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# **Immigration and Integration Issues in Austria and Slovakia**

## **The case of Austria**

Today, Austria is counting 8,038 million inhabitants, of whom 8.8 percent foreign residents and some 12 percent foreign born. A rising share of foreigners is born in Austria. Currently some 20 percent of the total foreign resident population have been born in Austria.

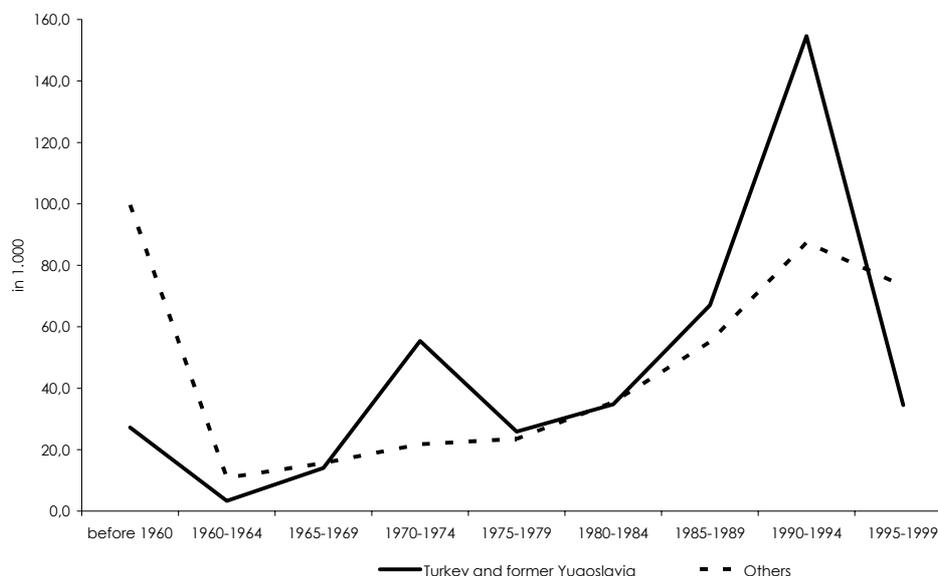
Austria is thus amongst the leading western industrialised immigration countries. The first 15 years after WWII were marked by massive flows of people into Austria (refugees) and out of Austria (emigration of nationals and refugees). At the onset of full employment in the early 1960s, Austria adopted a guest worker programme tailored after the Swiss and German model – to compensate for the continued loss of labour, in the main highly skilled, at that stage to western European countries, particularly Germany, Switzerland and France, a result of social security agreements and the fact that Austria was at the lower end of wages in Europe (similar levels as in Italy and Spain, which explains why Austria did not manage to attract guest workers from these regions in spite of treaties with these countries). Major source countries before the 1960s were the former regions of the Austro-Hungarian monarchy, from the 1960s till today the region of former Yugoslavia and Turkey, since the late 1980s increasingly from CEECs and since the mid 1990s more and more from EU countries.

Austria is thus a country of both immigration and emigration. Today as in the 1960s, immigration flows more than compensate emigration flows. I mention this at the outset because the Slovakian story follows the Austrian one with a time lag of some 30 years.

Over time, many foreigners became Austrian citizens – in the 1990s usually after 10 years of residence in Austria, in the 1980s and before often much sooner. Vienna, for example, pursued an active integration policy by granting citizenship after 4 to 5 years of legal employment in Austria. Between 1991 and 2002 238,300 foreigners took up Austrian citizenship, about two thirds from the traditional recruitment areas of migrant workers, the region of former Yugoslavia (70,800, 29.7 percent) and Turkey (71,100, 29.8 percent). In contrast – over the period 1980 to 1990 96,600 foreigners were naturalised, of whom

25 percent from the above countries of origin. Then Germans and citizens of the former 'Eastern Block' were the main contenders.

