICY
Fulfilling the Need for Labor and the Rise of the Creative
Class in Turkey

Throughout the latter half of the 19th century, many countries pursued open immigration policies that allowed masses of unskilled workers to fill the factories of industry; however, as the 20th century wore on, the policies that facilitated this relatively free movement of labor became increasingly restrictive. With the dawn of the post-industrial age, characterized by high-technology industries, immigration policies have once again shifted, this time toward encouraging the migration of high-skilled workers in what has become known as the “global race for talent.”

Why Encourage Skilled Migration?

Although the United States has long been the traditional destination for immigration, competition on a global scale is a relatively new phenomenon. Governments in Canada, Australia, New Zealand, the United Kingdom, Denmark, Austria and Germany have increasingly realized that there is a strong economic rationale to adopt skill-selective immigration policies, and that highly educated migrants can provide valuable expertise in short domestic supply as well as contribute to government revenues and act as entrepreneurial drivers for growth.

Concerns over employment competition between foreign and domestic labor have traditionally driven the argument for restrictive immigration policies; however, an increasing body of literature challenges this approach by noting a strong correlation between foreign workers and industry growth, particularly in high-tech sectors. In the United States, over 25% of all high-technology firms created in the period between 1995-2005 had at least one foreign born founder;¹ these firms not only directly employ over 450,000 native workers, but their existence impacts the broader economy, as it is estimated that for each job created in the high-tech industry, five positions are produced in the service sectors surrounding it.² Research has also disproven the argument that increased numbers of foreign skilled workers drive down wage earnings as one study showed that a 1% increase of foreign STEM³ workers in the United States raised the wages of native college educated workers by 4-6% from 1990-2000.⁴

As this research continues to rise in prominence, the realization that immigrants are drivers for growth has prompted many nations traditionally characterized as countries of non-permanent immigration, such as the United Kingdom and Germany, to reevaluate existing policies, and encourage immigration as both a short-term solution to high-skill occupational labor shortages and a long-term strategy for growth.

The Turkish Need for Immigration

Turkey has a long and complex relationship with immigration that is in part a reaction to the multicultural legacy that the country inherited from the Ottoman Empire. The 1934 Law on Settlement, which essentially restricts immigration to those persons of Turkish origin or culture, illustrates a strong vein of nationalism in the Turkish Republic that large numbers of potential immigrants would fail to complement. Although there have been various reforms, most notably the Law on Foreigners and International Protection in 2013, the original intent of the 1934 law remains evident in both legislation and practice.⁵

The restrictive nature of the Turkish immigration system did not historically prove a barrier to progress as Turkey is traditionally a country of emigration. Beginning in the 1960s, large numbers of Turkish citizens migrated to Western Europe in what became a trend of population drain from the country. The most famous example of this emigration is the guest worker contract signed between Turkey and Germany in 1961 that attracted almost one million Turkish *Gastarbeiter* to the booming post-war German economy –

¹ Hanson, Gordon H., and Matthew J. Slaughter. Talent, Immigration, and U.S. Economic Competitiveness. Publication. Compete America Coalition, 2013. Web.

