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Migration in Austria after the Fall of the Iron Curtain

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Abstract

This article addresses the impact of the fall of the Iron Curtain on migration and migration policy in Austria. The introduction explains Austria's reasoning for prioritizing trade over migration policy relative to the Central and Eastern European countries after the fall of the Iron Curtain. This decision was a paradigm shift, abandoning the guest worker model of migration and introducing immigration legislation with family migration as a core element. The legislative reforms brought about changes in all areas of migration governance. Despite the restrictive policy stance toward migration, in-migration gained momentum to the extent that, by 2022, Austria had one of the highest shares of migrants in its population in the European Union. As the official understanding of Austria is to be an immigration country by chance rather than by choice, it has consequently been unable to develop the necessary instruments to promote innovation and economic growth with the help of migrants. Instead, restrictive policies that guide the settlement and integration of migrants in general, and of asylum seekers in particular, may jeopardize social cohesion and the sustainability of economic growth.

Keywords: migration; migration policy; Central and Eastern Europe; migrant categories; Iron Curtain

Introduction

This article provides insight into Austria's reasoning for adapting its socio-economic policy mix and its migration policy regime to changing external political and institutional circumstances. The fall of the Iron Curtain 1989/90 was one such game changer, Austria's membership in the European Union (EU) in 1995 another, and the increasing refugee inflows from distant countries in 2015/16 a third. While the first led to the abandonment of the guest worker model, the second introduced free mobility of labor for EU member states, and the third triggered a major change to asylum legislation. Further, the article focuses on the impact of migration on demographic developments, the skill composition of the work force, and the innovative capacity of Austria's society. The article draws attention to the important role of the historical context of migration flows, i.e., its path-dependence, as well as to drivers of migration such as family migration, and to the increasingly limited national, institutional, and political possibilities available to control and manage migration. The article points to migrants' different propensity to settle in Austria by source region: EU-migrants tend to reside only for short periods in response to economic pull factors within the EU, while migrants from outside the EU tend to settle for longer duration. In this context, the inflow of refugees and displaced persons received particular attention by the authorities, contributing to a reform of the asylum system. By demonstrating how migration shapes society in more ways than one, this article argues for a wider awareness of how legislation regarding migration impacts in-migrants' ability to integrate within society. Migration policy that incorporates both integration policy and migration policy serves society by ensuring social cohesion as well as economic growth.

Changes in Migration Policy Triggered by the Fall of the Iron Curtain

The fall of the Iron Curtain marked the beginning of Austria's new era of economic, social, and political relations with Central and Eastern European countries (CEECs), many of them members of the

former Habsburg Empire. One of the first results of the opening of borders was a substantial inflow of labor migrants to Austria. Employment conditions were good as German reunification raised Austrian exports to Germany, since the latter had reached limits of production capacity as a result of the high, unmet demand for “Western” goods and services by former East Germans. Austria profited from this high consumer demand in Germany, as did the Netherlands and other of Germany’s important trading partners.¹ As a result, Austria’s economic development did not follow the international pattern of an economic downturn that had set in by 1988. Instead, Austria could prolong its economic upswing, which was driven by increasing exports to Germany and CEECs that were in transition from command economies to market economies. In 1990, Austria met four of the five objectives of economic policy, namely improvements in economic and employment growth, in the current account (transactions with the rest of the world, such as net trade in goods and services, and international capital transfers), and the national budget.² Only the inflation rate did not remain stable as increased demand for housing and infrastructure by the newly arrived migrants raised prices for housing and consumer goods. It was this rising inflation because of increased migration from CEECs, together with the loss of the competitive stance of labor-intensive manufacturing industries in Austria, that turned the tide against migration and in favor of increasing economic integration with CEECs. Before the fall of the Iron Curtain industrial competitiveness had been ensured and sustained by the recruitment of large numbers of guest workers.³ But the opening-up of CEECs offered new options for economic development beyond migration, namely by investing in CEECs, outsourcing production units across borders, and integrating the neighboring countries into value-added chains via increased inter- and intra-industry trade. Accordingly, Austria decided against increased migration and was in favor of international trade to promote its economic and productivity growth.⁴ The belief was that trade was a win-win situation while migration, in particular, the settlement of new migrants in Austria, was seen as a challenge for social cohesion, given that integration policies were not then on the political agenda.⁵ It was, therefore, consistent for Austria to become party to the Europe Agreements and in so doing to embrace trade liberalization, even though, in 1991, Austria was not yet a member of the EU. The agreements between the European Community on the one side and the Czechoslovakia Federative Republic, Hungary, and Poland on the other were signed in December 1991, followed in 1993 by similar agreements with Romania and Bulgaria. This policy decision resulted in unprecedented levels of Austrian foreign direct investment in CEECs.⁶ Also, substantial economic restructuring set in, contributing to a gradual process of regional specialization along value-added chains.⁷ Austria tended to invest in capital-intensive

¹Fritz Breuss, “Deutsche Wiedervereinigung verlängert Konjunkturaufschwung,” *WIFO-Montatsbericht* 64, no. 4 (1991): 164.

²George J. Stigler, “The Goals of Economic Policy,” *The Journal of Law & Economics* 18, no. 2 (1975): 283–92; Gunther Tichy, “Die Ziele des Magischen Fünfecks: Bedeutung, Messung, Tradeoffs,” in *Konjunkturpolitik. Springer-Lehrbuch*, ed. Gunter Tichy (Berlin, 1995), https://doi.org/10.1007/978-3-642-97642-1_5. The economic policy goals of the 1970s (full employment, economic growth, stable prices, and a fair income distribution) were expanded in the 1990s by the achievement of an internal and external balance, and in the 2000s by policies ensuring climate sustainability. See Mohammed Basheer et al., “Balancing National Economic Policy Outcomes for Sustainable Development,” *Nature Communications* 13, no. 5041 (2022): <https://doi.org/10.1038/s41467-022-32415-9>.

