

Chapter 17. Not Only a Burden but Also a Contribution: Impacts of Syrians on Turkish Economy

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Introduction

Immigrants, especially refugees are the first and easiest disadvantage groups who are targeted the focus of prejudice and mostly discriminations. Besides the many others, the economy became the leading matter. The natives tend to think that they lost their jobs because of new comers who are also the reason of rising inflation, decreasing wages etc.

Although there are many common aspects of the human mobility, the impacts of the mass influx and refugee crises have some different characteristics. Besides the burden of refugees, they have many contributions to the host communities.

The experts who is assessing the impacts of the refugees on the hosting economies can be classified into two categories. One side insistingly emphasis the burden of the newcomers, while the other try to advocate and prove their contribution to the host countries. Actually, both of them is right and there are two sides of coin.

The literature indicates that the negative impact of the immigrants on the host economy is not a necessity. In many cases there is no effects of the immigrants on the wages in the labor market (Card, 2005) since they are fueling to the economy. First of all, in somehow refugees are the consumers who fulfill their needs by humanitarian aids or mostly by themselves. It means that the refugees begin to participate economic activities after a while. This study tries to indicate the contributions of Syrians to Turkish economy without denying, neglecting or underestimating of their burden.

The Burden Syrians in Turkey after 5 years

There is no any detailed official account which is to state what is exactly Turkish government spent for Syrians in Turkey up to now. Turkish authorities declared some numbers from time to time. The highest one announced until now is 10 billion dolar by the government and 10 billion dollars was also estimated spending by Turkish NGOs until the mid-2016.² According to the AFAD statistics, 11 billion dollars were spent by the Turkish Government until the end of first half of 2016.³

The declared number of government is including two main group spending. First one is the costs for shelter, food, security, social supports, education and expenses

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² <http://aa.com.tr/en/economy/syrians-deposit-12b-turkish-liras-in-turkeys-banks/589679> market. Accessed: 28/06/2016

³ <https://www.afad.gov.tr/tr/HaberYazdir.aspx?ID=5&IcerikID=6047> market. Accessed: 29/06/2016

for basic needs such as health care spendings in the camps. The second group is the spending which covers the treatment and medication expenses for Syrians out of camps.

According to the Turkish Health Ministries, Syrians have benefited 15.3 million times from the health services between January 2011 and January 2016. 128,000 babies were born in the hospitals and 603,000 baby/children got vaccinations.⁴

However, the real charge is too over than what the authorities declared. First of all, the criteria about the calculation is not clear. The calculation does not cover the direct and indirect costs such as the burden on infrastructure. The calculation does not include the expenses of Syrians living out of the camps except the health spendings. For example, 290,000 children enrolled schools are not included in the calculation.

Table 1: TURKISH EXPORT / YEARS / TURKISH LIRAS (TL)

Year	Total	Countries of Middle East and Near East (MENA)	Syria
2006	85,534,676	16,348,518,796	876,542,597
2007	107,271,750	19,559,588,719	1,041,473,528
2008	132,027,196	32,861,228,429	1,472,337,935
2009	102,142,613	29,760,222,850	2,198,807,406
2010	113,883,219	35,074,586,203	2,781,275,384
2011	134,906,869	47,142,828,239	2,683,097,749
2012	152,461,737	76,488,742,902	898,104,539
2013	151,802,637	67,829,693,348	1,968,964,802
2014	157,610,158	77,592,286,960	3,952,261,952
2015	143,844,066	84,429,077,108	4,147,411,768

Source: TÜİK

The Impacts on Export

Turkish economy is a developing economy in respect with the foreign trade in last years. The export data has been indicated a stable growth besides some fluctuations for the last ten years. Accordingly, Turkey's export with the member of MENA countries volume came to nearly 85 TL in 2011 which was 6.5 billion TL in 2000.⁵ The foreign trade with Syria also had had similar developments until the inner turmoil in Syria bursts. The export volume of Turkey with Syria hit the bottom in 2012 and begin to recover itself. However, the export volume has already passed the peak of good relationship era after 2013. The number of export volume of Turkey to Syria reached over 4 million TL in 2015. On the other hand, the import of Turkey from Syria have a dramatic decrease tendency beginning from 2010. So the rate of