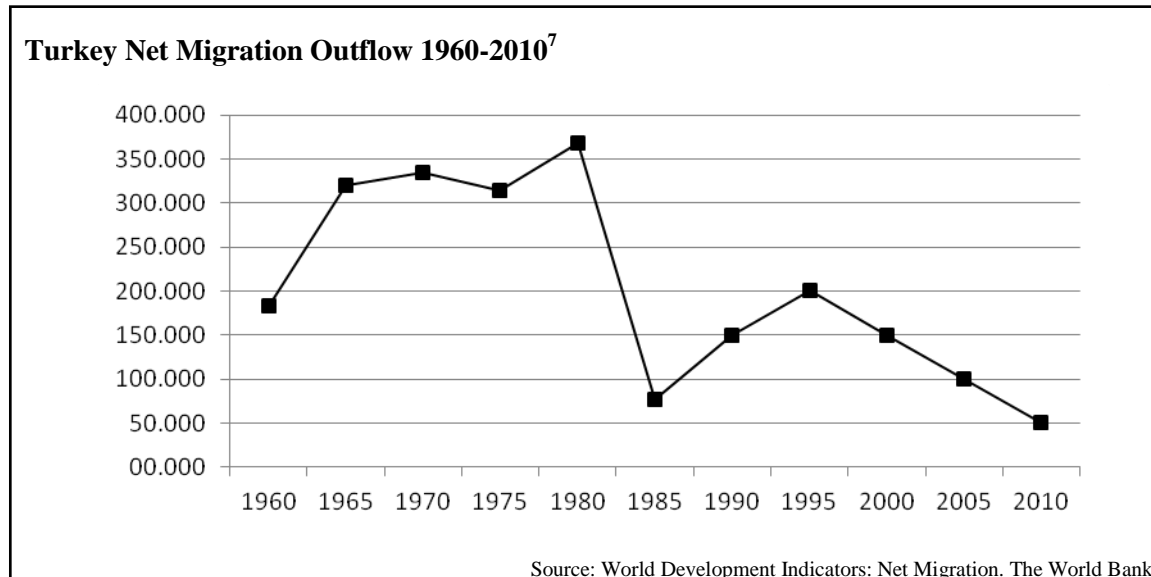
² Moretti, Enrico. *The New Geography of Jobs*. Boston: Houghton Mifflin Harcourt, 2012. Print.

³ Science, Technology, Engineering, Mathematics

⁴ Peri, Giovanni, Kevin Shih, and Chad Sparber. STEM Workers, H1B Visas and Productivity in US Cities. University of California Davis, 2013. Web.

⁵ Tolay, Juliette. Turkey's "Critical Europeanization": Evidence from Turkey's Immigration Policies. Tech. Hamburg Institute of International Economics, 2012. Web.

this German-Turkish diaspora has played a significant role in the Turkish economy as throughout the 1990s remittances financed over two thirds of the country's deficit.⁶ While Turkey remains a "sending country," with a net population outflow of 50,000 in 2010, emigration numbers have significantly decreased since their peak of 370,000 (net) in 1980.⁷



The decrease in population outflow is primarily due to Turkey's strong economic growth in recent years. While much of Turkey's economic strength lingers in the low-to-medium-skill agricultural and manufacturing industries, the government has encouraged economic growth driven by the higher technology and service sectors.⁸ Although many Western powers have turned to attracting high-skilled immigration to fulfill the demands of these growing industries, the Turkish government has conspicuously rejected large-scale reforms to the immigration system, instead favoring more limited measures that remain in line with the country's negotiations for EU accession.⁹

⁶ Kaya, A. & Kentel, F. (2005) Euro-Turks: A Bridge or a Breach between Turkey and the European Union? Brussels: CEPS Publication

⁷ World Development Indicators: Net Migration. The World Bank.

⁸ Republic of Turkey. Turkish Grand National Assembly. State Planning Organization. *9th Development Plan (2007-2013)*. Ankara: n.p., 2007. Print.

⁹ Tolay, Juliette. Turkey's "Critical Europeanization": Evidence from Turkey's Immigration Policies. Tech. Hamburg Institute of International Economics, 2012. Web.

Case Study: Immigration and Foreign Doctors

The debate over employing foreign doctors rose to prominence in Turkish policy debate in 2011, and is one of the first largely publicized discussions over the immigration issue. In 2011, Turkey faced a shortage of doctors as a mere 156 doctors and 86 specialists were employed for every 100,000 people, compared to an EU average of 256 specialists per 100,000 people.¹⁰ The Ministry of Health attempted to address the situation by both increasing the number of positions in medical school and reforming existing immigration laws; however, doctors strongly criticized the attempt to import labor arguing that increased numbers of foreign doctors would drive wages down, and create “chaos” as their medical accreditations might not meet Turkish quality standards.¹¹ Currently, foreign doctors are allowed to work in private, not state, hospitals, and are considered temporary staff ineligible for permanent employee benefits such as healthcare and pensions.¹²