³Gudrun Biffl, Anna Faustmann, and Isabella Skrivanek, *Satisfying Labour Demand through Migration in Austria. Study of the National Contact Point Austria in the European Migration Network* (Vienna, 2011), https://publications.iom.int/system/files/pdf/satisfying_labour_demand_through_migration_en.pdf.

⁴Peter Egger, Michael Pfaffermayr, and Yvonne Wolfmayr-Schnitzer, “The International Fragmentation of Austrian Manufacturing: The Effects of Outsourcing on Productivity and Wages,” *The North American Journal of Economics and Finance* 12, no. 3 (2001): 257–72, [https://doi.org/10.1016/S1062-9408\(01\)00051-1](https://doi.org/10.1016/S1062-9408(01)00051-1).

⁵Austria implemented migrant integration policies in its national policy-portfolio upon the request of the European Commission as late as 2009; all EU member states then had to develop national action plans for integration. For more see European Commission, “Action Plan on the Integration and Inclusion,” https://home-affairs.ec.europa.eu/policies/migration-and-asylum/legal-migration-and-integration/integration/action-plan-integration-and-inclusion_en; Bernd Brünner, Martin Kienl, Philippe Kupfer, and Nattalie Wojtarowicz, “Vom Nationalen Aktionsplan für Integration zum Integrationsbericht 2011,” *SIK-Journal – Zeitschrift für Polizeiwissenschaft und polizeiliche Praxis* 4 (2011): 20–27, http://dx.doi.org/10.7396/2011_4_B.

⁶Yvonne Wolfmayr, “Österreichs Direktinvestitionen in Mittel- und Osteuropa,” *WIFO Monatsberichte* 83, no. 2 (2010): 163.

⁷K. Aiginger et al., *Specialisation and Geographic Concentration of European Manufacturing*, Working Paper No. 1, DG Enterprise, European Commission (Brussels, 1999); K. H. Midelfart-Knarvcik et al., *The Location of European Industry*, DG

production processes in Austria and skill-intensive production in CEECs, given the scarcities of skilled labor in Austria and their abundance in CEECs.⁸ But Austria also transferred standardized production processes of labor as well as resource-intensive industries to CEECs, given the production cost advantage of CEECs due to lower wages and large skilled labor resources.⁹ The investment involved the relocation of machinery and production units as well as green field investment. In what followed, not only did the value of traded goods and services with CEECs increase from the early 1990s onward, but the composition of traded goods and services also changed.¹⁰ Today, the production of goods in CEECs is largely vertically integrated with those produced in Austria and other EU-Member States (EU-MS).

In the event of the Eastern enlargement of the EU in 2004, Austria and Germany both introduced transition regulations to limit labor migration from these new EU-MS while at the same time investing heavily in their economic development. The objective was to thereby speed up the economic catching-up process of the new EU-MS. Policy preference was given to increased trade rather than migration, resulting in economic restructuring and integration of production processes in the “old” and “new” EU-MS. This strategy stood in stark contrast to the policy choice of the United Kingdom (UK) and Ireland, which opted for labor migration while hardly increasing trade with and investment in CEECs.¹¹

On the migration front, the guest worker recruitment model, which had been implemented in the early 1960s, driven by labor scarcities and administered by the social partners,¹² was replaced by immigration legislation in the early 1990s, largely following the example of the United States of America (USA).¹³ The objective was to better control the inflow and settlement of migrants. But in 1991, war broke out in Yugoslavia and large numbers of refugees crossed the border to Austria (see Figure 1).¹⁴ While net migration inflows had more than doubled in 1989 to 58,800 (+129 percent

ECFIN, Working Paper No. 142, European Commission (Brussels, 2000); Gudrun Biffl and Mark Knell, *Innovation and Employment in Europe in the 1990s*, WIFO Working Paper No. 169 (Vienna, 2001); Gudrun Biffl, “The Role Accorded to Trade and Migration in EU Enlargement: Impact on the Labour Market,” in *L'Allargamento da 15 a 25 Paesi rafforzerà L'Unione Europea?* (Milan, 2005).

⁸Dalia Marin, *A Nation of Poets and Thinkers – Less So with Eastern Enlargement? Austria and Germany*. Center for Economic Policy Research Discussion Paper No. 4358 (London, 2004).

⁹Peter Havlik, “Labour Cost Competitiveness of Central and Eastern Europe,” in *The Competitiveness of Transition Economies*, OECD Proceedings (Paris, 1998), 159–78; Gudrun Biffl, “Migration, Labour Market and Regional Integration: The Role of the Education System,” in *Migration, Free Trade and Regional Integration in Central and Eastern Europe*, Schriftenreihe Europa des Bundeskanzleramts (Vienna, 1997).

¹⁰Jan Fidrmuc, Christian Helmenstein, and Peter Huber, “East-West Trade in Transition: The Case of Austria,” in *The Economics and Politics of International Trade. Freedom and Trade, Volume II*, ed. Gary Cook (London, 1998), 217–35.

¹¹Herbert Brücker et al., *Labour Mobility Within the EU in the Context of Enlargement and the Functioning of the Transitional Arrangements. Final Report* (Nuremberg, 2009), https://doku.iab.de/grauepap/2009/LM_finalreport.pdf.

