THESIS

Nevena Blagojevic

BUDAPEST BUSINESS SCHOOL FACULTY OF INTERNATIONAL MANAGEMENT AND BUSINESS INTERNATIONAL BUSINESS ECONOMICS Full Time

International Business Development Specialisation

THE EFFECTS OF THE 2015 REFUGEE CRISIS ON POLICY MAKING AND THE ECONOMY OF EU AND ITS MEMBER STATES

Internal advisor: Dr. Szilágyi Judit Beáta

By: Nevena Blagojevic

Budapest, 2021

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1 INTRODUCTION

In 2015, a large number of illegal migrants started arriving in Europe which marked the very beginning of the refugee crisis. Although at the time there were some existing policies regarding migration and asylum process in place, not the EU nor its Member States were fully ready for what the crisis quickly grew to be. The unpredictable nature of migration of millions of people over the following years made the implementation of previous policies ineffective, and the scale of migration made many of them inefficient. The crisis became overwhelming for all Member States across the EU, but some have been affected more than the others due to their location or economic capacity. As a response, each State proceeded by creating their own asylum policies taking into consideration their local political environment, economic ability to integrate refugees, as well as overall attitudes towards immigration. This not only brought the ability of the EU in question, but also has pointed out the pre-existing differences between the Member States. The result of individual approaches led to significantly different conditions for asylum seekers and refugees across the EU, with obvious differences in the asylum systems and acceptance rates.

This research paper has the purpose of showing the effects of the refugee crisis on the policy development in the EU as a whole, but also across Member States, as well as their economy. It will mainly focus on understanding how the Member States' governments responded and implemented policies in response to the crisis, while also seeking to show the actual and potential impact of the crisis on local economies. To be more precise, this research paper will answer the question: what are the effects of the 2015 refugee crisis on policy making and the economy of the EU and its Member States. The approach that is taken to answer the given research question includes in-depth analysis of the EU-level policies, as well as analysis of several Member States as case studies of different approaches taken during the crisis. What will be taken into consideration is the development of the local asylum policy as well as the refugee-related policies that were a result of the 2015 crisis. In addition to this, it will also evaluate the impact the crisis had and potentially could have on the local economies based on those policies. However, what first must be considered is understanding of the illegal migrants and what the crisis envelops, as well as the EU base policy guidelines that determined the effects throughout the crisis.

2 REFUGEE CRISIS AND EFFECTS ON THE EU

2.1 Causes and migratory patterns of the refugee crisis

This research paper will not go in depth into the causes behind the sudden rise in migration in 2015, (event further referred to as the refugee crisis), but in order to understand the motives of the migration, it must be addressed. Some of the most significant factors that influenced the spike in migration in the region track back as far as 2003 with the fall of regime in Iraq, all the way to the Arab Spring starting in 2010 which directly caused a civil war in Syria, emergence and destruction caused by ISIL, fall of regime in Libya as well as instability across Northern Africa, all added to the already permanent state of crisis in Afghanistan. These events collectively have caused casualties across the regions and have threatened even the basic human rights, causing displacement, and pushing the migration towards more favourable places for life. (Zaragoza-Cristiani, 2015) The migration movement that prominently started in 2015 included many individuals from Middle East and Africa, but the most prominent countries of origin include Syria, Afghanistan, and Iraq, with minority groups from other neighbouring countries. (Eurostat, 2018)

Although many refugees, pushed by the humanitarian crises, fled to neighbouring countries, the EU was also seen as a good option due to its geographical position and its generous asylum system, as well as general principles and values that favour human rights and democracy. What Europe experienced as a result is mixed migration, which includes not only *economic migrants* escaping poverty, but also *refugees* who fled their country in fear of persecution and have been granted the status and the legal protection and rights, and finally *asylum seekers* who have fled their country and applied for the asylum but are still in the process. (Archick, 2015) The large majority of those who managed to reach the EU belong to one of the three aforementioned groups. However, there are also some that abused the system to stay irregularly in the EU, especially starting in 2016, even though they do not have the qualifications for getting granted asylum. This behaviour has given the platform for more protectionist approaches and general reservation towards acceptance of illegal migrants into local societies. EU has consistently attempted to improve and harmonise the regulations and asylum system across the Union, but

prior crises and disagreements among the States created further differences in the asylum system on Member State levels. (Kugiel, 2016)

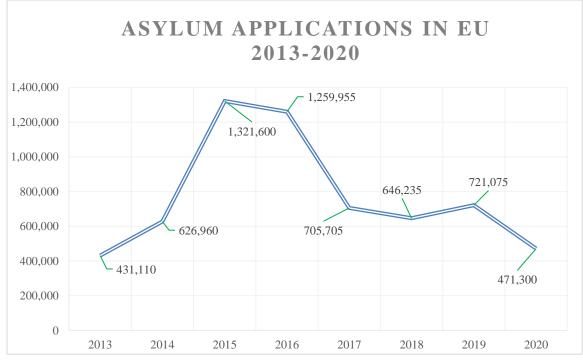


Figure 1: Number of Asylum Applications in the EU between 2013 and 2020, self-edited (Eurostat, 2021)

Figure 1 shows data collected by UNHCR and Eurostat and the numbers of asylum applications that were submitted in the period between 2013 and 2019 in the EU. During the first two years of the crisis, the total of applications submitted in the EU reached over 2.5 million. (Eurostat, 2021) However, the actual number of illegal immigrants that arrived in the Member States is not possible to state precisely due to complicated arrival procedures, overwhelmed asylum systems, and differences in policies between the States which will further be discussed through the case studies (Chapters 3,4, and 5).

It is important to note that this research paper will not consider the details and the effects of the COVID-19 global crisis on migration patterns. However, it is the reason behind the decrease in asylum applications in 2020, rather than improved policies or decrease in the volume of migration. The result of the global health crisis were administrative restrictions that were imposed by the EU countries that either prevented or slowed down the application process, with the result being seemingly lower numbers of illegal migrants. (Eurostat, 2021)

Throughout the crisis, Germany received the highest numbers of applications each year, with half a million applications submitted in the first year, and quarter less than a million more in 2016. Other countries which had remarkably high numbers of applicants throughout the crisis

include Greece, Italy, France, as well as Hungary at the very beginning of the crisis before the strict protectionist policies which will be discussed more in chapter 4. (Eurostat, 2021)

When it comes to demographic distribution, most of the illegal migrants that arrived in EU in 2015 were men, while the biggest group was young adult men which accounted for around 40% of total asylum seekers in the same year. However, their percentile distribution varied throughout the EU. The explanation behind this demographic trend is that men statistically have a higher chance of getting asylum due to dangers imposed by involvement in the military in their home countries. After settling down, they would reunite with their families and would invite them to join them in the new country of settlement. Moreover, around 7% of all asylum seekers were unaccompanied minors, an all-time high since the statistical metric became available in 2008. (Connor, 2016)



Figure 2: Map Depicting Movement of Refugees in 2015 Through EU (Nudelman, 2015)

The distribution of illegal migrants across the EU was not uniform but has followed a certain migration pattern that could already be established in 2015. Although there were several countries with entry points to the EU including Spain and Italy as shown in the Figure 2, the refugee crisis of 2015 was mostly caused by the wave of migration from Middle East, most prominently Syria, through Turkey and then Greece. (Nudelman, 2015) Illegal migrants further followed the route of Western Balkans and through Hungary, with the most popular destination country being Germany, and Sweden. The direction of the migration explained will have a significant impact on the variation of the effects of the crisis which will be discussed in the following chapters. (Borton & Collinson, 2017)

During the crisis, the EU offered a general action plan, policies, and funding, while the States were expected to take measures for the completion of the asylum process from arrival to full integration into the local society. (Gürer, 2019) The following subchapter will focus on the approach of the EU, and most importantly, the policies that have been developed since 2015 to mitigate the crisis.