Graph 1: Foreign born resident population by region of origin and period of immigration



Source: Labour Force Survey 2000.

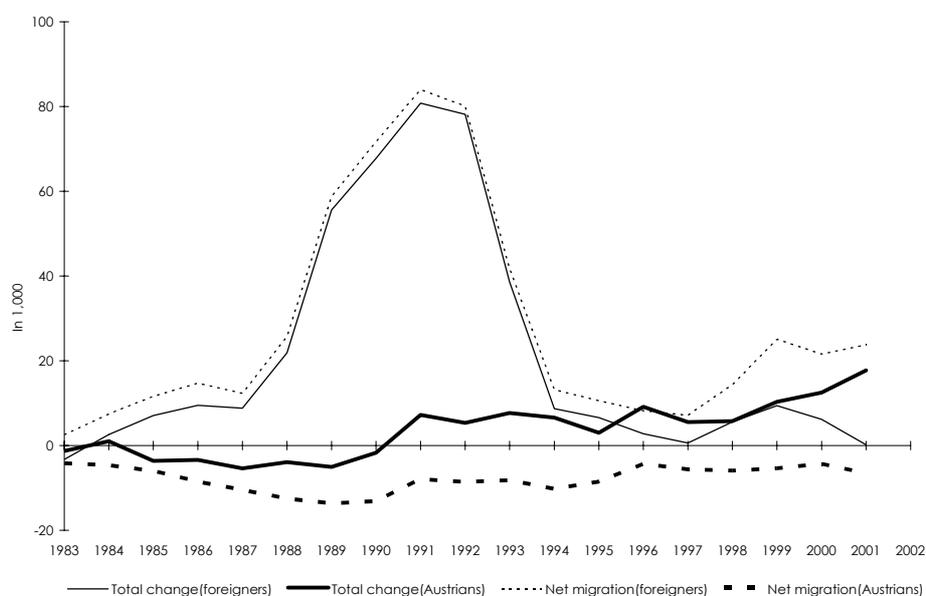
In 2002 36,400 foreigners adopted the Austrian citizenship. A major part of the new Austrian citizens were former so-called 'guest workers', e.g., Turks (12,600 or 35 percent); the large number of persons from former Yugoslavia (11,300, 31 percent) is the result of the naturalisation of former refugees as well as foreign workers. The third large component of naturalisations concerns citizens from Central and Eastern Europe (4,000, 11 percent), of whom many arrived after the fall of the Iron Curtain. The naturalisation rate (naturalisations in percent of foreign population) increased continually from 1997 to 2002 – from 2.3 to 5.1 percent. It is basically citizens of non-EU-countries, who adopt the Austrian citizenship, because it enables them not only to move freely within Austria but also within the EU.

When the Iron Curtain came down in 1989, it marked the end of the traditional Austrian migration policy, which was based on the myth of a temporary worker migration. Immigration laws (Fremdengesetz) were enacted, which were tailored after US-legislation, giving preference to family reunion rather than migrant labour. Today, more than 80 percent of the annual net inflow of migrants is the result of family reunion or immigration on humanitarian grounds.

Only a small proportion of the annual inflow is subject to quota regulations. The net inflow of migrants in 2002 of some 26,000 persons included only some 8,000 settlers who came in on the

basis of a quota limit (some 500 skilled workers and the rest family reunion of third country citizens).