¹²The Austrian social partnership concept was established in the aftermath of WWII, engaging, on a voluntary basis, five major interest groups in policy decisions: the chamber of labor, the unions, the chamber of commerce, the chamber of agriculture, and the association of agricultural workers, i.e., the interests of labor, industry, and farming. This construct resolved conflicts of interest on a consensus basis, documenting the capacity of self-governance during the occupation of Austria by the allied forces—USA, Great Britain, France, and the Soviet Union. See Robert Gilbert, “Austria’s Social Partnership: A Unique Extralegal System of Labor-Management Cooperation,” *The Labor Lawyer* 3, no. 2 (1987): 311–22; Emmerich Talos, “Sozialpartnerschaft: Ein zentraler Gestaltungsfaktor im Österreich der Zweiten Republik,” in *100 Jahre Arbeitsmarktverwaltung. Österreich im internationalen Vergleich*, eds. Mathias Krempel and Johannes Thaler (Vienna, 2017), 159–83.

¹³The reforms introduced family migration—and thus an “immigration multiplier,” which had not been part of the guest worker model. See Jessica Vaughan, *Immigration Multipliers. Trends in Chain Migration*, Center for Immigration Studies (Washington, DC, 2017), https://cis.org/sites/default/files/2017-09/vaughan-chain-migration_1.pdf. The Foreign Worker Law of 1990 (*Ausländerbeschäftigungsgesetz*) (BGBl. Nr. 450/1990), was followed by the Asylum Law, the Residence Act, and the Alien and Passport Act in 1992 (BGBl 839/1992). See https://www.ris.bka.gv.at/Dokumente/BgblPdf/1990_450_0/1990_450_0.pdf; https://www.ris.bka.gv.at/Dokumente/BgblPdf/1992_839_0/1992_839_0.pdf.

¹⁴The term “refugee” is used here in a generic sense; over time it has taken on more specific meaning. For an overview of the history of refugees and asylum seekers after World War II see Maximilian Graf and Sarah Knoll, “In Transit or Asylum Seekers? Austria and the Cold War Refugees from the Communist Bloc,” in *Migration in Austria*, eds. Günter Bischof and Dirk Rupnow (New Orleans, 2017), 91–112.

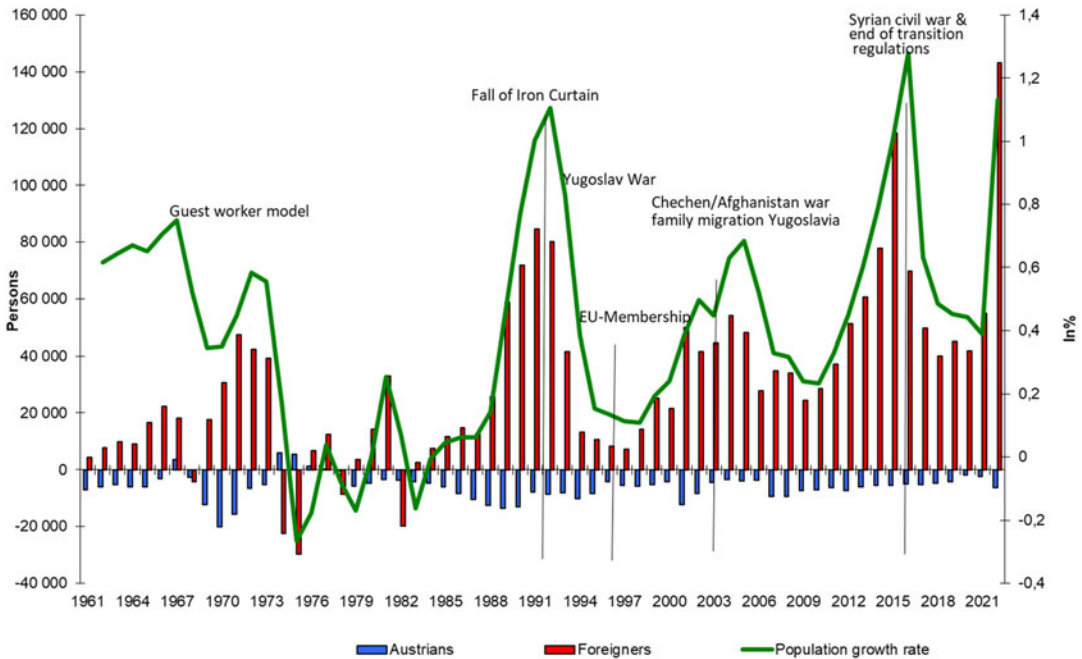


Figure 1. Net migration and population growth rate (in percent) in Austria: 1961–2022.
Source: Statistics Austria.

vs 1988), rising to 71,700 in 1990 as a consequence of the Iron Curtain's fall, the inflow of refugees from former Yugoslavia drove the figures up to 84,700 in 1991 and 80,100 in 1992.¹⁵ As it was no longer feasible to promote the emigration of refugees with the help of the International Organization for Migration (IOM) and the United Nations High Commissioner for Refugees (UNHCR) to other parts of the world, which had been the norm in previous situations of mass inflows of refugees, Austria allowed the refugees access to the labor market.¹⁶ This facilitated their integration and eventual settlement in Austria, as did the safety net provided by former guest workers, who had already settled in Austria and who were largely of the same ethnic-cultural background as the refugees.

In this context, one must draw attention to the Austrian guest worker recruitment scheme, adopted in 1961, that was modelled on the Swiss seasonal worker program.¹⁷ The guest workers were to alleviate projected temporary labor shortages that were seen to jeopardize Austria's economic growth potential. They were also to counter the outflow of highly skilled Austrians, which had resulted from social security agreements signed with other European countries in the early 1960s.¹⁸ The guest worker scheme was based on bilateral temporary labor migration agreements without any legal option for a family reunion, except in cases where the family members themselves were guest workers.