⁴ <http://www.byegm.gov.tr/english/agenda/syrian-refugees-in-turkey-saw-the-doctor-15.3-mln-times/92895> market available on: 29/06/2016

⁵ Diyalog raporu, Arap Bahari Ekonomileri, The Hollings Center for International Dialogue. 27-29 Ekim 2011. <http://www.hollingscenter.org/wp-content/uploads/2011/11/Hollings-Center-Arap-Bahari-Ekonomileri-Diyalog-Raporu-TURKCE.pdf> available on: 25/06/2016

foreign trade between Turkey and Syria has shifted in the favor of Turkey since 2014 (Table 1).

The report of ORSAM indicates that the influx of Syrians affected positively to the exports of some cities such as Gaziantep, Adana, Kahramanmaraş and Mardin with MENA countries. The report underlines that Syrians contribute to enlargement of the foreign trade (ORSAM, 2015, p. 33)

Effects on the Labor Market

There are a few academic works about the Syrians impact on Turkish economy and labor market. Some of them based the indicators of 2011 and 2012, and the others 2013 and 2014.

Unemployment / Employment

Akgündüz and his colleagues stated that they “find no employment effects from the refugee inflows on natives’ employment rates due to the refugee crises”. However, the little effects are limited with some skilled groups and regional levels (Akgündüz, Berg and Hassink, 2015, p.18). Some other research is also supporting the argument. The report of Central Bank in Turkey claimed that “the refugee inflows have had considerable effects on the employment outcomes of the Turkish natives”. Nevertheless, the effects could be observable on the informal employment. The refugee inflow reduced informal employment approximately 2,2 percentage points. The displaced males are mostly unemployed and the displaced females remained out of labor force (Ceritoglu et al., 2015, p.23). Large-scale displacement of natives in the informal sectors affected the low-educated and women the utmost. Some reports indicate that the increasing school attendance of women are also forcible on the withdrawal of women from labor force. Thus the research show that Syrians “was a well-defined supply shock to informal labor” (Carpio and Wagner: 2015, p.19). The high skilled are not comfort at their position due to the pressure of lower wages (Carpio and Wagner, 2015, p.1).

The informal employment of newcomers might make them more attractive for employers who is keeping away from paying social security taxes on incumbents. The negative effects are very high especially in lowskill sectors in the informal employment. Since the Syrians are unlikely to have the required language (Turkish) and communication skills, they have a minimum effect on medium and high-skill employment (Akgündüz, Berg and Hassink, 2015, p.7). The point that the half of the labor forces in the region has already consisted of unregistered employment (Konuk and Tümen, 2016, p.16).

On the other hand, the results also indicate that there are no increases in unemployment excepting the least educated and women native workers. (Carpio and Wagner, 2015, p.4). The unexpected effects on unemployment rates could be explain with two reason. Newcomers to hosting regions caused to enlargement of the economy. As the consumer, the refugees caused to increase the demand for goods and services in the region. Moreover, the trading ability of Syrians also transfered to the hosting economies. The trademen used their connection with not only inside Syria but also with the rest of the World especially the Arap World and Middle Eastern region with whom they had already done before.

Thus, the enlargement of the economy led to upgrade Turkish workers “from informal to formal jobs and irregular to regular workplace” (Carpio and Wagner, 2015, p.4). The second explanation of the stable (or even decreasing rates in some regions) unemployment is the recruiting of Syrians in informal sectors.

Some works indicates that the refugees led to increase unemployment rates in informal sectors (Lordoğlu and Aslan, 2016, p.791) while emerging some new employments in the formal employment which is related with the organizations to supply the needs and services of the Syrian refugees in the region (Ceritoğlu and others, 2015, p.5). Another effect of Syrians is that the refugees led to emerge higher wage formal job employment for the natives (Carpio and Wagner, 2015, p.19).

Another effect analysis made by world bank stated more complicated picture. Carpio and Wagner claimed that employment rates decrease but the unemployment rates also decreased after the influx of Syrians due to two reasons. First one is increase of the enrollment scholl rates and attendance in higher education. The other one coming of Syrians forced the natives into the formal sector (Carpio and Wagner, 2015, p.11).