Graph 2: Net migration and total change in population  
1983-2002

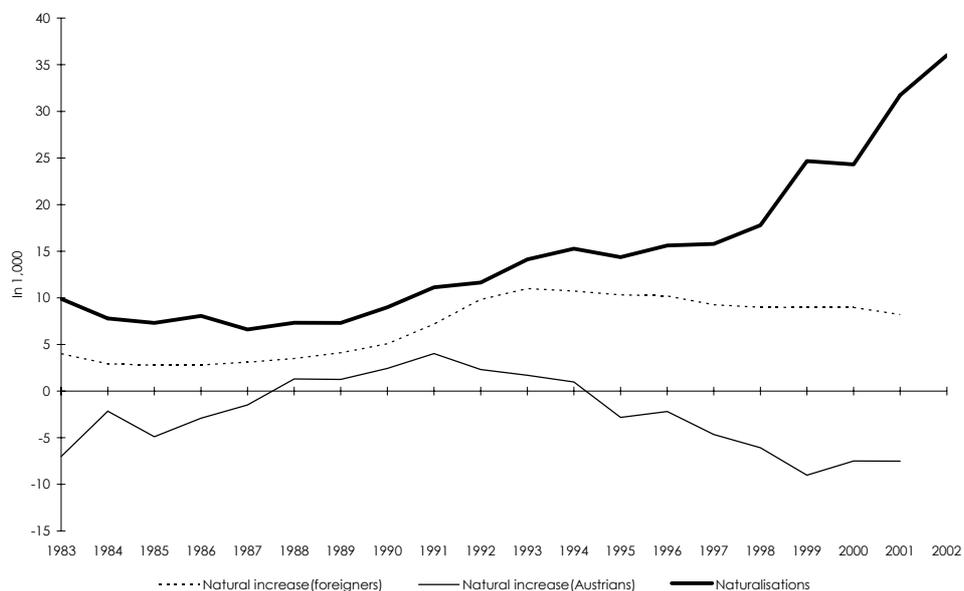


Source: Statistics Austria.

Increasing economic integration of Austria and the Eastern neighbours brought about a rise in cross-border commuting. Temporary residence permits are granted to persons who are not commuting on a daily basis but take up temporary work. Contingent work contracts are granted to a fairly large number of persons, some 50,000 workers per year. In the first half of 2003 27,800 temporary residence permits were issued to persons of third country origin, 15,800 or 56.8 percent for the first time and 12,000 were prolonged.

The largest number of temporary residence permits was issued for contingent work, in the old terminology seasonal workers (8,500 or 54 percent). The Federal Ministry of Economics and Labour determined, together with the social partners, how many seasonal workers may work in Austria in agriculture (basically harvesters) and tourism. In theory, according to the amended law of 2002, also other industries could apply for migrant temporary work permits – if they can prove that they cannot find adequate personnel in Austria.

Graph 3: Natural increase of population and naturalisations  
1983-2002



Source: Statistics Austria.

Graph 4: Development of the rate of naturalisation in Austria  
(naturalisation in percent of foreign population)



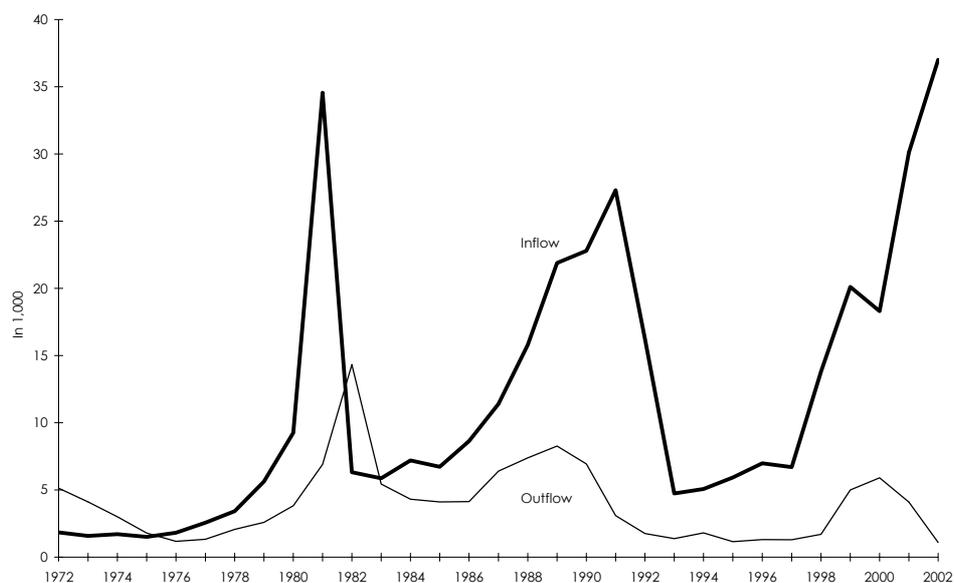
Source: Statistics Austria, WIFO.