The agreement was signed with Turkey in 1964 and with Yugoslavia in 1966. Because Austria had a special relationship with Yugoslavia stemming from the times of the Habsburg Empire, Yugoslavs were

¹⁵Gudrun Biffl, "Auswirkungen des Ausländerzustroms auf den Arbeitsmarkt." *WIFO-Monatsbericht* 65, no. 10 (1992): 526–35.

¹⁶Gernot Heiss and Oliver Rathkolb, eds., *Asylland wider Willen. Flüchtlinge in Österreich im europäischen Kontext seit 1914* (Vienna, 1995).

¹⁷The agreement was reached by the presidents of the Chamber of Commerce (Raab) and the Federation of Trade Unions (Olah), referred to as the "Raab-Olah-Abkommen." See Ilse Reiter-Zatloukal, "Ausländische Arbeitskräfte in Österreich – Die rechtsgeschichtliche Entwicklung der Arbeitsmigration seit der Frühen Neuzeit," in *100 Jahre Arbeitsmarktverwaltung*, eds., Krenpl and Thaler, 115–59.

¹⁸Gudrun Biffl, *Migration and Labour Integration in Austria*. SOPEMI Report on Labour Migration Austria 2020–22 (Krems, 2023), <https://door.donau-uni.ac.at/open/o:3028>.

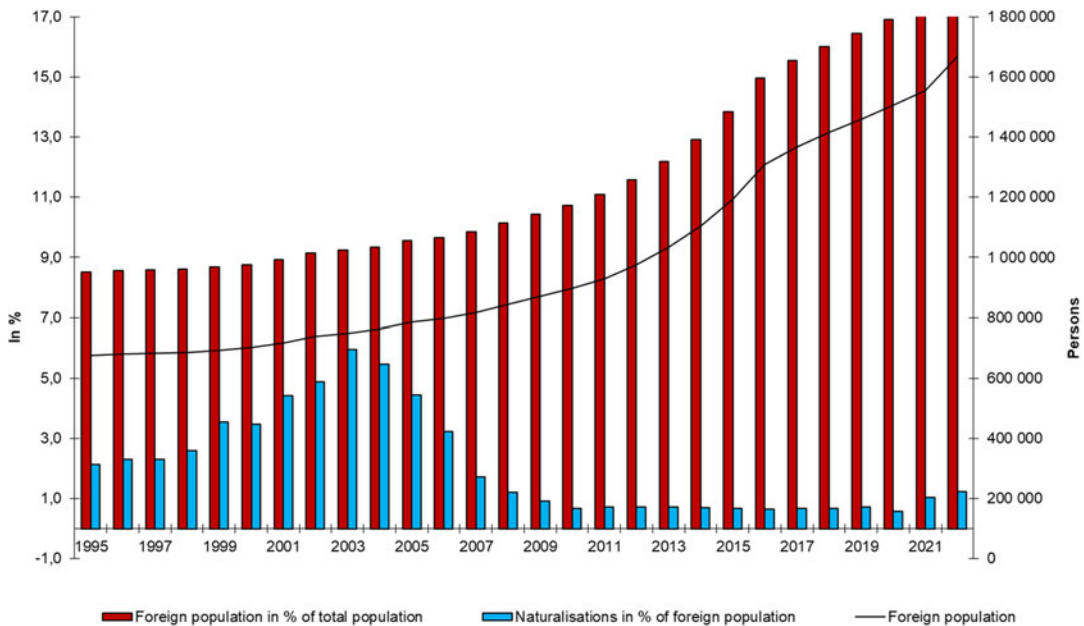


Figure 2. Development of foreign population relative to total population in Austria and naturalization rate: 1995–2022. Source: Statistics Austria.

already working in Austria before the agreement. This may explain why the great majority of guest workers came from Yugoslavia. In 1971, more than two-thirds of guest workers in Austria were from regions of former Yugoslavia, largely Serbia and Bosnia-Herzegovina, and only 13 percent came from Turkey. The rather limited inflow of Turkish “guest workers” may, to a certain extent, be due to a longstanding public discourse denigrating Turkish Muslims for various reasons, as Andre Gingrich points out.¹⁹ By 1990 the share of Turkish guest workers had increased to 23 percent, while the share of Yugoslavs had decreased to 51 percent.

In view of accession to the EU in 1995, Austria increasingly restricted in-migration, instead propagating the integration of those already living in Austria. As a consequence, net-immigration of foreigners reached an all-time low of 7,100 in 1996. This was the year in which the Federal Minister of the Interior (Caspar Einem) brought the integration of migrants to the policy agenda of his ministry. This policy initiative is reflected in an amendment of the alien law (the *Fremdengesetz* of 1997) promoting labor market integration of migrants and their family members who had resided in Austria for a longer period of time, in particular those who had arrived in Austria before 1992.

It was not until the late 1990s and early 2000s that immigration gained momentum again. This upswing was sparked by various factors: increased refugee inflows largely as a result of the wars in Chechnya, Afghanistan, and Kosovo and increasing numbers of labor migrants and their families from CEECs. Another factor that prompted increased inflows of foreigners was the echo-effect of the large population inflows of the late 1980s and early 1990s: many migrants from CEECs and former Yugoslavia became eligible for Austrian citizenship after ten years of legal residence. Accordingly, the naturalization rate (naturalizations as a percentage of foreign population) peaked at 6 percent in 2003 (see Figure 2); a side effect of the acquisition of Austrian citizenship was an easier entry of family migrants, and family migration accordingly gained momentum. Perhaps not surprising, Austria tightened its citizenship law in 2005 as a consequence.