2.2 Policy development by the EU in response to the refugee crisis

To analyse the individual Member State cases, what first must be considered is the general approach of the EU and the policies pertaining to the asylum process and refugee integration. The policies available in the EU at the very beginning of the 2015 refugee crisis were based on the Schengen border agreement, as well as the Dublin Regulations signed in 1990 and officially included in EU law in 2003. (Guiraudon, 2018) These regulations have placed one Member State, usually the first-entry country, as the one responsible for the asylum seeker's application process, but an additional series of laws has been adopted until 2005 that aimed at minimising differences in the asylum systems between the States. Although the goal was to create a harmonised asylum system across the Union for the benefit of both refugees and the local States, this has not been achieved and there were visible discrepancies in the chances of getting necessary protection based on the Member State in which the asylum process has been started. (Trauner, 2016)

These conditions were further worsened by the 2008 fiscal crisis when some Member States with higher financial restraints struggled to proceed with the Dublin Regulations. Greece, being among the first ones in such situation, has even been temporary exempt from the Dublin Agreement act in which first-entry country is obligated to process the application. Many scenarios such as this occurred in the upcoming several years, creating exceptions to the original terms of regulations, including the moment when United Nations High Commissioner for Refugees (UNHCR) had to issue an official recommendation to Member States not to send the refugees back to Hungary and Bulgaria. The reasoning behind this was that, despite the obligation by Dublin Regulations to do so, the conditions regarding a fair procedure and good reception were in question and it might not be favourable to return asylum seekers back to these countries. Although some of the concerns were resolved and UNHCR has retracted the recommendation, other civil rights organisations in Europe retained the stance. The original asylum laws were attempted to be adjusted over time to accommodate the current issues, but

no drastic transformations occurred even with the introduction of the most recent Dublin III Regulations in 2013. (Trauner, 2016)

Understanding the development of asylum procedure leading up to 2015 is important as it shows how unstable the system was even before the refugee crisis started. In 2015, when the crisis was on the brim, it became even more so apparent that many of the migrants were aiming for northern countries including Germany and Sweden but a resettlement plan for the territory of the whole EU was necessary due to aforementioned migratory patterns. The EU laws established before the crisis were further enhanced with a new legislative layer that focused more on sharing of financial burden, operational support by Fortex, the EU's border agency, and new relocation measures. (Trauner, 2016) However, Eastern European countries have been disinclined to fully support such an approach due to financial restraints, further encouraging individual States to take policy making to local rather than EU level. Furthermore, the uncertainty created by the crisis on economic, political, as well as social levels has allowed domestic media outlets to influence the attitude of EU citizens in each of the States, which showed to be one of the more crucial factors in local policy making. (Greussing & Boomgaarden, 2017) This has not only shown the EU as even more un-united on the matter, but it has also shown significant discrepancies among the local asylum standards that have been an issue for years. (Maldini & Takahashi, 2017) To combat these issues, the EU had to add new policies that were intended to assist struggling States, help them set a better asylum system, and equalise the dispersion of the refugees across the EU. (Trauner, 2016)

In May 2015, European Parliament issued a resolution that strongly encouraged both the EU and the Member State to, by relying on cooperation, prevent additional loss of life at the sea which has up to that point already seen 1,600% increase since the year prior. (Selanec, 2015) Soon after, 2015 European Agenda on Migration (further referred to as the Agenda) was adopted, including both external and internal policies to mitigate the crisis. The Agenda focused on four main ideas which covered reduction of irregular migration, protection of external borders, and creation and harmonisation of the asylum policy. It has also supported the connection between EU agencies and Member States to support relocation schemes throughout the Union using "hotspot" locations and manage the networks of human trafficking. (Fauri, 2020) The Member States with established hotspots were supported financially by the EU and operationally by other EU Agencies including Frontex, Europol, Eurojust, and European Asylum Support Office. However, each State was obligated to provide the infrastructure and to implement the registration procedure. The Commission would

occasionally assess the procedure at a local level and recommend any necessary improvements. Finally, this move resulted in higher registration rates. Although there has been a process in place, the numbers were still far too overwhelming in the hotspots and the services offered, including medical assistance and accommodation, have often been considered inadequate. Furthermore, the existence of hotspots did not relieve enough pressure from Italy and Greece, two countries that were struggling most due their location at the EU border. (Niemann & Zaun, 2018)

Besides the European Agenda on Migration, the Commission released an Action Plan on Integration in 2016 in which it outlined the support for Member States, with focus on integration of refugees in the local labour markets and provision of relevant trainings and education. Some of the results of the Agenda include significant decrease of illegal border crossings to the territory of EU and interruption of human trafficking organisation, setup of 9 hotspot locations operating in Greece and Italy, increase in funding directed to Member States in urgent need, and support for refugees in non-EU countries including Turkey. With stronger controls on the external borders of the EU, improved support channels towards Member States in need, and creation of new ways towards safety for those in need of asylum, EU has achieved significant improvements since 2015 at the start of the refugee crisis. (Fauri, 2020)

However, although this has created a good base that allowed the EU to manage the situation more efficiently, it is still far from achieving a fully harmonised asylum system across the EU that would be fair to each party included. (Fauri, 2020) Furthermore, the Agenda has caused some controversies, many arguing that the States have not fully completed their obligations regarding granting protection but have rather externalised the efforts and focused on bilateral agreement with other countries the including EU-Turkey Joint Action Plan and The European Trust Fund for Africa. The controversies also reflected on the funds including ϵ 96.8 billion which were allocated for external cooperation between 2014 and 2020 offered to third-party countries to manage the migration inflow into the EU territory. Practically, although this did somewhat prevent some refugees from reaching the EU, it was questioned whether it was the most humane way to deal with the crisis and whether the refugees would be treated humanely in other locations to which the funds were directed to. (Davitti & Chimia, 2017)

The EU is still actively working on improving the asylum process, not anymore as immediate crisis mitigation but rather an attempt to find a long-term solution. In 2020, as Covid-19 global health crisis struck the EU, the European Commission had to adopt new Guidelines on Asylum

and Return Procedures and on Resettlement to maintain providing protection and guaranteeing the rights to those affected in the refugee crisis. The first Action Plan was started in March with additional financial and operational support. (Fauri, 2020) Furthermore, the latest actions taken by the EU was the proposal of the New Pact on Migration and Asylum (further referred to as the Pact) by the end of 2020. The Pact put the emphasis on the border procedures, with the goal of not only managing the refugee situation more effectively, but also working on overcoming the bi-polar outlook taken by the Member States. (Wessels, 2021) The Pact serves to unite and share the responsibility among all Member States as equally as possible, using the understanding of the importance of common asylum mechanism and experiences since 2015 as a guide to create a newly reformed Common European Asylum System. The procedures that would be established cover steps from pre-entry screening and assessing claims to education and full integration, but it also acknowledges that stepping away from the Dublin Regulations is necessary and more flexible tools should be made available to Member States that are under the biggest pressure. (European Commission, 2020)

Despite the attempt to create a more systematic approach throughout the Union, criticism and political atmosphere have prevented a unified solution. Since September when it was originally proposed, the Pact has been condemned for increasing numbers that would be bound to detention centres as it focuses on maintaining newly incoming refugees either at the border or in the transit zone, which might infringe with human rights. (Wessels, 2021) It was also criticised that some States such as Germany, that have enough economic capacity and political power to affect the EU asylum policies, would be imposing their own preferred policies to other EU countries that do not share the same political views towards the crisis mitigation. (Freudlsperger & Jachtenfuchs, 2021)

However, to understand the actions of the EU and the local governments, as well as development of the asylum policies across the Member States, what first must be clarified is the economic aspect of the crisis on the EU as a whole.

2.3 Economic aspects of the refugee crisis in the EU

With the considerable number of illegal migrants that are arriving and settling in EU Member States, economic effect is inevitable. It is hard to measure the impact of accepted refugees on certain public services in the long run as the crisis is too recent and is also still ongoing. However, there are some short-term effects that cannot be avoided.

On the short-run, EU and its Member States had immediate increase of public expenditures as certain necessities such as accommodation, food, and medical services had to be provided to all asylum seekers and accepted refugees for a set period. Considering that asylum seekers flee their countries with minimal possessions, governments and other organisations had to provide close to everything to cover the basic needs and integration process, while the accepted refugees cannot return anything back into the local economies until fully integrated into the society. The additional expenditure will lead to an increase in consumption and foreign investments, but either an increase in taxes or decrease in expenditure in other public services will be necessary on State levels in order to maintain balance. (European Commission, 2016)

There is an ongoing debate whether the refugee crisis and overall integration of refugees has negative effects on the local economies, or there are some benefits that can be gained from the crisis. Taking into consideration that there is a lack of a unified set of policies that are followed by each Member State, differences of the effects on local economies are highly likely to be felt, encouraged by the actions of local governments. Despite the increase in public expenditures, it is important to note that there are potential benefits, such as the impact on Member States which ranged between 0.1 and 0.6% of the GDP in first two years of the refugee crisis. Furthermore, there is a potential increase in the labour force, but there is a delay period as education and training is a longitudinal process. However, this might be a part of the solution with a more positive impact on the budget, especially considering the demographic issues that the EU is experiencing with the decline in birth rates and general aging of the available workforce. Moreover, a study has shown that integration of refugees and consequently increase in numbers of lower-skilled workers can motivate local workforce to divert their occupation away from manual-labour focused professions. (Poddar, 2016)

However, not all local governments agree on long-term assistance due to excessive costs and uneven distribution of refugees across EU, as well as the fact that full and successful integration is needed for any positive fiscal return in the future and that requires a lot of effort and resources to achieve. Other criticism comes as continuously high public spending can have damaging effects on weaker economies and increase national debt, or even inability to provide public services to the local population. This directly causes deviation from acceptance of refugees and deepens the gap between Member States as not all have the same funding available for the crisis management. (Poddar, 2016)Moreover, the assistance of NGO and other civil societies requires funding as well, which is often not enough for the scope of their operational responsibilities. (UNHCR, 2021)

Despite the harmonised systems across Member States, the EU has faced an issue over sharing burden of refugees and the asylum policy even before the economic crisis in 2008. Different funds have been combined into one common Asylum, Migration, and Integration Fund which allocated a budget of \notin 3.1 billion for the 2014-2020 period. The new framework obligated Member States to use 20% of the budget for establishment of measures that directly support legal migration, while another 20% had to be allocated for local asylum processes. (Trauner, 2016)