From May 1 2004, every citizen of a new EU member state is granted free mobility of labour if he/she has been working legally for 1 year in Austria. In addition, every new EU citizen may settle legally in Austria but is not allowed to access the labour market. This restriction may contribute to the rise in the shadow economy in Austria.

Integration of migrants in Austria is increasingly a political issue, and most Bundesländer have put in place integration departments with at times substantial budgets to ensure a comprehensive approach, which affects education and training, housing, health promotion and access to work. The European coordination of migration policy (Saloniki process) underpins the necessity for such measures and has led to institutional reforms of asylum procedures and increased funding of asylum seekers by the government (Bundesasylgesetz).

The funding of a system of asylum procedures, not least the right to financial support of every asylum seeker, will be a challenge for the federal state (60 percent of the cost) and the counties (40 percent), in view of the high numbers of asylum seekers in Austria (2002: 37,000, this is the highest number per capita in the EU).

Graph 5: Inflow and outflow of asylum seekers/refugees in Austria 1972-2002



Source: Statistics Austria.

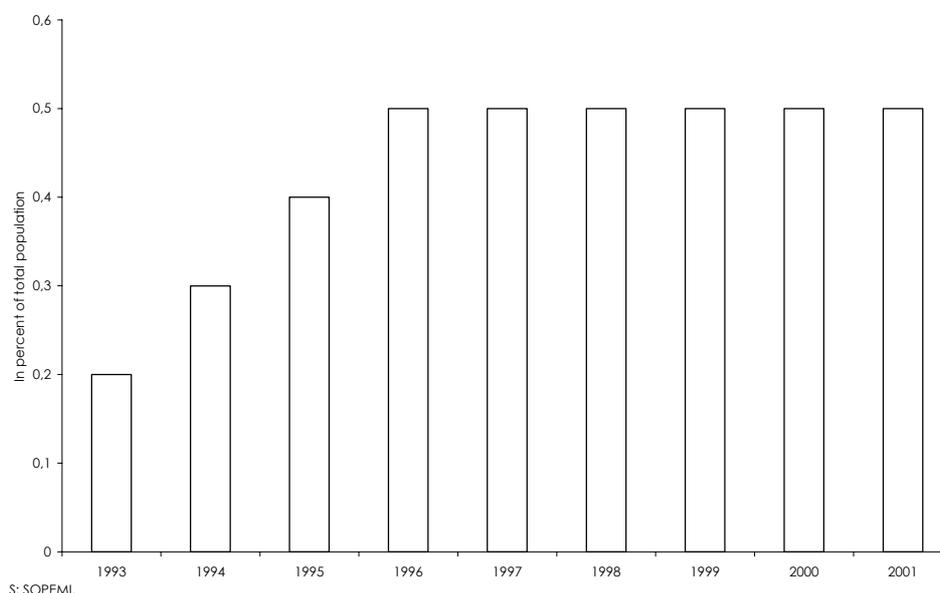
## The case of Slovakia

Slovakia has separated from Czechoslovakia in the aftermath of the coming down of the Iron Curtain and become a separate state in 1993. Currently, Slovakia has 5.4 million residents of