¹⁹Andre Gingrich, “Frontier Myths of Orientalism: The Muslim World in Public and Popular Cultures of Central Europe,” in *MESS. Mediterranean Ethnological Summer School 2* (Ljubljana, 1996), 99–127, https://www.academia.edu/1229990/Frontier_Myths_of_Orientalism_The_Muslim_world_in_public_and_popular_cultures_of_Central_Europe.

Nonetheless, the Austrian population continued to grow, largely due to migration. Between 1989, the year of the fall of the Iron Curtain, and 2022, the population grew by 1.4 million (+18.8 percent) to 9.1 million inhabitants. In total, 91 percent of that growth is attributable to migration. Accordingly, the share of foreign citizens in the total population increased over that period from 4.9 percent to 18.4 percent. The share of foreign-born individuals in the total population rose from 12 percent in 2002 to 20 percent in 2022.²⁰

Restrictive Migration Policy for the New EU-MS in Central, Eastern, and Southeastern Europe

With the eastern enlargement of the EU in 2004, Austria experienced increased inflows of migrants from the EU8 (Poland, Latvia, Lithuania, Estonia, Czech Republic, Slovakia, Hungary, and Slovenia), even though transition regulations were put in place. This was because the Austrian transition regime did not completely restrict access to the labor market for citizens of the new EU-MS (NMS). Austria continued to apply its immigration regime which—after Austria’s EU-membership in 1995—could only be applied to third-country citizens. The latter are defined as individuals who are not citizens of the EU or of another country of the European Economic Area—EEA (Iceland, Liechtenstein, Norway) or of Switzerland. This meant that citizens of the NMS were treated as third-country citizens for as long as transition regulations applied (for the EU8 until 2011, for EU2—Bulgaria and Romania—until 2013, and for Croatia until 2020).

Austria targeted highly skilled workers and in particular skilled workers in shortage occupations, giving preference to citizens of the NMS who had already worked in Austria before EU enlargement. Migrant workers from the NMS who had already resided in Austria before 2004 as well as their family members got free mobility rights (*Freizügigkeit*) straight away. Most migrant workers from the NMS were from Poland, followed by Hungary, Slovakia, Slovenia, and the Czech Republic, partly due to the social network of refugees from these countries who had settled in Austria.²¹ In consequence, Austria received more migrants from the NMS than Sweden, a country that had offered free mobility from the very beginning without imposing transition measures.²²

While labor migration from the NMS to Austria was restricted by transition regulations, cross-border activities of single entrepreneurs as well as service providers experienced significant increases, as they did not fall under the transition regulations of labor migration given that services mobility was one of the pillars of the Single Market. The majority of service providers were from Poland (as posted workers),²³ while the wave of new self-employed came, in contrast, from the neighboring countries Hungary and Slovakia, and from 2007 onward also from Romania and Bulgaria,²⁴ many of them serving as in-house care workers for the elderly.²⁵

²⁰Data on foreign-born are available from Statistics Austria only since 2002.

²¹Graf and Knoll point out that a fairly small proportion of refugees who entered Austria from Hungary (p. 97), Czechoslovakia (p. 99), and Poland (p. 101) settled in Austria. See Graf and Knoll, “In Transit or Asylum Seekers?”

²²European Integration Consortium (IAB, CMR, FRDB, GEP, WIFO, wiiw), *Labour Mobility Within the EU in the Context of Enlargement and the Functioning of the Transitional Arrangements*, European Commission (contract VC/2007/0293), Final report, Nuremberg 2009, Table 4.1 (24).

²³A “posted worker” is an employee who is sent by his employer to carry out a service in another EU-MS on a temporary basis, in the context of a contract for services, an intra-group posting, or a hiring out through a temporary agency. For more see Torben Krings, “Posted Workers in Österreich: Grenzüberschreitende Entsendearbeit im Spannungsfeld von offenen Märkten und (supra-)nationaler Regulierung,” *Österreichische Zeitschrift für Soziologie* 44, no. 1 (2019): 21–41, <https://doi.org/10.1007/s11614-019-00322-x>; Gudrun Biffl, “Workers Rights and Economic Freedoms,” in *Entwürfe für die Zukunft von Wirtschafts- und Sozialpolitik*, eds. Markus Marterbauer and Christine Mayrhuber (Vienna, 2009), 133–37, <https://emedien.arbeiterkammer.at/viewer/api/v1/records/AC15130321/files/source/AC08193067.pdf>; Frederic De Wispelaere, Lynn De Smedt, and Jozef Pacolet, *Posted Workers in the European Union. Facts and Figures* (Leuven, 2022); Frederic De Wispelaere, Lynn De Smedt, and Jozef Pacolet, *Posting of Workers. Collection of Data from the Prior Notification Tools - Reference Year 2019* (Brussels, 2021).

²⁴Gudrun Biffl, “Migration als Leitthema des Wandels,” in *Migration und Europäische Union: Multi-Level Governance als Lösungsansatz*, eds. Peter Bußjäger and Christian Gsodam (Vienna, 2020), 97–127; Biffl, *Migration and Labour Integration in Austria*.

²⁵Brigitte Aulenbacher, Helma Lutz, and Karin Schwiter, eds. *Gute Sorge ohne gute Arbeit? Live-in-Care in Deutschland, Österreich und der Schweiz* (Weinheim, 2021).