Persistent levels of high unemployment and low labor force participation are the two challenges that remain political barriers to large scale immigration reform. Although it contradicts an almost universal trend toward higher returns to education, unemployment is particularly prevalent in the university-educated sector of the population, and rose from 5% in 1990 to over 14% in 2008.¹³ These statistics would seem to provide an argument against a relaxed immigration policy; however, an increasing body of evidence suggests that it is not a surplus of labor driving unemployment rates, but rather instances of education-occupation mismatch. One common measure of skills mismatch in the labor market is the Beveridge Curve, which maps job vacancy data against unemployment rates; in Turkey, the Beveridge Curve has experienced a progressive shift outward over the past decade, which indicates that despite rising unemployment, employers are unable to find the required talent to fill positions.¹⁴ This evidence is further verified through surveys, which indicate that over 58% of Turkish employers cite difficulty in sourcing candidates with needed skills.^{15,16} Although comprehensive reforms to education are required in the long run to develop talent domestically, the needs of industry beg a reformation of the immigration system as a more immediate solution.

¹⁰ "İthal Doktor Ve Hemşireye Vize çıktı." Ensonhaber. N.p., 03 Mar. 2011. Web. 11 Sept. 2013

¹¹ Tüzün, Esra. "İthal Doktor, Kaos Mu?" Sabah. N.p., 5 Nov. 2011. Web. 11 Sept. 2013

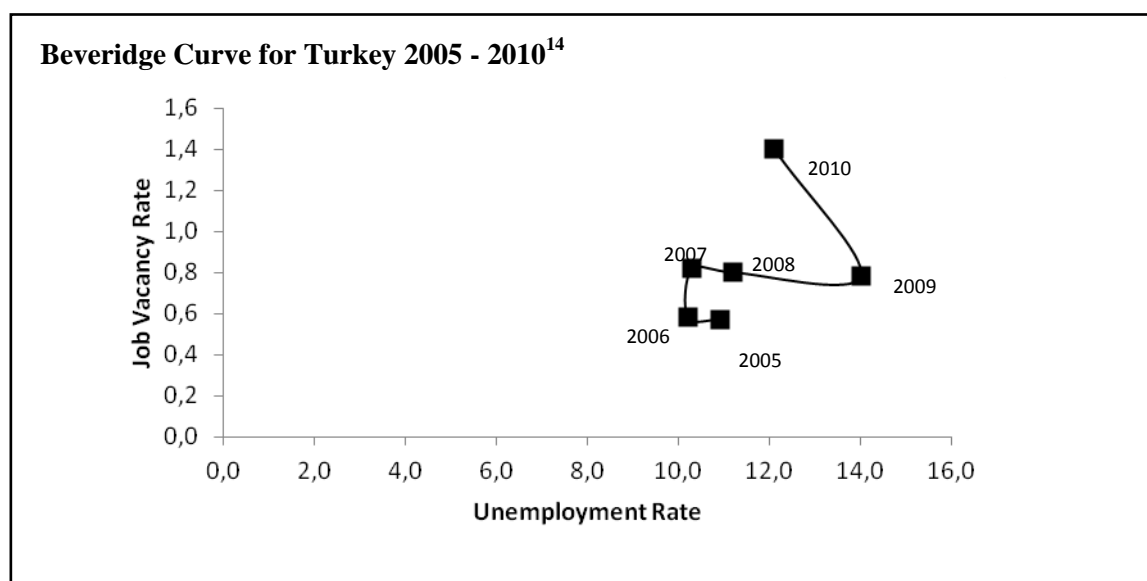
¹² Adilgizi, Lamiya. "Foreign Doctors to Be Recruited, but Problems Still Persist." Editorial. Today's Zaman [Ankara] June 2012: n. pag. Today's Zaman. Today's Zaman. Web.

¹³ World Development Indicators: Unemployment in Tertiary Education Population. The World Bank.

¹⁴ Johanson, Jens. European Union. European Training Foundation. Measuring Mismatch in ETF Partner Countries. 2012. Web.