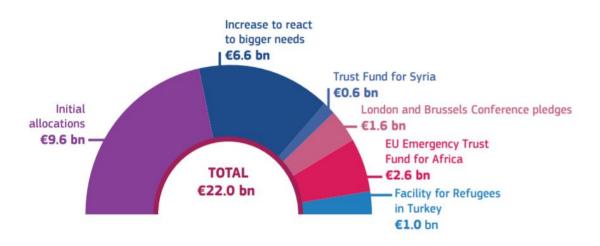


Figure 3: EU Budget 2015-2018 in Response to the Refugee Crisis. (European Commission, 2016)

Originally, in 2015, the budget allocated for crisis management for the 2015-2018 period was \in 10.1 billion out of which 60% was funding directed towards different funds and humanitarian aid outside of the EU, while the other 40% was utilized for emergency funding of agencies and long-term support measures for refugees within the EU. (European Commission, 2016) However, as shown in Figure 3, the increase in challenges presented by the development of the crisis over the following few years caused the funding to double than the original budget, adding up to \in 22 billion, but the allocation of the budget stayed in similar ratio as originally planned. (European Commission, 2018)

Moreover, the Agenda previously explained in subchapter 2.2 encouraged States to be involved in emergency reallocation of asylum seekers from Greece, Italy, and Hungary. These States belong to the most affected frontline and passing countries with some of the highest number of incoming illegal migrants. According to the Agenda, Member States that participated were given \notin 6000 per migrant for reception and integration, while the sending Member States received \notin 500 for the basic transportation costs. This alleviated some of the financial pressure from the States but did not resolve continuous issues experienced locally. (Trauner, 2016)

With the understanding of the general EU-level policies pertaining to the refugee crisis and the economic aspects of the crisis, this research paper will proceed by evaluation of three Member States as examples. The Member States are chosen as representatives of a group of States with similar economic capacity, political climate, and geographical location. (Poddar, 2016) The first country which will be evaluated is Greece which, alongside Italy, belong to southern EU States that have low economic capacity due to high national debt caused by the economic crisis and have received remarkably high numbers of refugees without necessary support. The second country this research paper will focus on is Hungary which belongs to Central EU States such as Czech Republic, Poland, and Slovakia which have necessary economic capacity but have more conservative political climate. The final country chosen is Germany which belongs alongside Western EU States such as Sweden and Netherlands with economic capacity and open and accepting political climate.

3 CASE STUDY 1: GREECE

3.1 State of the refugee crisis in Greece

Located at the southernmost border of the EU, Greece was considered one of the gateways to Europe during the refugee crisis, making it one of the first and most impacted countries in the EU. (Moris & Kousoulis, 2017) It was, alongside Italy, one of the countries that was in the most urgent need for assistance from the EU in processing and handling the crisis. Despite the establishment of the hotspots which assisted in many operations, the pressure retained throughout the crisis. (Niemann & Zaun, 2018)

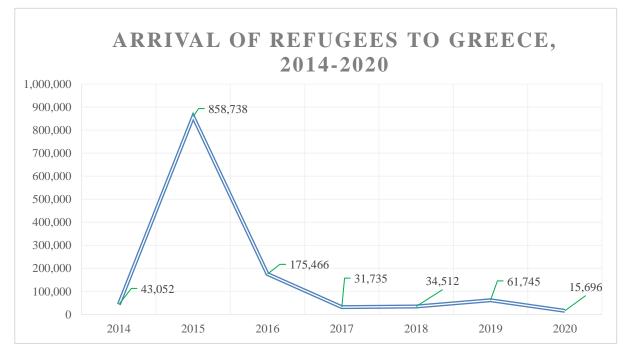


Figure 4: Number of Arrivals to Greece between 2014 and 2020, self-edited (World Bank, 2021)

Due to its geographical position, Greece was among the first Member States that experienced a drastic increase in number of illegal migrants at the very beginning of the refugee crisis. The majority of arrivals were from Syria, Afghanistan, Iraq, as well as Pakistan. (Sakellis & Spyropoulou, 2016) According to data collected by UNHCR shown in Figure 4, the total of sea and land arrivals experienced an increase of over 2000% in just a year, from 2014 to 2015. Thanks to implementation of different policies that will be discussed in detail in Chapter 3.2, the number or arrivals decreased significantly already in 2016 and has slowly fell to pre-2014 levels by 2020, often justified by COVID-19 measures referred to previously. (UNHCR, 2021)

With the start of the refugee crisis in 2015, majority of refugees that arrived in Greece was not through Mediterranean Sea as before, but through Turkey. Most people wanted to reach the

northern EU, but as the land border between Greece and Turkey was already fenced off, the only way was through the Aegean Sea. (Vasilakis, 2017) Human traffickers organised inflatable boats that transported people across the sea, but this brought increase in costs, both in terms of incredibly high price that migrants had to pay for the service, but also in fatality rate that reached over 800 people in 2015 alone. (Boztepe, 2018) Nevertheless, those who did manage to survive the trip ended up on Greek islands including Lesvos and Moria, where they were being processed in detention centres, after which they were allowed to proceed to the mainland. (Vasilakis, 2017)

Despite the fact that they were safe from dangers that forced them to take refuge, asylum seekers faced new problems at the centres. According to UNHCR, some of the biggest issues that the Greek islands, and receptions centres, are dealing with mostly refer to lack of hygiene and medical services, as well as security. This has been linked to lack of resources caused by the slow move of asylum seekers from the reception centres that are holding up to five times the actual capacity. Consequently, because registration, processing, and the move to mainland took very long time, Greece faced new issues such as overcrowding as large numbers of illegal migrants continuously arrived at its territory. (Bigg, 2020)

The exact data on number of refugees that have remained in Greece is challenging to track, but according to UNHCR data, they accounted for around 10% of population in 2018. (UNHCR, 2017) During the 6-year period between 2014 and 2020, Greece has received in total 1.2 million illegal migrants on its territory including mainland and the surrounding islands. However, during the same period Greece has granted asylum to a bit more than 250 thousand applicants which would account for only roughly 20% of those that arrived in Greece, a tragically low acceptance rate for the scale of the crisis. There are many reasons for this discrepancy including deportation to Turkey and relocation to other EU Member States. (World Bank, 2021) These actions were directly supported by the frequently amended policies which will be touched up in detail in the following subchapter.

3.2 Policy making in Greece during the refugee crisis

As a Member State, the EU-level policies that have been mentioned in Chapter 2.2 apply to Greece as well. However, as the unified policy has not been reached yet, Greece proceeded with the creation of own policies in relations to the asylum process, financing, and integration based on local resources and direction of political views.

Among the policies whose alteration was caused by the refugee crisis is the integration policy which plays a key role in inclusion of migrants into the Greek society. Greece introduced its first law relating to integration of third-party nationals, including illegal migrants, in 2005. The law set guidelines on the integration process, but also created the Council of Migrants Integration that relied on direct communication with migrants and worked with local policy makers to improve the integration process. Encouraged by the European Agenda for the Integration in 2011, the EU has requested all Member States to create a national strategy that would link the EU objectives with the relevant actions and financing, and as a result the first of the two Greece's national strategies was implemented in 2013. It focused on management of the flow of migration, dispersion of migration based on the identified needs of the labour market, and finally cultural and social integration based on the local principles and social values. (Leivaditi, 2020)

At the beginning of the refugee crisis two years later, Greece has had an ineffective reception procedure and integration policy for the scale it needed to handle due its location at the border of the EU territory. Although it should bear the responsibility of handling any new asylum seekers as the country of first entry, it has had Dublin Regulations temporarily suspended in 2011 due to its financial and political challenges caused by the fiscal crisis of 2008. Accordingly, an emergency resettlement plan was created, aiming at relocating 160 thousand illegal migrants from Greece and Italy by the end of 2015. The relocation schemes were frequently created in the following years too, however, they have not reached the pre-set relocation goals. (W2EU, 2018) In order to assist Greece, EU also announced the EU-Turkey Joint Action Plan in 2016 and the creation of hotspot locations. This has caused several Greek islands including Moria to became detention centres in which refugees were processed and registered before proceeding to other EU countries. Unfortunately, with the re-introduction of Dublin Regulations in 2017, the centres became overpopulated, and the services and conditions became extremely poor, causing further financial and operational strain on the local government. (Kousoulis, 2017)