Regarding to employment and unemployment in the regional level, it would not be true to state only one argument. While Syrians caused to increase the unemployment rates in some cities such as Şanlıurfa, Mardin; they caused to decrease the unemployment rates in some cities such as Gaziantep, Kilis. The ampirical studies indicate that there is no or little negative impacts of Syrians on the total unemployment rates. However, the negative impacts can be followed on the unregistered labor intensive sectors. Syrians decreased not only the native employment but also the wages in the unregistered employment in some regions.

However, one point must be underlined that the unregistered employment rate in general is 33 percent and in the cities living Syrians intensively is 50 percent. So, the unregistered employment is not only the problem of Syrians but also the natives due to structural problems of Turkish labor force.

The Turkish employees, on the other hand, advice that they need some labor forces in specific sectors, so it would be better to make some proper plans to integrate Syrians into the labor market (Erdogan & Ünver, 2015, p. 78). Although the unemployment rates are not low in Turkish labor market, there are many employment opportunities in specific sector to which native labor forces do not suit or want to enter.

Wages and Prices

The entrance of the Syrians into the labor forces has effected the wages in the region. Some studies reported that the wages especially in the unregistered labor market decreased as much as 50 percent (Lordoğlu & Aslan, 2015, 2016). Since the ampirical studies are based on the quantative methods, they indicate the existence of the decreasing of the wages. In another words, they do not show prevalence of the decreasing rates. But it is obvious that the lowest wages are paid in informal employments.

Some works on the impacts of Syrians claimed that there is no considerable impact on local commodity and labor markets (Akgündüz, Berg and Hassink, 2015, p.18). The rise on the wage avarage of the natives is also likely. However, those

who experienced dramatical decrease in their wage exited the labor market (Carpio and Wagner, 2015, p.19).

“Perhaps the only disconcerting finding from the natives’ perspective is the inflation of food and (to a lesser extent) housing prices (Akgündüz, Berg and Hassink, 2015, p.18). The perception about the inflationary effects of the refugees is/may beyond the fact. Because even the normal increasing proportion of the prices are being charged on the refugees as “scapegoats”. On the other hand, it is not inaccurate to claim based on the subjective observation that the price asking refugees for renting house is not the same with for natives. However, the ampirical evidence indicates that the inflation on housing is larger than the food inflation. But this is not also consistently significant (Akgündüz, Berg and Hassink, 2015, p.13).

The effects on the food inflation is quite various. Some ampirical data claim that the refugee influx increased the avarage food inflation approximately 2,2 percent. In deed, the food inflation is around 9 percent in the region. Thus the impacts of Syrians are not significant in terms of economics (Akgündüz, Berg and Hassink, 2015, p.13). Konuk and his collegues claimed that the level of consumer prices has declined by around 2,5 percent. The prices of goods and services are also affected in similar. The decreasing in the wage of informal sector declined the prices. The prices in labor intensive sectors has declined 4 percent and the one in the formal labor intensive sector remained unchanged (Akgündüz, Berg and Hassink, 2015, p.13).

Decreasing in labor cost in the production of services generate significant reductions in the prices of services as weel as the price of relative goods. Thus, Konuk and Tümen claimed that the influx “have led to a decline in overall level of prices” and on avarage, by around 2.5 percent. The reduction in services is similar rates, 2.2 percent. In sum the reduction in rates for goods and services are similar (Konuk and Tümen, 2016, p.14).

The prices of formal labor intensive goods declined very close to zero (0,4 percent), while the decline in the prices of informal labor intensive goods are 10 times more. The decline of prices in food is 4.5 percent, hotel and restaurant is 5.4 percent and education is 10.5 percent. The fresh fruits and vegetables and hotel – restaurant related services are composing highly with the informal labor intensive (Konuk and Tümen, 2016, p.16-17).

“Hot Money”

The most important difference of forced migration with the economic migration is that the refugees who forced to leave their homes try to carry everything that they can. Most of time, they try to turn into cash all their valuable things. They took with all valuable and moveable goods including cash money, ornmanet and jewellery, herds, vehicles etc.

Syrians brought with them all they can transport. As one of civil servants at the border stated that “some of them carried their gold with the bags” when they came to border. Many families brought – legally or illegaly – their herds. It is not overstated to estimate that the money – or moveable values – that come with nearly 3 million Syrians is not lower than 3 billion dolar.