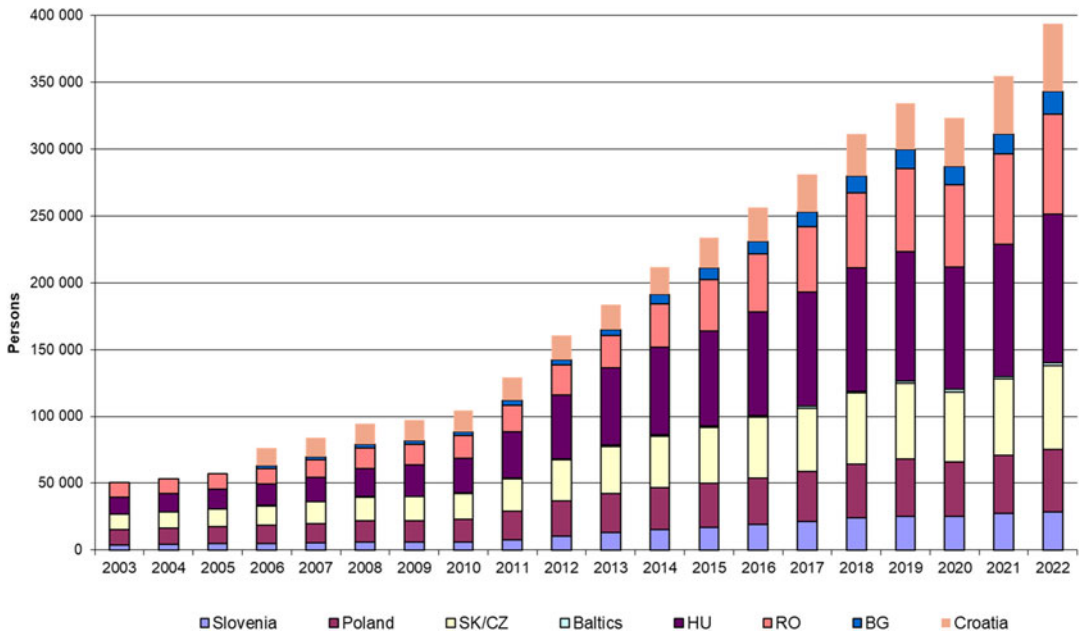


Figure 3. Employment development of citizens from the New EU-MS: 2003–2022.

Source: Amis.

The transition agreements postponed the free mobility of labor between Austria and the EU-8, EU-2 (Bulgaria, Romania), and EU-1 (Croatia) member states, in each case for the maximum possible transition period of seven years. The agreements were put in place to limit the inflow of unskilled workers from the NMS during the transition phase, while continuing to facilitate the inflow of skilled and highly skilled workers.

It can be taken from Figure 3 that the employment of citizens from the NMS increased fairly slowly during transition regulations but expanded rapidly with the attainment of free mobility rights for each of the countries concerned. The slight dip in employment in 2020 was the result of the Covid-19 pandemic, which disproportionately affected the employment of migrants. In total, in January 2023, 1.7 million foreign citizens lived in Austria, i.e., 19 percent of the population. The share of foreign-born, i.e., first-generation migrants, amounted to 22 percent of the population (2 million). Of the first-generation migrants, 45 percent (900,000) are from the EU/European Free Trade Association (EFTA) countries and 55 percent (1.1 million) from third countries. Since citizens of the EU/EFTA countries have a lower propensity to adopt Austrian citizenship than third-country citizens, their share by citizenship is higher, reaching 51 percent (900,000), and that of third-country citizens lower (49 percent, 800,000). Due to the strong out-migration of citizens of the NMS toward the West, more than two-thirds of all foreign EU/EFTA citizens are from Central, Eastern, and Southeastern EU-MS. In the last ten years, the largest numbers of migrants by a single country have come from Germany and Romania.

The share of third-country citizens took a boost in 2015/16 with the increasing inflow of refugees from the Middle East and South-Central Asia. This more recent intake of humanitarian migrants was similar in size to the refugee inflows following the demise of Yugoslavia in 1991/92. It resulted from a cumulation of conflicts in the Middle East (Syria, Iran, Iraq) and South-Central Asia (Afghanistan). The peak in 2015/16 can be taken from Figure 4, when 88,300 asylum seekers registered in Austria in 2015, with 42,300 in 2016. The single most important origin countries were Afghanistan (25,600 in 2015, 11,800 in 2016), Syria (24,500 in 2015, 8,800 in 2016), and Iraq (13,600 in 2015, 2,900 in 2016).

In 2021 and even more so in 2022, the numbers of asylum seekers rose again, largely due to increasing inflows from Syria and Afghanistan, many of them family migrants; in addition, asylum