The second national strategy was implemented in 2018 and it presented a new integration model, taking in consideration the features of both the society and Greece as whole, and promoted the development of Greece as a host country. By relying on local governments and relevant NGOs, it puts focus on education, inclusion in the labour market and other public services as crucial elements of complete integration. (Leivaditi, 2020) An important part of the 2018 strategy was identification of two main processes: reception, and integration. Reception procedure was identified as early integration and it directly follows identification and registration process at the reception centre. It provides protection and necessities including shelter, health assistance, and necessary financial aid to the applicants. On the other hand, integration procedure is much more complex as it offers refugees accommodation, access to labour market and public services, as well as necessary education. However, although the 2018 National Strategy does cover the full integration process, Greece has approached it more so as a proposal rather than a promise due to high costs and as a result was heavily criticised for focusing on temporary solution rather than long term integration of illegal migrants that arrive to its territory. (Leivaditi, 2020) Furthermore, at the very beginning of 2020, it has announced a new law "The International Protection Act" that diminished the rights and assistance given to asylum seekers, including provision of legal counsel. (Panayotatos, 2020)

The result of the new policies, low centre capacities, lack of experts on the ground, and high processing costs, detention centres became extremely overcrowded, and many of applications were quickly reviewed and dismissed. (Kousoulis, 2017) In March 2020, a new law was adopted that decreased the period during which the government is obligated to transition those with a newly recognised refugee status from the common accommodation to general social welfare and independent living from 6 months to only 30 days. The main purpose was to free as much space and resources as possible for incoming asylum seekers, but in summer of 2020 UNHCR has expressed its concerns regarding the slow processing rate in Greece and the move from the reception centres located on the five islands to the mainland. It has also voiced concerns regarding access to the social welfare system and employment assistance for the refugees which seem to end prematurely for many. (UNHCR, 2020) Moreover, Greece has closed its borders after Turkey released thousands of illegal migrants to the EU in Spring 2020. Using this situation, Greece has also used the Covid-19-caused health crisis as an excuse to maintain the borders closed for a few additional months which allowed it to refuse asylum seekers, causing accusations of inhumane treatment in international community. (Panayotatos, 2020)

Since the beginning of the refugee crisis, and especially the beginning of 2020, Greece has been changing and altering its policies very frequently which created legal uncertainty for both the applicants but also the legal counsel and the NGOs that provided additional support and assistance. (Panayotatos, 2020) This was just another reason Greece has been heavily criticized regarding its actions and policies that have directly kept away number of illegal migrants that were fleeing for the purpose of seeking protection. Moreover, number of accepted asylum seeker application started falling to under 50% but many applicants who were rejected were justified as economic migrants whose country of origin is safe for return, although the international community did not agree with such claims. (Panayotatos, 2020) Despite the existence of integration policy, refugees that move to mainland only received assistance for 6 months by Emergency Support to Integration and Accommodation program (further referred to as ESTIA), which was often not enough to become self-sufficient and fully integrated into the society. This period was further decreased to only one month in Spring of 2020 with the budget cuts to ESTIA implemented by the local government. (ESTIA, 2021) Moreover, there are no policies that establish facilities which would offer formal education or language programmes to the refugees, and there is no long-term housing solution embedded in the currently available laws. (Leivaditi, 2020) This, in combination with low funding and health crisis, further increased difficulties of integration, while the government distributed the necessary travel documents to refugees that allows them to travel to other countries. (Panayotatos, 2020)

The critical state in Greece since 2015 could be felt strongly by the refugees, but also the government, NGOs, and other agencies that have been directly involved in the process. It became apparent that with the current approach, they would not be able to handle the refugee crisis without further damage to the local economy and society, which further resulted in recurrent policy changes focused on more protective measures. Nevertheless, the policy changes were accompanied by effects on different economic aspects in Greece which will be discussed more in detail in the following chapter.

3.3 Effect of the refugee crisis on Greek economy

Although Greece has been considered a passing country that was mostly involved in reception and registration of illegal migrants that were later dispersed and processes throughout the EU, the refugee crisis indeed had a serious impact on its economy. (Leivaditi, 2020) First, it is important to understand that Greek economy has been devastated by the 2008 fiscal crisis which it never fully recovered. In addition to this, COVID-19 crisis in 2020 had a further negative impact on the social and economic aspects of the country. In practice, Greece has been struggling through three crises at once, and any additional costs such as refugee integration programs became bordering impossible to fund. (Kotsiou, 2018)

When it comes to funding, Greece has been strongly supported by civil societies, NGOs, and UNHCR in particular. Being a significant factor in crisis management in Greece, UNHCR has spent contributed with over \$200 million per year since the beginning of the crisis. The expenditure covered legal support, processing, protection, some basic needs for refugees, but also improvement of coordination and integration processes. (UNHCR, 2021) Although the original budget supported the expenditure for the several years, in the first three months of 2021, UNHCR was severely underfunded as it still had to raise another 55% of the \$150 million needed to cover the operations in Greece. Without necessary help from UNHCR and other organisations, the effects on government' expenditure would definitely be overwhelming which would result in both further collapse of the economy, but also decline in the already barely acceptable asylum conditions. (UNHCR, 2021)

When it comes to immediate, short-run impacts, Greece experienced a decline in many sectors including tourism and healthcare. The national health care system available in Greece was lagging in effectiveness due to low funding since 2008, (Kousoulis, 2017) but with the start of the crisis other challenges arose. Each registered illegal migrant had to have medical assistance that covered prevention of diseases, vaccination, and other health screenings, and with million such cases, the system capacity was quickly overrun. Moreover, many needed more than basic care, as well as cultural or linguistic assistance or social help for the unaccompanied minors. The result of lack of funding and operations beyond the capacity completely exhausted the NHS and resulted in insufficient care for both the locals, and incoming migrants. (Kotsiou, 2018) A different effect occurred in the hospitality sector, which represents a crucial element of the country's GDP. Many of the Greek islands that used to be visited by thousands of tourists became overcrowded with migrant throughout the crisis which had direct impact on the local

businesses. Although the travel agencies managed to adapt their offers to a certain extent and direct tourists to other parts of the country, the hotelier industry experienced a stronger decline, especially in its image. Due to the crisis, many tourists are diverting to other destinations completely, and the local accommodation and restaurants are unable to operate without the necessary subsidies or promotions. (Ivanov & Stavrinoudis, 2018)

One of the most frequently considered long run effects of the refugee crisis is the effect it protrudes on the labour market. As mentioned, all EU countries are experiencing an aging population and therefore, a slow decline in the available workforce. However, for the refugees to make up for the loss in the local workforce, they must be properly and fully integrated. (Poddar, 2016) Greece failed to invest in long-term socio-economic integration for refugees due to high costs, which resulted in, among other things, lack of necessary education and language classes. However, EU-funded program Hellenic Integration Support for Beneficiaries of International Protection (further referred to as HELIOS), would provide additional support for the integration process including different courses and accommodation subsidies, after the refugee gets taken off ESTIA support. The issues that arose with HELIOS were simply a matter of capacity, as there were far too many in need of the aid the offered. Despite the existence of an alternative system, it proved to be a short-term solution only. (Panayotatos, 2020)

Asylum seekers with recognised qualifications are required to wait for six months before accessing the local labour market but are allowed to work if they are offered a job. Moreover, the same laws that apply to Greek citizens regarding wages or self-employment also apply to all refugees whose asylum was accepted. Moreover, wage subsidies were offered to employers in order to promote more positive attitude towards hiring immigrants, which consequently also made work more favourable for refugees than simply relying on social welfare help. (Moris & Kousoulis, 2017) However, different administrative obstacles have been frequently reported, which, when combined with lack of knowledge of Greek language due to insufficient integration process and the general high unemployment in the country, prevent both the asylum seekers and the refugees from even accessing the labour market. Without access to the labour market, financial independence is impossible, and the individuals would have to rely on aid and other financial support from the government over longer periods of time, even years. (Leivaditi, 2020) As a result of unfavourable conditions of getting a job in more skilled areas, certain fields are slowly becoming overfilled with migrant workers. This also includes the agricultural field which, in 2019, had around 50% or migrant workers informally employed. The majority of them, however, are not registered at all and are working more dangerous and difficult jobs for exceptionally low pay. Although this prevents the agricultural, construction, and such low-wage sectors from collapsing due to pressures of the market caused by the 2008 crisis, it does not support full integration, nor does it pose a long-term solution for refugee inclusion in the local workforce. (Leivaditi, 2020)

4 CASE STUDY 2: HUNGARY

4.1 State of the refugee crisis in Hungary

During the refugee crisis, Hungary was one of the countries that had the most internationally controversial attitude towards acceptance of illegal migrants due to the government's strict approach towards asylum seekers. (Stokłosa, 2018) Although it did not experience as high of inflow of illegal migrants as Greece, Hungary had to deal with hundreds of thousands coming to its southern border in the first year of crisis. Due to its location at the southern edge of Schengen Area, it was in the exact path to the EU territory which motivated many to attempt to proceed through. Since the goal of many illegal migrants was to reach Sweden and Germany, those who did arrive to Hungary often considered it as a passing country in which they would remain briefly, but soon after proceeding further north. (Stokłosa, 2018) This condition enabled Hungary to take on a task of being the "protector of Europe" and to keep refugees from entering the Schengen Area. Further on, this led to implementation of strong protective measures through somewhat of a precarious approach discussed in detail in chapter 4.2. (Cantat & Rajaram, 2019)

