



To the point!

Cross-Asset- and Strategy-Research

Germany needs better migrant integration

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Education is key to integrating refugees into the job market

No topic is debated as passionately in Germany as immigration. Since the recent state elections in East Germany the intensity of the discussion has increased further. Both the far-right Alternative for Germany (AfD) and the left-conservative BSW have succeeded in stoking fears of cultural identity loss and advocate for a "raise the drawbridge" policy, essentially calling for the strictest possible immigration controls. I am astonished at how the hitherto fruitless attempts of established parties to engage in fact-based discussions are unfolding. I can't rid myself of the feeling that not everyone is genuinely interested in finding solutions, but rather in keeping the problem simmering until the federal elections next year. How one might believe this could possibly curb the seemingly inexorable rise of populist parties is beyond me.

Social integration often fails

But that's not the main point here. What concerns me, and what is discussed far less, are the deficits in the social integration of foreign nationals already in Germany. When it comes to integrating into the job market and schools, Germany can learn a lot from its neighboring countries.

Many could work but aren't allowed to

Particularly at the beginning of their stay, various institutional hurdles like asylum procedures, employment bans, and residency requirements hinder the labor market integration of refugees. Often, authorities and chambers do not recognize foreign professional qualifications: only 30% of refugees with a university degree in Germany work in jobs that match their qualifications. By the end of 2023, only about 25% of Ukrainian refugees of working age were employed in Germany. For the Netherlands,

Learning from European neighbours

Denmark, or Poland, the figures are around 40%, and for the UK close to 55%.

Ukrainian refugees are by and large well educated. Yet, in 2023, more than half of the Ukrainian participants did not pass integration courses successfully, either failing the final exams or dropping out early. Language barriers remain the biggest obstacle. The Federal Audit Office in Germany rightly calls the results "sobering." For those who fled to Germany between 2015 and 2019, language support has already proven to be a crucial factor. Eight years after arrival, the employment rate is still only two-thirds (see Fig. 1).

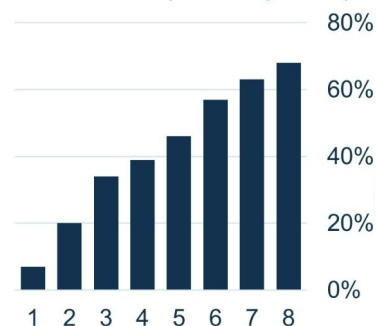
Children of immigrants lag behind in school

Lack of German language skills also seems to result in children with immigrant backgrounds performing particularly poorly in international comparisons (see Fig. 2). "Immigrant students in Germany have lower reading proficiency compared to most other European destination countries," according to a recent OECD report on the state of immigrant integration. And the trend has been clearly negative since the refugee crisis began in 2015. Investing in education and giving the weakest a head start pays off over decades, as experience shows. Also for society at large!

What needs to change now

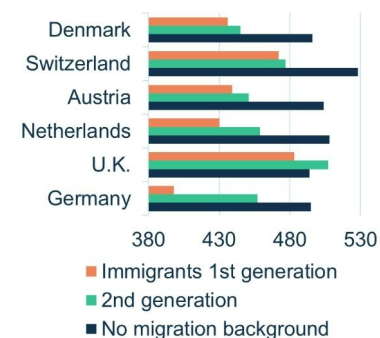
Unsatisfactory integration is not only economically damaging, given that there is a significant need for workers. It also has devastating effects on social cohesion, as recent election results demonstrate. It is in Germany's best interest to turn the integration of those who are here and are likely to stay into a success story. This requires a rapid reduction of bureaucratic obstacles and more integration offers. Yes, this will require some taxpayer money. But failed integration of hundreds of thousands of people will be financially and socially far more costly.

Fig. 1: Employment ratio of refugees by years of residence (18-64 years)



Source: German Institute for Employment Research, LBBW Research

Fig. 2: Avg. Points at PISA Maths Test 2022



Source: OECD (OECD average for immigrant children: 435)

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