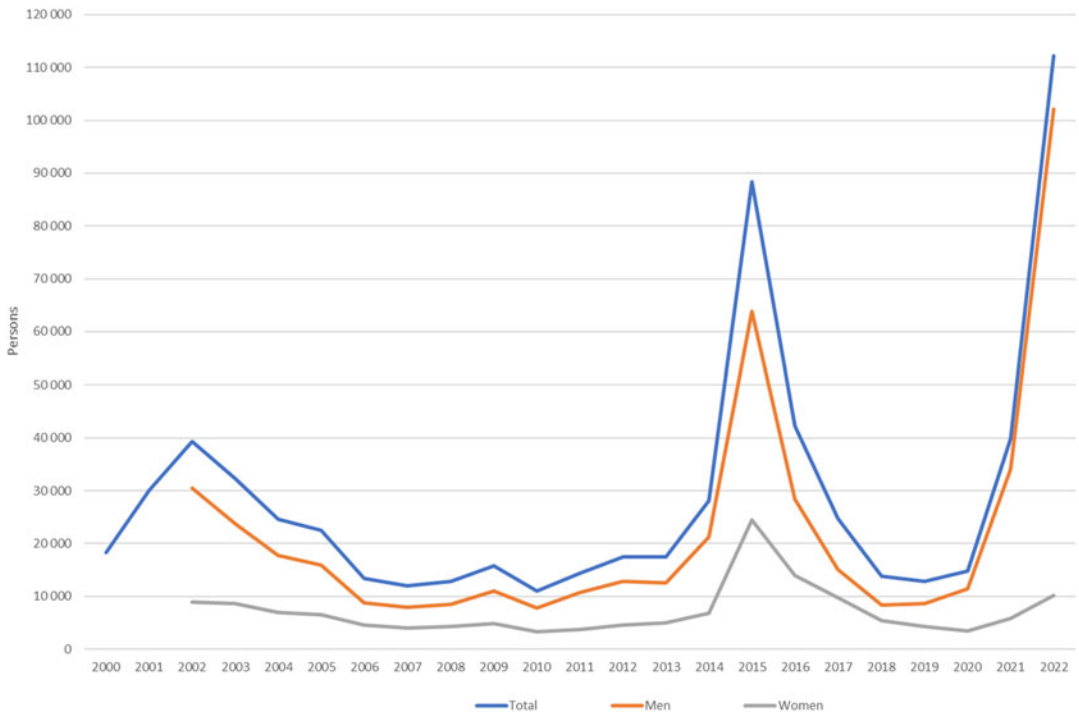


Figure 4. Asylum seekers by sex in Austria: 2000–2022.

Source: Ministry of the Interior.

applications from some African countries but also and above all from India and Pakistan increased. This rise was accompanied by an unprecedented surge of illegal border crossings from Serbia to Austria. A way to counter this development was to motivate Serbia to introduce visas for citizens of India and Tunisia.²⁶ Figures for 2023 suggest that this was an important move of international diplomacy to counter irregular migration flows to Austria.

The invasion of Ukraine by Russia in February 2022 also sent large numbers of refugees and displaced persons to Austria. By mid-March 2022, more than three million Ukrainians had left their country, the majority to Poland. By then, Austria had registered 120,000 Ukrainians. The Ukrainians tend not to register as asylum seekers as they have temporary protection status according to the EU-temporary protection directive of 2001,²⁷ which has been applied to this situation by all EU-MS. In addition to granting temporary protection, Ukrainians have unrestricted access to the labor market and receive basic income support in Austria.

Share of Foreign-Born in the Total Population and Their Reasons for Moving to Austria

By 2022, Austria was among the EU-MS with the highest shares of migrants (foreign-born) in its population. Only Luxembourg (59.7 percent), Malta (33 percent), Cyprus (29.5 percent), and Ireland (27.3 percent) had higher shares of first-generation migrants than Austria (23.7 percent). But the composition by country of origin differs markedly. While the majority of migrants in Luxembourg were from other EU-MS (76 percent), largely from neighboring countries, just as in Slovakia (65 percent) and

²⁶Serbia had lifted visa requirements in 2017 for countries that did not acknowledge independence of Kosovo from Serbia. The EU criticized this policy because it raised irregular migration to the EU. See Ingrid Steiner-Gashi, “EU-Druck auf Belgrad: Serbien könnte Visafreiheit verlieren. Die EU-Innenminister suchen nach einer Bremse gegen die steigende Migration,” *Der Kurier* (14 October 2022), <https://kurier.at/politik/ausland/entzug-der-visa-freiheit-eu-setzt-serbien-unter-druck/402182331>.

²⁷For more see European Commission, “Temporary Protection,” https://home-affairs.ec.europa.eu/policies/migration-and-asylum/common-european-asylum-system/temporary-protection_en.

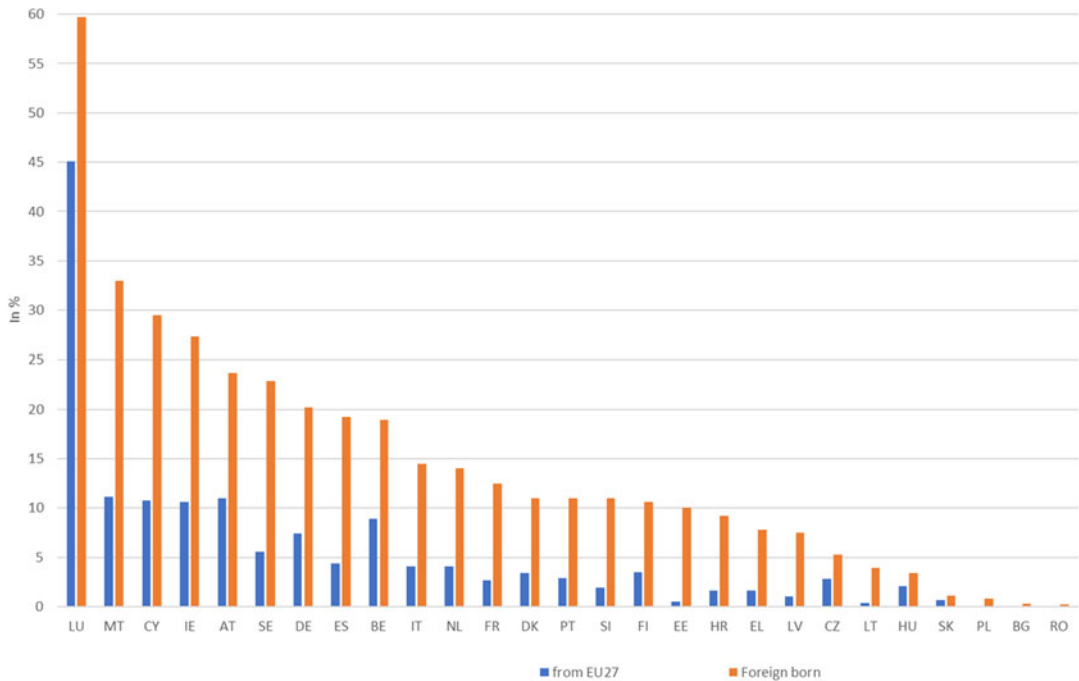


Figure 5. Foreign-born, of whom born in EU27, in percent of total population: 2022.
Source: Eurostat.