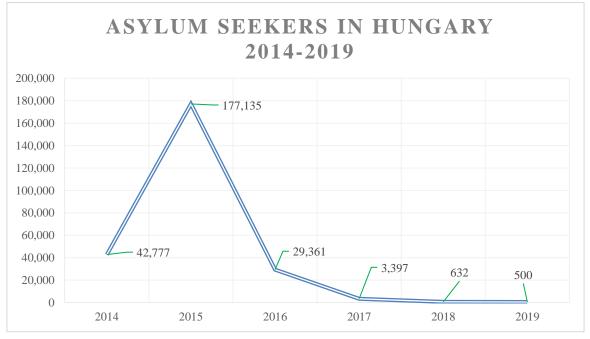


Figure 5: Number of Asylum Seekers in Hungary between 2014 and 2019, self-edited (UNHCR, 2021)

According to the data from UNHCR shown in the graph above, Hungary experienced a significant increase in numbers of illegal migrants arriving in 2015, with the peak reaching 177,135 registrations of refugee seekers in the very first year. (UNHCR, 2021) However, according to the national police records, by fall of 2015 only 47% of illegal migrants that

arrived at Hungary actually applied for asylum. (Simonovits, 2016) It is important to note that many of registrations were not voluntary, but rather backed by Dublin III Agreement which obligated Hungarian government to register those caught on the territory, although Hungary did allow some to pass further into Europe without official registration which also decreased the actual numbers registered in the country. (Kriesi, 2021) Moreover, despite the obligation to register the illegal migrants, the countries are not obligated to accept the applications or automatically grant protection to the applicants. This explains why only 3,053 people were granted protection in Hungary between 2014 and 2019, a devastatingly low number compared to aforementioned numbers of registrations. (UNHCR, 2021) Although Hungary experienced the second highest number of applications in EU in 2015, its acceptance rate was by far smallest compared to other Member States. (Pachocka & al., 2019) This was a result of highly protective policies and measures taken by the government, but also the fact that many applicants left the country by the time the final decision on their application was made. (Tálas, 2020)

The most common countries of origins of the asylum seekers in Hungary include Afghanistan, Iraq, Syria, Iran, and Pakistan, all of which have a greater majority of Muslim population than any other religion. (UNHCR, 2021) The religious diversity in Hungary included less than 0.3% of Muslims based on the census in 2011, (Pew Research Center, 2011) which to a certain extent justifies the reserved attitude towards acceptance and integration of the illegal migrants from those countries. Hungary has been a very homogenous country, with a want to stay such, and lack of religious diversity which directly resulted in less tolerance towards immigrants. Moreover, this allowed the government to use homogeneity as an argument against integration of refugees. (Goździak & Márton, 2018) Another argument that has been made internationally as justification for strict border control both by the Hungarian government, and governments of other Member States, is the potential security risks posed by allowing high numbers of Muslims in Europe due to potential terrorist attacks that could occur throughout the Union. (Goździak & Márton, 2018) However, at least in case of Hungary, the largest demographic group that arrived at the borders and was registered was minors, (UNHCR, 2021) and there has not been any terrorist attacks committed by Muslims in Hungary, making this argument not as strong as originally believed. (UNHCR, 2021)

Illegal migrants that arrived in Hungary did so by passing through Serbia and Croatia. However, unlike the predetermined route through the hotspots created in Greece which were established by island geography, illegal migrants arrived at many points on the southern border and have proceeded north though Hungary following routes which were available and safest at the moment. (Gessler & Tóth, 2021) In the following chapter, this research paper will follow the changes of policies based on the progress of the crisis, which directly affected the development of the crisis on the territory of Hungary.

4.2 Policy making in Hungary during the refugee crisis

Hungary was known for having a very welcoming policy toward refugees that arrived in 1990s from Eastern Germany but has since largely changed its approach to a more conservative outlook, especially since 2015. (Majtényi, 2019) This has been attributed to the change in political environment in the country, which is now governed by a more il-liberal government than before. Furthermore, the refugees arriving in the 90s came from a fairly similar cultural background, while now they bring quite different cultures and religion. (Stokłosa, 2018) With the refugee crisis, immigration policy became an especially important topic in politics, and the Hungarian government maintained strong accent on anti-immigration agenda, making it obvious that the political propaganda goes very closely with the legislation delivered in the country. (Gessler & Tóth, 2021)

Even before the crisis officially struck, the government slowly started putting migration in the focus of the Hungarian politics, promoting Hungarian ethnicity and culture and the threat that inflow of immigrants would pose to this concept. Until then, most of the immigrants that arrived in Hungary were in fact of Hungarian origin from neighbouring countries which is why both the government, and the public, were acceptant of their integration in the society in the past. However, that has changed over time, especially since the introduction of the Fundamental Law, the new amendment to the constitution introduced in 2011. Through the anti-migration campaigns, the government advocated for protection of local jobs, and has promoted its policies as protection from potential terrorist attacks that were occurring infrequently throughout the Union during the period. (Majtényi, 2019) As the government refused any responsibility for the incoming illegal migrants, most of the humanitarian actions were taken by the NGOs and other organisations such as Helsinki Committee in support of the basic needs of asylum seekers both in the cities and on the borders. (Majtényi, 2019)

Those who wanted to enter the Schengen Area and proceed freely to other EU States more often than not had to pass through Hungary. However, due to the Dublin Agreement, those who enter Hungary must also be registered and integrated there which increases obligation of the local government and society. To prevent large numbers of illegal migrants from staying in the country, one of the first big steps made by the government was introduction of a new border policy which allowed it to set up a wire fence in 2015 on the borders with neighbouring Croatia and Serbia. The sole purpose was controlling and minimising movement of illegal migrants north into, and through, Hungary. A few transit zones were established through which refugees were directed, with five to ten allowed to pass through with application each day. Others were kept waiting on the borders in tents which together formed a small camp that held several hundred people at once. (Cantat, 2019) This has significantly reduced the number of illegal migrants that entered the country from the Balkans already in the following year, as shown on Figure 5 in chapter 4.1. However, this protectionist step has also been strongly criticized as an inhumane approach towards those fleeing towards security and freedom, and away from life-threatening danger. (Simonovits, 2016) Hungarian government has argued in response that each EU Member State should have the right to respond to the refugee question on their own territory, without accusations towards others that accept other approaches. (Saatçioğlu, 2020)

A year after the fence had been set up, the government followed up with several other restrictive policies. In 2016, it has launched a national referendum in which it argued against the EU-proposed refugee quota which would put a responsibility on Hungary to host 1,294 refugees. With 41% of eligible voters that casted their vote in the referendum, the results showed that 98% of votes were against the proposed quota which further strengthened the anti-immigrant agenda in the upcoming years. (Gessler & Tóth, 2021) Although this was less than 50% participation required by law, the government considered the referendum a success and further used this instance to promote local policies and overall reject the relocation proposal. (Goździak & Márton, 2018)

The approach taken by Hungarian government was strongly criticized as it was considered inhumane to restrict mobilisation, especially coming from an EU Member State that should carry the core values of human rights protection and equality. The government was also condemned for intimidation of the citizens which resulted in diminishment of demonstrations throughout the country that would oppose the anti-migration approach. The protectionist policies implemented in Hungary were supported by the aforementioned Fundamental Law, which is less inclusive than the general EU approach towards acceptance of illegal migrants. (Majtényi, 2019) Moreover, despite having an especially different refugee-related policies from the EU as a whole and other Member States, Hungary is considered to be supported by

Poland and its fellow members of the Visegrad Group (Czech Republic, Poland, and Slovakia), which follow in the steps towards more illiberal political environment. (Stokłosa, 2018)

Another event that took place in September 2015 in Hungary was the declaration of state of migration emergency (which lasted well into 2019), that gave jurisdiction to the military and local police to use force on the borders against the illegal migrants, as well as criminally prosecute them if they do pass with charges of up to 10 years in prison. (Huber & Wilson, 2015) Those in trials or asylum application processes were held in badly equipped camps with no adequate shelter, and the processes were sped up and almost always resulted in immediate eviction out of the country. (Borton & Collinson, 2017) Moreover, there was no assistance offered to the refugees such as legal assistance or translators, which meant that they could not legally object to the decision made regarding the process. (Huber & Wilson, 2015) In Spring of 2017, new amendments were published to Acts on Asylum, Admission, and State Border among others, which allowed the police and army on the borders to use force and push back the illegal migrants to the Serbian side, without even giving access to the asylum procedure. This move has been deemed as against both EU and international refugee laws by humanitarian organisations and the local civil societies. (Chatterjee & Krekó, 2018)

During the crisis, Hungarian government retained a strict stance towards the matter and has, using media, advocated against acceptance of non-Europeans. The illegal migrants were at first described as economic migrants that are moving to Europe for economic benefits, rather than people running away from danger which was actually the case. Later, being a security threat was also added to this narrative. To support this, the government has launched a National Consultation on Immigration and Terrorism in 2015 which was basically a questionnaire for the Hungarian citizens which was repeated twice more in the following years and was strongly criticised for being purposely creating a link between immigrants and terrorism. This was a part of a bigger securitisation project, which also included large billboards all over the country which had anti-immigration slogans. This further supported the introduction of stricter and more force-oriented laws, as well as the promotion of the electoral campaigns in 2018 as it has influenced the public towards more conservative thinking and feeling of fear. (Pachocka & al., 2019)

The refugee crisis did not drastically change the orientation of refugee-related policies in Hungary with the inflow of migrants at the start of the crisis but has strengthened the ones that were already adopted prior to 2015. The crisis resulted in extensive expansion of protective measures which significantly diminished the impact of the crisis on the country already in 2016. Although the policies were frequently amended in the first few years, the Hungarian economy was not as affected by the crisis as it will be discussed in the following subchapter.