The Banking Regulation and Supervision Agency declared that the deposits of Syrians reached around 1,199,632 million TL (+- 400,000 dolar) in Turkey's banks at the first quarter of 2016. The total assets of Syrians in the Turkish banks were 311,258 TL in 2012, 694,369 TL in 2013, 733,875 TL in 2014 and 1,201,987 TL in 2015. Then almost 1.2 million TL of Syrians are being deposits in Turkish banks now.⁶

The economic situation in Syria was very fragile before the revolt. There were two dimension of the fragility. The foreign relationships of Syria with Israel was open to a new clash. The latest crises in 2008 brought the sides at edge of the war. The second reason of fragility was due to the political structure of Syria. The abuse of the officials and monopolies of the state (favor men) over many sectors led to refrain many capitals to convert their money to investment instead of the keep in the banks. The Lebanese banks were the most favorable ones for not only the capital owner but also for the regime's ones. Because The Lebanese banks were much safer to transport the valuables abroad. So it is not hard to estimate that huge capitals moved abroad towards Lebanese after the turmoil in Syria.

Many people talk about that the middle class businessman preferred to come to Turkey especially after Mursi was overthrown in Egypt. "Syrian refugees arrive with financial assets, with wide reaching effects". In only 2014, nearly 165.7 million US dollars left Syria according to The Inter-Arab Investment Guarantee Association. For example, firm data show that Syrians have invested in Turkey in meaningful ways; the data show that 26 percentage of new registered businesses in Turkey in 2014 had Syrian ownership or capital" (World Bank, 2015 cited by Carpio and Wagner). As AFAD stated that the Syrians are the most on foreign investment in 2015 in Turkey. 1,599 new company was established by Syrian entrepreneurs – Germans are the second with 330 companies⁷. According to the economist, this number have already exceeded 10,000 firms. % 60 percent of new companies are located in Istanbul and following by 471 in Gaziantep, 250 in Hatay, 70 in Kilis, 56 in Urfa and 22 in Kahramanmaraş. These companies have been operating in different sectors such as real estate, maintenance, wholesale trade.⁸ The volume of Syrian capital was 205 million TL (70 million dolar) of 908 million (313 million dolar).⁹ In other words, almost 1 of 3 company was founded and 2 of 9 foreign investments were brought by Syrians in 2015 in Turkey.

Conclusion

The aim of this study is to draw a general framework on the economic impacts of Syrians residing under temporary protection in Turkey for more than 5 years. The study tries to determine the contribution without neglecting, denying or

⁶ <http://aa.com.tr/en/economy/syrians-deposit-12b-turkish-liras-in-turkeys-banks/589679> available on: 28/06/2016

⁷ <http://t24.com.tr/haber/2015te-turkiyede-1599-suriyeli-is-kurdu,324284> available on: 29/06/2016

⁸ http://syrianobserver.com/EN/Features/29779/Syrian_Companies_Operating_Turkey available on: 29/06/2016

⁹ <http://www.sozcu.com.tr/2016/ekonomi/en-cok-suriyeliler-is-kurdu-1040939/> available on: 29/06/2016

underestimating the burden of Syrians imposed on the Turkish economy and the job market.

When the data of the foreign trade in the last decade are analyzed, it will be recognized that Turkey's export to Syria is nearly doubled than the one which the relationships between two countries were at the highest level before the war. In addition, the positive impact of Syrians on Turkey's rising foreign trade with the countries of the Middle East and Near Asia is considered.

Although the number of studies on the effects of Syrians on Turkish labor market is fairly small in number, it is obvious that they have negative effects on the unregistered employment rates and wages. On the other hand, some studies report that they have no significant negative impact or a small effect has been identified on unemployment in the registered employment in general. It has also been reported to have a positive impact on new jobs and increase wages of skilled labor. While some Syrians heavily increased unemployment in some provinces, they are reflected in the statistics with a decline in some provinces as well.

Last but not the least, the movable properties which Syrians brought in is considered to be causing the expansion of capital and economic growth in both general and regional levels in Turkey. Besides the transferred properties with each person, it is not hard to estimate that a substantial capital inflow also occurred from Syria to Turkey.

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