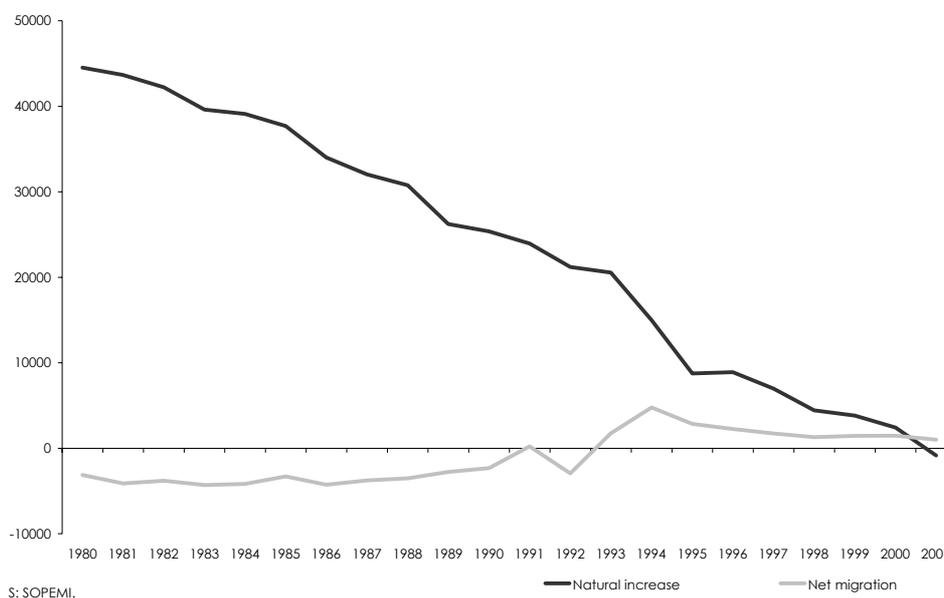
whom 0.5 percent foreigners (some 28,000). The population has been fairly stable since 1993; Natural population growth has been declining for more than 2 decades. Net-emigration has been a feature of demographic development in Slovakia until 1992. From 1993 onwards, however, immigration flows surpassed emigration; net immigration amounted to some 1,500 persons annually in the years 1997-1999. The population of working age is still increasing as the baby-boom generation of the 1970s is moving into the age groups of high labour force participation. The continued rise in labour supply and rather slack labour demand in spite of significant economic growth, are responsible for continued high unemployment rates (between 14 percent and 16 percent in the last couple of years). About 25 percent of all unemployed are Roma.

The major migration flows (legal annual flows according to local population register) are between the Czech Republic and Slovakia – there continues to be free movement of labour between them – and between Slovakia and Germany as well as Austria. The official numbers particularly of outflows are grossly underestimating the actual flows between the countries. This is typical for registry data, especially in the case of temporary migration (many people do not report their leaving to the authorities). Annual inflows of immigrants are modest (around 2 thousand persons). Migration between Slovakia and the Czech Republic has decreased dramatically after the split of the federation in 1993.

Graph 6: Share of foreign population in the Slovak Republic



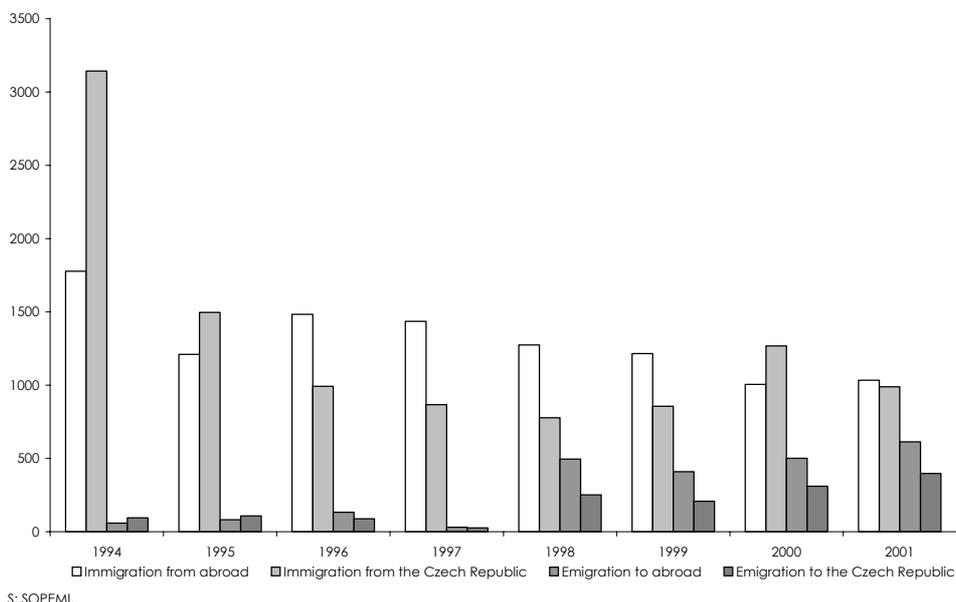
Graph 7: Net migration and natural increase of population in the Slovak Republic