4.3 Effect of the refugee crisis on Hungarian economy

The effects of the refugee crisis on the Hungarian economy are quite different than on the other Member States. Although it is a passing country similarly to Greece, it had the opportunity to approach the management of the refugee crisis in a vastly different way which is why the effects on the economic aspects differ a lot. Not a lot of migrants that arrived in Hungary actually stayed, as most of them proceeded north through Schengen Area towards their destination countries or were deported back to Serbia or their country of origin after unsuccessful asylum application process. Moreover, the restrictive policies including the fence that was set up early into the crisis almost completely reduced numbers that arrived or were delayed on the territory of Hungary after 2015. With under 1000 registrations per year since 2018, most of which were rejected, the numbers of the refugees in Hungary are far too low to leave a long-term impact on the local economy. (UNHCR, 2021)

Having lower numbers of refugees on the long run meant that the public spending on asylum process, basic needs in camps, and integration procedures was significantly lower in Hungary than in other strongly impacted countries such as Greece, Italy, or even Germany. By 2018, the number of registrations plummeted, showing the efficiency of the protectionist approach taken by the government. Consequently, Hungarian government allocated only $\in 0.3$ million from the annual budget for the national asylum system. In comparison, this was only 0.016% of the German budget in the same year. (Kriesi, 2021) However, despite lower expenditure on processing, camps, and integration, the government did increase the expenditure in terms of anti-immigrant campaigns and other protectionist measures for which around €28 million was allocated during the crisis. Practically, this accounts for €70 per registered illegal migrant, approximately the same amount as a welfare check received on monthly basis in Hungary. As a result of such different spending objectives during the crisis, Hungary was strongly criticised for anti-humanitarian approach. Many have argued that the budget could have been allocated in more efficient and humane ways which would provide a more decent life for the refugees who do decide to settle in Hungary, but also those that stayed in border camps waiting for the asylum application decisions. (Goździak & Márton, 2018)

Although the refugee crisis did not leave many permanent effects on the Hungarian economy, it is important to consider the potential effects that have been lost. As mentioned before, Hungary alongside other EU Member States is experiencing an aging population. In 2017, just under 20% of total population in Hungary was over the age of 65 and the percentage is increasing due to low natality rates. Moreover, a significant part of the available highly educated workforce is emigrating to other EU States. Although Hungary's economy appears to be strong despite the refugee crisis, it is considered unstable and, with the constant decrease in available workforce, will eventually reach a crisis. The government is promoting and offering incentives to couples that want to have children as a long-term solution to this problem, but it would take two decades for them to become a part of the workforce. (Tálas, 2020) There are currently thousands of job vacancies that cannot be filled with the available workforce, leading to the only solution being quick integration of immigrants that would be job-ready in a few years, rather than few decades. However, protectionist measures including the anti-migrant campaign have affected the image of employment of refugees, especially as they have been continuously accused of being simply economic migrants that are coming to take Hungarian jobs and social benefits. Due to all above-mentioned factors, long-term impact of the refugees on economic aspects in Hungary can be considered out of reach. (IOM, 2014)

5 CASE STUDY 3: GERMANY

5.1 State of the refugee crisis in Germany

During the refugee crisis, illegal migrants that were arriving to European Union considered Germany as one of the most favourable destination States with high prospects for their future. The reason behind this was the welcoming environment promoted by the local government, with a quick response to the crisis and focus on successful integration of incomers. (Borton & Collinson, 2017)

Although Germany is in the northern Europe, it has experienced a sudden surge of asylum seekers, mostly from Syria, Afghanistan, and Iraq, already in the second half of 2015. (Mediendienst, 2021) Most of the asylum seekers that arrived in Germany came by passing though the Aegean Sea from Turkey, travelling though Greece, Western Balkan, Hungary, and then proceeding north, frequently through Austria. Although this route was the main migratory route during the crisis, there were exceptions to the countries each migrant entered on their way. The second source of asylum seekers in Germany was a result of relocation schemes that were started by the EU during which eligible illegal migrants were transported to countries that were willing to accept them, rather than staying in Greece, Hungary, and Italy that could not provide them with appropriate asylum procedures. (Borton & Collinson, 2017) The relocation schemes were EUs attempt to relieve burden from countries on the frontier of the crisis, and Germany has played a significant role by taking in almost 30% of total relocated refugees in the first two years of the crisis. (Martin, 2017)

In 2015, just under 1 million of illegal migrants arrived in Germany, marking the highest number during the refugee crisis. However, only 476,649 asylum applications were registered in the same year, (Statista, 2021) as shown in the Figure 6 below. Even though Germany was very welcoming from the very beginning, the processing system got overwhelmed quickly, which meant that many had to wait until 2016 to even apply for the asylum. This also explains the apparent peak of applicants in 2016, although numbers of arrivals went down in the same year. (Borton & Collinson, 2017) Moreover, it explains why despite the Agreement with Turkey in 2015 that was intended to limit the number of illegal migrants that reached EU,

Germany continued to experience a rise in applications in the following years by both first time and second time applicants. (Davitti & Chimia, 2017)

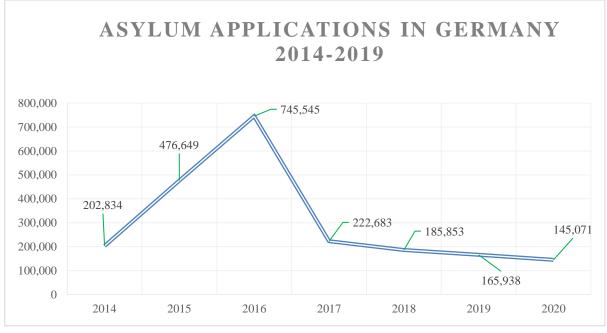


Figure 6: Number of Asylum Applications in Germany between 2014 and 2019, self-edited (Statista, 2021)

In 2020, the number of applications continued decreasing which can partially be explained with the COVID-19 crisis that both slowed down the application process, but also closed many of the borders through which the migration moved since the beginning of the crisis. However, in the same year, Germany had a total of 1.31 million refugees residing on its territory, as well as 450 thousand asylum-seekers and those with tolerant asylum status. (Carter, 2020)

The initial numbers were well above the housing capacity available at the beginning of the crisis, but each German state adapted quickly and provided housing and other necessities. Camps were set up, and the states on south that received the highest number created alternative housing in secure places, even utilising local stadiums. Although the German government was supporting and worked to improve the process, the implementation of programs was supported strongly by volunteers that still play an important part of the crisis management. The asylum seekers were welcomed well by the public, with positive attitudes even during the first two years of the crisis. (Borton & Collinson, 2017) The crisis made a meaningful change on the policy making in Germany, as the government actively continued working on improving the asylum process and benefits, as well as integration and access to job market, all of which will be discussed in detail in the next subchapter.

5.2 Policy making in Germany during the refugee crisis

Although geographically far from the southern regions where illegal migrants were first entering EU, Germany had to immediately start adjusting its asylum policies in response to the refugee crisis by the first year as it was considered one of the main destination State in the EU.

In August 2015, Germany has officially decided to examine the applications of all asylum seekers that arrived without sending them back to the country of first entry as stated in Dublin III Regulations. In most cases, this would be countries such as Greece or Hungary, which were already struggling with the sudden surge in arrivals and were not able to politically or infrastructural support the crisis. Germany has also adjusted its policies to allow everyone, not only first-time applicants, to apply for the asylum. (Sola, 2018) This was only available for Syrian asylum seekers, but they did count as the majority of illegal migrants that arrived in Germany, so the policy still had a significant effect on the migration. (Trauner, 2016) Out of the total asylum applications shown in Figure 6 in subchapter 5.1, between 20 and 40 thousand each year were not first-time applicants, meaning they have already started the asylum application in other EU countries, but have since migrated to Germany and re-applied which was possible due to Germany's decision to disregard the Dublin III regulations. (Statista, 2021)

Germany's internal and external approach towards the refugee crisis was marked with the new moto from 2015 "we can do it", pushed by the leading liberal-conservative party that declared a more tolerant asylum policy to come. This approach further encouraged event more refugees that reached the EU to direct their course towards Germany, despite applying in other countries. (Balabanova & Balch, 2020) Germany was often criticised for this, as many believed that Germany's liberal attitude towards acceptance of the refugees stimulated more refugees to even consider fleeing their countries and proceeding towards EU, and Germany in particular. Practically, it is hard to state would the numbers of illegal migrants that entered EU during the crisis be lower if Germany had not have had an inviting attitude, or it has simply changed the country they moved towards. (Sola, 2018)