¹⁵ *Talent Shortage Survey 2013*. Rep. ManPower Group, 2013. Web. 5 Aug. 2013.

¹⁶ *Turkey Talent Survey 2011*. Rep. Towers Watson, 2011. Web. 5 Aug. 2013.



Source: Johanson, Jens. European Union. European Training Foundation. Measuring Mismatch in ETF Partner Countries. 2012. Web.

If Turkey were to pursue a policy to actively attract skilled workers, the country's cultural heritage and geographic location provide a large pool of labor from which to source talent. The former territories of the Ottoman Empire, Central Asia, and Iran all have large university-educated populations that face high-unemployment, relatively stagnant economic growth, and political instability; there is also a legal precedent for sourcing immigrants from these regions, as the populations could technically be considered "Turkish" under the 1934 Law on Settlement. Although the United States and Western Europe remain significant competitors for this talent pool, the 2008 financial crash and ongoing eurozone crisis have significantly impacted their attractiveness as destination countries. In contrast, the Turkish economy continues to experience high growth rates, and the country's geographic and cultural proximity to the aforementioned regions make it an attractive alternative for immigrants who wish to maintain a close proximity to home.

Immigration System Models

Immigration systems worldwide can be defined in terms of two broad categories: "employer-driven" or "immigrant-driven." Employer-driven systems, such as the often-criticized US H1-B visa, are characterized by stringent legal requirements that any immigrant seeking to enter the country must first provide proof of employment. In contrast, immigrant driven systems generally utilize a "point-based" organization where potential applicants are judged on a variety of qualities.

The Canadian Federal Skilled Worker Program (FSW) is the model that many countries have imitated since its advent in 1967, and provides a successful example from which to develop models for potential reform. The system is run by the Canadian Department of Citizenship and Immigration, and aims to admit 150,000-161,000 workers and their dependents each year, although the number of visas issued sometimes exceeds this limit.^{17,18} To apply for a permanent residence visa, applicants are awarded points

¹⁷ Canada. Citizenship and Immigration Canada. 2012 Annual Report to Parliament on Immigration. By Jason Kenney. N.p.: n.p., 2012. Print

¹⁸ Economic class only. Immigration to Canada is divided into three categories: Economic, Family, and Protected Persons

for experience, education, language proficiency, employment, and an overall ability to adapt to the Canadian economy – there currently is a particular emphasis on the language ability, education, and experience requirements, as a number of internal reviews by the Canadian government cited these categories as the most indicative of immigrant success. The number of points allotted to each category, and the categories themselves, are not static, and the Canadian government maintains the ability to alter both the points awarded per category as well as the minimum threshold to enter each year.

Canada also recently introduced a Provincial Nominee Program (PNP) that allows regions to directly sponsor candidates with employment offers, and a Temporary Foreign Worker Program (TFW) that allows employers to immediately address labor shortages by offering workers short-term contracts; both of these systems require that immigrants apply to the point-based scheme, but the minimum threshold is greatly reduced in each case.¹⁹ In creating parallel immigrant and employer driven systems the Canadian government has maintained its ability to direct long-term growth while devolving short-term considerations to employers and provinces that are better equipped to deal with immediate economic needs.

In sharp contrast to the successes of the Canadian program, a “green card regulation” was instituted by the government of Germany in 2000 to attract high-skilled professionals from non-EU states; in many ways, this system reflected the American H1-B visa in that it was employer driven, and granted the holder a limited right to work for up five years, with no path to citizenship. Despite the efforts of the German government, a mere 14,876 work permits were issued over the course of 2000-2003, and the program was eventually abandoned in early 2005.²⁰ One of the primary rationales for why the program was so unsuccessful is that stringent application requirements, combined with stipulations that immigrants had to leave after five years, made Germany an unattractive alternative to countries with point-based systems such as Canada and Australia.²¹ The German government is now in the process of another strategic realignment to immigration policy, this time toward a point-based system with an eventual pathway to citizenship.