Another source of migration data is the issue of residence permits by the Ministry of Interior. Permits are granted for long-term (12,000) and permanent residence (17,000). Very short stays (up to 180 days) are not recorded systematically. Among those foreigners, a major part is the result of old socio-economic ties and arrangements, e.g., with the Czech Republic, Ukraine, Poland, Hungary, Yugoslavia and Vietnam. New settlers or long-term residents are in the main from the United States, Germany, Austria, United Kingdom, Italy and Greece. Long-term residence permits are in the main granted on the basis of employment and study; in contrast, permanent residence permits are issued in the main on the basis of family reunion (about 80 percent of them). Overall, family reunion accounts for the largest inflows of new residents.

Access to the labour market is granted to foreigners only if they have a residence permit granted for the purpose of employment (Czech citizens and refugees are exempted from the work permit requirement). Stocks of valid work permits fluctuate between 3,000 and 4,000 permits per annum. The vast majority of permits are granted in the region of Bratislava. These are small numbers, considering that the total labour force amounts to some 2 million workers (0.2 percent). More than two-thirds of valid work permits are with Slovak employers. The majority come from Poland, Ukraine, United States, Germany and the UK. In addition, some 2,000 Czechs are working in Slovakia.

Graph 8: Immigration from and emigration to the Slovak Republic



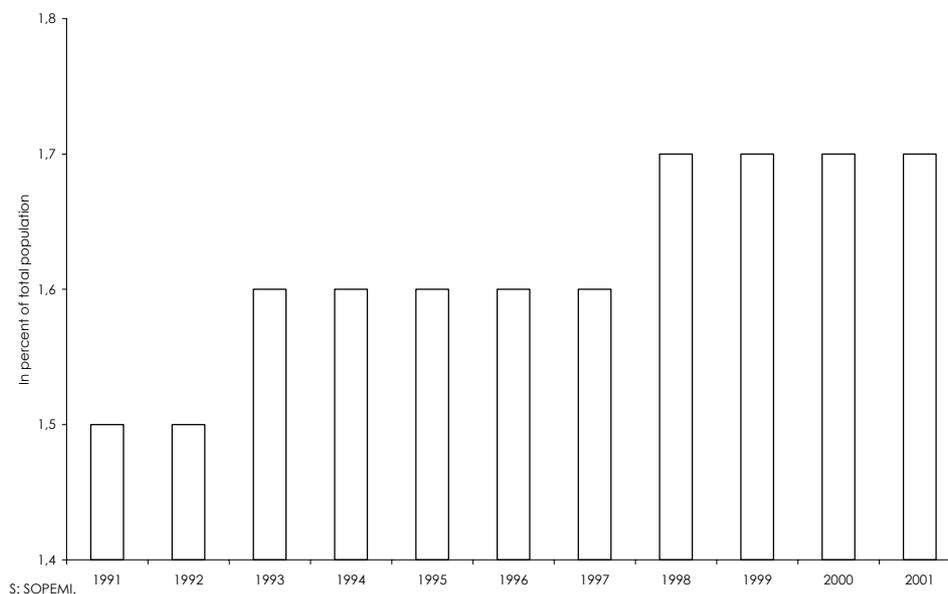
Apart from being a country of out-migration, Slovakia is also a country of immigration and transit migration; the latter is to a large extent illegal migration. Illegal migrants cross into Slovakia basically from Hungary and Ukraine – coming in the main from Yugoslavia, Afghanistan and Romania – and are heading for Western Europe, in particular Germany and Austria. In 2001, some 14,600 illegal transit migrants were captured at the borders (some 3,900 incoming and 10,700 outgoing – in the main to Austria).