Until the beginning of the crisis, Germany has already relied on the EU asylum law and has incorporated in on the national level. However, throughout the 18th legislative period which lasted between 2014 and 2017, the German government has issued 12 laws in which it has covered different benefits and obligations for asylum seekers. It has also polished the reception and asylum procedure and released the list of safe countries of origin. One of the first laws that was adopted was Asylum Package I which was issued by the fall of 2015, and its focus was on

assisting faster integration in the local society, followed by the Integration Act that opened more opportunities for both refugees and the asylum seekers. The final law was the Asylum Package III which was issued in 2016 after several attacks on the locals during the New Year's Eve, raising the question whether it would be possible to fully integrate that many individuals with diverse cultural and religious background. Between the first and the last law out of the 12, the ratio of improvements versus restrictions drastically changed, with the final package having no improvements but 12 new restrictions. This has marked the slow change of pace and a more conservative attitude to the already liberal policy. (Will, 2018)

Although Germany has been considered as very welcoming country during the refugee crisis, it is important to note that there has been division on the approach that should be taken among the political parties in the country which slowly experienced the rise of anti-migrant parties in the parliament. Despite the common attitude of the public and government being open towards migrants, there were several hostile incidents such as the one mentioned in the previous paragraph that slowly affected the opinion on the matter. Liberal policy encouraged positive attitudes, but the rise of more conservative parties and occasional incidents started raising more concerns towards acceptance of illegal migrants, that is refugees, into society. (Sola, 2018)

Nevertheless, German policies supported integration of the refugees throughout the country. The asylum seekers were distributed all through the country based on a quota system with the goal of easier and faster absorption into the local society. The quota followed 1% of the population of each German state, giving more responsibility to those states that can support more refugees, and not overburdening smaller states that could not provide enough jobs or infrastructure needed. (Gürer, 2019)

Bavaria, German state located on the south, was one of the first states to receive illegal migrants due to its geographical position. However, despite following the laws adapted during the 18th legislative period, the local government strongly disagreed with the approach of disregarding the Dublin III Regulations, which they have considered as open doors policy that would invite too many illegal migrants into Germany. (Trauner, 2016) Being second most populated German state, (European Commission, 2021) it was receiving exceedingly high numbers of asylum seekers based on the aforementioned quota system, whilst having a more conservative leading party in the government. This has led to controversial actions in 2019 when some German states including Bavaria started rejecting asylum applications and deporting the refugees although they arrived from countries that were not on the safe country list established

in 2015. The justification was an overburdening of the local society and economy, but this reasoning has been strongly condemned as those states have strong economic capacities, pointing that the issue was of the political environment. This showed that, despite the general welcoming attitude the country shared, inner politics and approach was different and showing division between the states during the crisis. (Casey, 2019)

The integration process that was developed during the 18th legislative period included integration course that taught the refugees' German values, politics, and language. However, the whole asylum procedure has 9 stages and includes every step from the arrival to appeals which, due to bureaucratic nature of the system, took between 6 months and 2 years to be finalised. (Gürer, 2019) Due to this, applicants from countries with higher protection rates such as Syria, Iran, Iraq, and Somalia, were included in the course as soon as they applied for the asylum in order to shorten the integration period, while those from other countries had to wait until their application was accepted in order to start the official integration process. (Will, 2018) However, all applicants, despite their country of origin, were allowed to search for a job only 3 months after applying for asylum, which encouraged them to become more financially independent as soon as they could. (Borton & Collinson, 2017) This was particularly important as, in 2016, a new law was adopted that required the refugees to remain in the country for 5 years, instead of the previous 3, in order to be eligible for permanent residence. The only way this period could be shortened was mastering the language and becoming financially independent, in which case the permanent residence application could be raised after only three years. (Will, 2018)

In most countries, the applicants were either accepted or rejected, but the German policy included another status: "tolerant". This was given to asylum seekers that were not accepted but were also unable to be deported, either because of lack of travelling document, illness, or existing ties with a refugee that is already accepted in Germany. By summer of 2019, there were enough refugees with this status that the government issued new laws which eased their job search and allowed them to stay longer in detention centres as they were in the limbo between deportation and integration. (Casey, 2019)

Despite the strong focus on the improvement of the asylum system in Germany, there are some issues that it was criticized for. One of them was the complexity of the reception system that further complicated provision of help to the incoming asylum seekers and has prolonged the integration time. Furthermore, asylum seekers were grouped since arrival, and were eligible for several types of help at different moments of their process. This was considered discriminatory by those that must wait up to two years before even enrolling in language or specialisation courses, preventing them from becoming financially stable and supporting their families. (Will, 2018) The integration in the local workforce was as important to them as it was for the German economy which was significantly affected by the refugee crisis.

5.3 Effect of the refugee crisis on German economy

Since the beginning of the refugee crisis, Germany was incredibly open towards integration of refugees and their inclusion in the local economy. As much as some countries were closed towards illegal migrants, Germany took an open and welcoming attitude and has attempted to integrate as many refugees as possible. Although a part of the motivation comes from the humanitarian obligation, other part of the welcoming attitude came from recognition of the positive impact integration can have on the local workforce and the economy overall. (Tálas, 2020)

Similar to other countries in the EU, Germany is experiencing a decline in population and consequently a labour shortage with over 1 million open vacancies that cannot be filled with currently available workforce. (Casey, 2019) As the gap is too large to be solved internally, Germany is actively working on successful integration of refugees that would eventually become active parts of the workforce and the society and will continue supporting the economy on the long run. During the asylum process, the documents of each applicant are reviewed, and their skills and qualifications are recognised, if possible, after which they are either given an opportunity for further qualification trainings if needed or are allowed to start searching for a job. Understanding the necessity for the refugees to become part of the active workforce and eventually financially independent, Germany has allowed all asylum seekers to search for a job just after three months from applying for asylum. (Borton & Collinson, 2017) Moreover, German language classes are a part of all integration courses which opens even more professional opportunities at potentially higher skilled positions. (Borton & Collinson, 2017) In 2019, approximately 400 thousand refugees were employed in Germany which accounts for just over one third of total number that arrived by then. This has exceeded expectations even more so as half of them succeeded at getting jobs in a skilled profession, rather than in a lowerwage profession. (Casey, 2019)

Complete and effective integration can certainly cause improvements in the local economy, especially in the long run, but it requires extremely high initial investment in order to reach that point. (Weber & Weigand, 2016) The integration programs that are available in Germany are heavily funded by the German government that has been allocating resources since the beginning of the crisis and has openly planned to continue supporting integration and newly integrated members of the society. Since 2018, the total expenditure for asylum-related support has been over \notin 20 billion each year, with similar financial plans until 2023. The budget covers everything from registration and accommodation to social benefits. (Statista, 2021) However, it is important to note that despite strong government involvement, EU has also been financially supporting the programs, while local and international NGOs as well as the private sectors provided additional financial and operational supports to refugees and asylum seekers since the beginning of the crisis. (Gürer, 2019)

On the other hand, like other countries, Germany experienced some short-term effects of the refugee crisis including rise in the unemployment rate. The rate increased due to sudden increase in the human capital, while only 20% of the refugees get employed in the first two years before the completion of the whole integration process, trainings, and language classes. (Brücker, 2019) However, this is expected to stabilise overtime as newly integrated refugees acquire skills needed for the requirements of the local market. (Weber & Weigand, 2016) Because Germany started integration process since the very beginning of the crisis, the effects on the market are already visible as the employment rate doubled for those that completed the necessary courses and trainings. Despite the positive effects of integration on employment and financial independence of refugees, the integration still requires time and continuous efforts in order to yield positive outcomes. In the first few years, several points were identified that need additional improvements, including the employment gap between men and women, frequently initiated by the cultural background of the refugees. Other improvements include additional mental health assistance needed due to obvious particular circumstances of migration, as well as finding a solution for those that are given a tolerant status and are still residing in Germany without the ability for deportation. Although there are some flaws in the integration system, with further focus on education and adaptation to local cultures and language, Germany has an opportunity to economically benefit from the refugee crisis in the next decade. (Brücker, 2019)

6 DISCUSSION

6.1 Effects of the refugee crisis

Using the EU policy developments and the case study of the three Member States as of 2015, the effects of the refugee crisis on the policy making can be evaluated. Although it is impossible to generalise the effects due to different conditions each of the States, as well as other States that were not considered in this research paper, have experienced, there are some common threads that can be associated as the results of the refugee crisis.

According to the three case studies including Greece as a frontline State, Hungary as a transit State, and Germany as a destination State, it becomes very apparent that the general migration policies that were available prior to the crisis were generally more welcoming and progressive than as of 2015. The refugee crisis had a significant effect on policy making and has strongly influenced the available asylum processes and integration procedures, but the direction of the change evidently depends on several factors that could be identified through the case studies. These factors include level of exposure to the crisis based on geographical location, available financial and operational resources, weaknesses caused by prior crises, demographic diversity, and openness, as well as the inner politics which played one of the most important roles in crisis mitigation.