¹⁹ Kelly, Ninette, and Michael Trebilcock. *The Making of the Mosaic: A History of Canadian Immigration Policy*. Toronto: University of Toronto, 1998. Print.

²⁰ Kolb, H. (2008). *Immigration into a Non-immigration Country: The German Experience*, Friedrich Ebert Stiftung Information Series

²¹ Constant, A. and B. N. Tien (2011). “Germany’s Immigration Policy and Labour Shortages”, IZA Research Report No. 41, IZA, Bonn

Canada: Immigration Point Categories 1967-2013²²

Category	1967	1978	1986	1996	2009	Maximum Points
Experience	-	8	8	9	21	21
Specific Vocational Preparation	10	15	15	-	-	-
Occupational demand	15	15	10	-	-	-
Labour market balance	-	-	-	10	-	-
Education	20	12	12	21	25	25
Language proficiency	10	10	15	21	24	24
Age	10	10	10	13	10	10
Arranged employment or designated occupation	10	10	10	4	10	10
Personal suitability/Adaptability	15	10	10	17	10	10
Levels adjustment factor	-	-	10	-	-	-
Relative	5	5	-	5	-	-
Destination	5	5	-	-	-	-
Total	100	100	100	100	100	100
Pass Mark	50	50	70	*	67	67

Source: Bertoli S., Brücker H., Facchini G., Mayda A.M., Peri G., (2009), "The Battle for Brains: How to Attract Talent", CEPR project, Fondazione Rodolfo De Benedetti.

Envisioning a New Policy for Turkey

To envision a new immigration policy for Turkey, a number of overarching factors must be taken into consideration:

- (1) Will policies target occupational shortages or overall human capital growth? (i.e. should a new system be employer or immigrant driven?)
- (2) What characteristics in immigrants is Turkey looking for?
- (3) How many immigrants does the country need to attract?
- (4) Where will immigrants primarily come from?
- (5) How can Turkey ensure that immigrants will be regionally distributed?
- (6) What is Turkey's competitive advantage in attracting talent?
- (7) What factors will help to ensure the success of immigrants?
- (8) Will Turkey provide immigrants with a path to citizenship?

While a point-based system focused on overall human capital growth is an attractive solution to rapidly grow the skill level of the economy, too lenient of a policy will worsen the unemployment trend. Similarly, an employer-driven system focused solely on occupational shortages would limit the entrepreneurial potential of many immigrants. It is evident that a combination of strategies must be employed, although what that combination is remains to be determined by the long term strategy of the Turkish government. Regardless of the exact structure, it should be remembered that the ability to adapt is what determines success, and that any system implemented must be flexible enough to adjust to changing policy goals.

²² Source: Bertoli S., Brücker H., Facchini G., Mayda A.M., Peri G., (2009), "The Battle for Brains: How to Attract Talent", CEPR project, Fondazione Rodolfo De Benedetti.

Food for Thought: Ideas for a Potential Immigration System

A potential route for Turkey would be to combine employer and immigrant driven systems to address both the growth of a creative class and occupational shortages simultaneously. An example of such a system is below:



In this example, immigrants fill out one application that takes into consideration such factors as language ability, education, previous experience, occupation, savings, cultural heritage, etc, and indicate which program(s) they wish to apply to.

Entrepreneurial Class Track

The entrepreneurial class allows applicants virtual freedom to work anywhere in the economy. The point-threshold for this category is high, and the yearly quota low, as this category specifically targets the “creative class” of society, and affords them the opportunity to invest in entrepreneurial activities.

Employer-Sponsored Track

The employer-sponsored migration track attempts to centrally manage economic immigration as a whole, while devolving the individual selection process to employers. Applicants that meet a low point threshold are added to a large database that can be reviewed by employers who then select applicants to hire. Immigrants can also be considered for guest worker programs.

Regional Nominee Track

The regional nominee track adds immigrants to a database browsable by regional governments. Local administrations can advance offers to come live in a particular region in exchange for certain stipulations (number of years, occupation) or benefits (housing, subsidized salary) in an attempt to help alleviate regional shortages.