The number of asylum seekers follows a more or less positive trend and amounted to some 8,200 in 2001. A very small proportion is granted asylum (not even 1 percent); the vast majority comes from Afghanistan, followed by Russia and Ukraine.

Slovakia is a country with two major ethnic minorities, the Hungarians and the Roma. The largest minority are Hungarians – some 567,800 or 10.5 percent of the total population. They are concentrated in the South-East, adjacent to the Hungarian and Ukrainian borders. The second largest minority are the Roma. The Roma population is more spread around the country than the Hungarian minority. The highest concentration is in the Eastern part of the country – in the regions of Poprad and Kosice, partly also in Presov and Banska Bystrica. These are more agricultural areas of Slovakia.

The exact number of Roma is difficult to ascertain – according to Census data, they represent about 1.7 percent of the population. In reality, the number is believed to be much higher, however. This is so because many Roma consider themselves to be Slovak or Hungarian rather than Roma. Estimates on the part of the Police come up with an estimate of some 300,000 settled Roma and some 50,000 nomadic Roma. An estimate on the part of the UN comes up with a figure of 430,000.

Graph 9: Share of Roma-population in the Slovak Republic



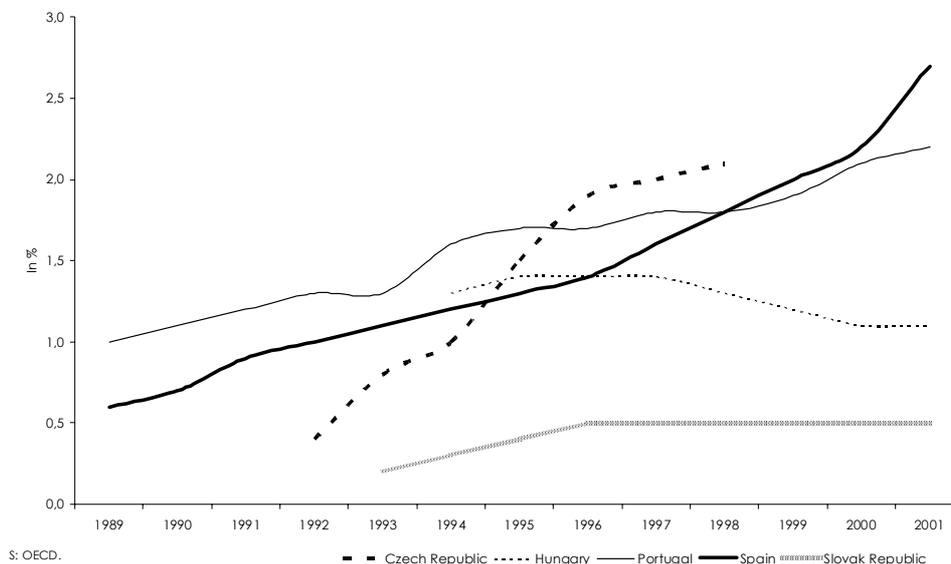
The share of Roma is increasing, in the main due to their high fertility rate which is more than compensating their comparatively shorter life expectancy. Roma are to a large extent unemployed and live off welfare payments. In addition, they are to a large extent in debt, mainly to money lenders in their own community, which tends to motivate them to try their luck elsewhere in Europe. The fear that unskilled Roma are going to start moving towards the west is one reason for implementing transition periods for access to welfare services in all Western EU-Countries (minimum continued work for about 3 years in the respective host country).