Combination of these factors led to different responses as those Member States that had weaker economies and more closed political systems turned towards more restrictive policies. Thus, Hungary that had a more stable economy than Greece was able to completely close the borders and prevent migration through, although it was on direct path towards the northern EU. On the other hand, Greece that did not have a stable economy to support restrictive policies to that extent still maintained different ways of slowing down the pour in of the illegal migrants. Finally, Germany as a State with a strong economy could plan ahead and find appropriate policies that would use the situation for the long-run benefit of both itself, and the illegal immigrants.

Considering that all these factors together are detrimental in approaches taken as a result of the crisis, it seems more understandable why the creation of the common EU asylum policy that would suit every State was challenging and non-achievable yet. Moreover, considering the way each country applied, or did not apply as in the case of the Dublin III agreement, the EU asylum policies, it is also understandable why the effects of the crisis were so different among the

States, and why the development of the policies moved in different direction. Unfortunately, due to such wide diversification of the EU Member States, the gap between the EU-level and Member State-level asylum policies has grown wider as local government proceeded to operate based on local needs as the effect of the crisis.

In practice, the most evident effect of the refugee crisis on the policy making across the EU is the rise in protectionist measures, even in case of States with progressive and welcoming policies that eventually had to introduce certain restrictions to its asylum procedures. However, the biggest effect of the crisis was deepening of the division across the EU among the Member States which will have different consequences that will determine their local policies and economies in the future.

Furthermore, the effects of the refugee crisis on the economies are linked to the types of policies that were introduced with the start of the crisis and therefore differ from State to State. However, there are common short-term effects that could be identified across the EU, including increase in government expenditure, rise in unemployment proportionate to the rise in integration, and exhausted public services such as the health system. The short-term effects stabilise over time, but this strongly depends on the types of asylum policies. Countries with inclusive and supportive policies would transfer these short-term effects into potential positive long-term effects that would mend the labour force gap experienced in the EU. Countries with very protectionist policies would experience some of the negative short-term effects, but due to closed policies, the potential long-term effects are out of reach. The third, and most important effect was on the countries that have lower economic capacity as the short-term negative effects cannot be reflected as long-term positive effects due to lack of financial and\or operational support and will maintain negative even in the future.

As was shown with the increase of the actual crisis mitigation budget compared to the planned one, the expenses of integration and provision of necessary goods and services cannot be precisely predicted for the future. However, what can be understood from the case studies is the importance of proper asylum programs that focus on re-education, certification, local language, and culture, as this directly showed to be the most effective way of introducing the refugees into the local economy and taking an advantage of the effects of the crisis. This, of course, takes both high financial and operational support, as well as longer period, making it unclear yet to which extent countries can, through progressive policies, countries succeed at getting the positive effects of the crisis on the long run. What does appear to be the case is that a strong focus on integration policy development is crucial for long-term effects to be feasible. Moreover, it is important to note that because this migratory movement is still a very recent and ongoing crisis, there could be hidden long-term economic effects that cannot be predicted based on the current data. If anything, it is understandable why stable economies can cope better and plan for the long-run benefits, while the States with weaker economies cannot handle short-term negative effects enough to think further ahead. In addition to this, weakening of the country's political and economic aspects by the crisis made mitigation of future crises harder, such as was the case with Covid-19. Finally, one of the lasting effects of the crisis was strengthening and reliance on cooperation between NGOs and the governments in more successful crisis mitigation, which can prove to be an important relationship the countries would have to rely on for future crises.

6.2 Approach taken by the EU and Member States

Before coming to conclusions, what also must be considered is the obvious problems that came up to the surface with the start of the crisis which were then simply extended with the development over the course of the past six years. Although it is impossible to expect countries to perfectly react and develop their policies in the best possible way as for each country that means something completely different, there are some obvious mistakes that were caused by the crisis.

What is often considered is could the effects of the crisis have been lesser is the EU and its Member States actually worked to resolve the issue that ignited the migration, rather than trying to avoid or diminish the negative effects locally. One of the biggest setbacks that caused such strong effects of the crisis was the lack of union throughout the European Union when it comes to policies that can be used to diffuse the situation locally. One of the best examples is the use of Dublin III Agreement that, although it was signed by all member States, most of them found a way to navigate out of its obligations for its own benefit. Although the first thought in this case might go to Hungary and Greece that completely disregarded the agreement, Germany who is often considered the saviour for taking in large numbers of refugees also had to back out of the agreement temporarily in order to help mitigate the effects of the crisis. This only goes to show that if each country can find an excuse of backing out of a crucial agreement such as this one, it is not the best solution for the issues the EU is facing at that time. Although EU is aware that the Dublin III agreement is not the best solution and that more flexible mitigation

tools should be available for States based on their financial and operational resources and the exposure to the crisis, it is apparent that a common European asylum system is not a feasible solution either.

Another problem that arose with the start of the crisis is the variations in policy making that resulted in completely different protection rates across the Member States. Considering that acceptance of an asylum application should depend on the security issues that are occurring in their country of origin, and the fact that there is internationally recognised list of safe countries, the differences in protection rates add to potentially inhumane protectionist approaches taken during the crisis. Moreover, use of the policies in order to manipulate the situation in favour of local political stance or changing policies too frequently that the response cannot be established in time is most definitely an in-humane approach to treating the crisis.

Furthermore, although the refugee crisis had a direct impact on the EU, the approach taken by individual States in policy making had a return impact on the crisis and the EU as a whole. In this sense, Germany having a quite different approach to the crisis that was supported by local policies highly likely caused an increase in the migrations which even more negatively affected countries with higher vulnerability to the crisis. United and common asylum policy, or even a direction of policy making, is therefore necessary for the actual effects of the crisis to be shared evenly across the EU, especially considering that the relocation schemes never completely achieved their goal of relieving stress from mostly impacted countries. However, the goal of a fully harmonised asylum system deems impossible under current conditions, enabled by the significant differences in cultures, policies, and economic capabilities of Member States.

Lastly, the allocation of funds throughout the crisis by both the EU and the local government can be put in question. As mentioned earlier, focusing on protective measures weakens the States, but also endangers those in need of protection. Therefore, working on a solution that would decrease their need for protection should have been considered the main goal of crisis mitigation, rather than avoidance of responsibility over the illegal migrants. Moreover, if the allocation of funds were directed more towards successful integration from the beginning of the crisis until now the medium-term benefits could already be felt in more States.

Although the effects of the crisis cannot be reversed, the refugee crisis should invoke change by the EU and local economies towards a more positive and united approach and prevention of negative effects in case of future crisis of similar nature. Therefore, in order to create a successful common asylum policy, the bipolarity of the EU should be taken into consideration, as well as the factors that influence the effects of the crisis locally.

Positive policies that could be implemented based on experiences from the case studies which would benefit all States are implementation of population-based quota that would prevent the States from getting overburdened beyond their capacities. Through relocation of funds and focus on expanding existing programs that serve to document, educate, and help the asylum seekers and refugees, faster positive results can be achieved, and full integration can be possible at lower starting costs. Moreover, what could be seen is the positive return on education investment, with results in only a few years since arrival. But, the education of local society is also crucial as the understanding of the available policies, benefits, and obligations, as well as the difference between economic migrants and refugees can be beneficial for the support system the government needs in order to execute the policies.

7 CONCLUSION

This research paper has considered the way in which the EU has dealt with the refugee crisis since 2015 through funding and policy making, as well as taken in consideration three case studies through which it evaluated the actual and potential effects of the crisis on individual Member States. The goal of the research was to answer the question of what are the effects of the 2015 refugee crisis on policy making and the economy of the EU and its Member States? Evaluation of the EU Member States Greece, Hungary, and Germany offered an insight into the amplitude of the influence the crisis exerted on the EU which consequently effected the development of local and EU policies and further effect on the economies.

The research has shown that on State-level, the effects of the crisis on policy making is dependent on several factors: exposure to the crisis, financial and operational capacity, economic stability, demographic diversity and openness, and local political environment. Furthermore, the research identified that the effect on the economies is intricately connected to openness of the local asylum policies. The evaluation allowed for division of the short-run and long-run effects of the refugee crisis on the economic aspects of the EU and its Member States. Although at first the States would experience negative effects such as high government expenditure, rise in unemployment, and exhaustion of public services, the effects have the potential to turn into positive long-run effects if the policies support complete integration procedures. However, the main effects of the crisis on the EU as a whole include a shift towards more protectionist policies, and the overall increase in differentiation among the Member States.

Finally, there are some limitations to the research that must be noted. It has considered only three Member States of the EU as representatives due to the scale of research and availability of local data. Although generalisation of the effects is possible with the given sample, there are certain effects of the crisis that could have been looked over if the State was not chosen. Moreover, the crisis is a recent issue that is still under development which means that the long-term issues cannot be known, and therefore the current policies cannot be truly evaluated for their effectiveness. This research could be enhanced with further consideration of other Member States, as well as consideration of the development of economies and policies over a longer period as the crisis unravels.

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