### Concluding observations

Empirical research shows that Slovakia together with all new member countries is not only a potential supplier of labour to Western Europe but has become the centre of attraction for migrants, particularly for their Eastern European neighbours. In order to counter tendencies for clandestine work, Slovakia has introduced regulatory mechanisms along the lines of the foreign worker model of Switzerland, Germany and Austria.

Legally employed foreign workers are treated equally to indigenous workers. They have access to health insurance on the basis of their employment status. Migration in the new member countries, has become increasingly dynamic since the early 1990s such that the level of legal migration compares favourably with Southern European countries.

Graph 10: Foreign population as a percentage of total population in selected OECD countries



The Central and Eastern European Countries have thus put migration policies in place comparable to Western European models. However, the substantial shadow economy, which also attracts foreigners, remains a major problem. Another aspect is the lack of equal opportunity legislation, which hampers the economic and social integration of ethnic minorities, particularly Roma, and foreign workers.

### The issue of illegal migration

Illegal migration has gained momentum in Western Europe since the 1980s and constitutes a substantial element of migration in Slovakia and other new EU member states, often referred to as transitory migrants. In order to be able to assess the impact of this development on societies, the causal factors and structural elements of illegality have to be analysed in a country-specific context, because countries tend to have different histories of black labour markets or informal economies. Foreigners may enter a country in a legal way and the declared purpose of entry may also be legal, e.g., tourism. But the real purpose may be a source of illegal labour.

It is further necessary to differentiate between different forms of illegality on the labour market:

- a. illegal residence and work
- a. legal residence and illegal/undeclared work (tax evasion)
- b. illegal employment/work practices.

The latter two cases of illegality can also apply to natives. Clandestine work tends to be concentrated in certain sectors of the economy, in which individualisation of work-contracts is possible, e.g., construction, tourism, agriculture, trade and production of clothing and leather ware, cleaning, domestic service. In order to combat the increase of the different types of illegality, a variety of measures is necessary. If the detection probability of illegal work practices or clandestine work is small and/or the penalty for firms is limited in relation to tax evasion and wages obtainable, illegality is an attractive option for migrants as well as for nationals. Experience in Europe and USA with legalisation on illegal immigrants and the introduction of more severe controls of borders and firms, showed that they were short-term measures which did not tackle the real problem; illegal inflows returned to former known levels.

The question of the efficiency of sanctions remains an open one, however. Costly monitoring and highly effective control systems may violate human and citizen rights. On the other hand, the benefits of increased prosecution are hard to measure. The dilemma, especially for countries with a considerable shadow economy as Slovakia and other CEECs, is that to refrain from effective action against illegal immigration, is tantamount to condoning clandestine work.

As a consequence, in an effort to harmonise legislation across Europe, the EU expects the accession countries to take steps to introduce legislation or enforce existing laws of prosecution of clandestine work. Similarly the EU is starting to integrate accession countries in the co-ordinated EU employment policy process. This implies not only that labour market and social policy has to be developed comparable to the EU, but also a system of equal opportunity regulations, by their ethnic minorities, in particular Sinti and Roma and migrants from the times of the communist regime (Vietnamese), are to be granted equal treatment.

By implementing equal opportunity regulations the EU hopes to limit the influx of ethnic minorities from CEECs into Western Europe when free mobility of labour will be granted to the new members.

### **Biographical note**

Gudrun Biffl is professor of economics in the Austrian Institute of Economic Research, specialising in labour market, education and migration analysis as well as the analysis of institutional change. She is a consultant on migration to the OECD (SOPEMI correspondent) since the late 1970s.