Hungary (60 percent), third country citizens account for a major part of migrants in the Baltic States, the Nordic countries, the Netherlands, France, and also Southern European countries. The Baltic States are in a way exceptional as their high share of foreign-born from third countries is attributable to the antecedent integration into the Baltics under the former Soviet Union. Moreover, countries with a history of colonialism tend to receive immigrants from former colonies, i.e., third countries, largely via family- and chain-migration. This holds for the Netherlands, France, Belgium, Portugal, and the UK. Southern European countries like Spain and Italy on the other hand have a long history of emigration to South America and, against this background, Italy and Spain tend to give preference to migration from these receiving countries, given their strong historical as well as socio-economic ties.

Austria, in contrast, has a fairly even share of EU and third country migrants in its population (see Figure 5). While the inflow of large numbers of EU citizens is the result of the Austrian economy being plugged into the EU, and in particular into its neighboring countries, the high share of third country citizens is the heritage of the former guest worker model that brought citizens above all from Yugoslavia and Turkey to Austria.

In contrast, the situation in Sweden is quite different: while it has almost as high a share of foreign-born population as Austria (22.9 percent), only 24 percent are from other EU-MS and 76 percent are from third countries. On the one hand, this is the consequence of a long history of accepting large numbers of refugees; on the other, it flows from the high priority given to research and development in all spheres of socio-economic development that attracted large numbers of highly skilled third country citizens. This development strategy contributed to Sweden becoming one of the most innovative EU-MS as measured by the European Innovation Scoreboard.²⁸ The annual innovation scoreboard provides insight into the various components of research and innovation systems, including funding of research and development, the degree of digitization, the extent of product innovation, etc., as

²⁸Hugo Hollanders and Adriana Rantcheva, *European Innovation Scoreboard 2021* (Luxembourg, 2021), 16.

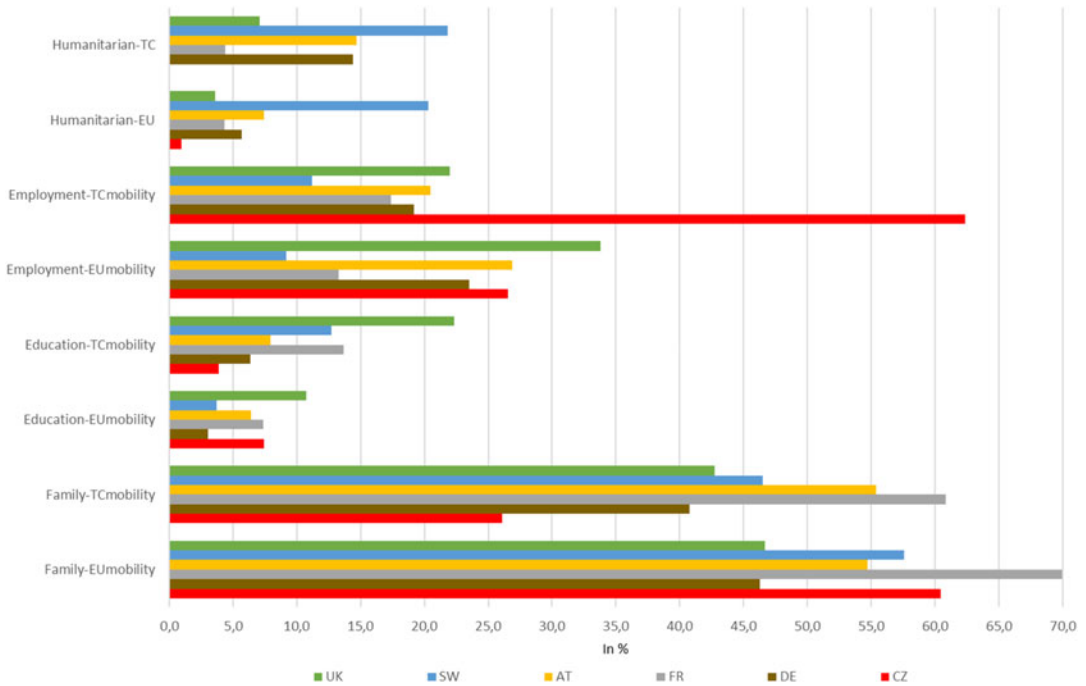


Figure 6. Reasons for moving of first-generation migrants (in percent of total EU-mobility vs in percent of third country migration): 2014. Source: Eurostat.

well as the impact of innovations on employment and environmental sustainability. Migrants play an important role in research and development and have a high innovative capacity.²⁹

Figure 6 shows that there are large differences between EU-MS relative to the main reason for migrants to choose a particular host country, differentiated by categories of immigration. The most important reason for EU citizens to move to another EU-MS is family migration, usually to join a family member who has moved to another country for work or study. In France, 70 percent of the mobile EU population entered as family migrants. Family migration is also the major reason for EU migrants to move to the Czech Republic (60.4 percent), Sweden (57.6 percent), and Austria (54.7 percent), whereas this was only the case for some 46 percent of EU migrants to Germany and the UK in 2014.

The UK labor market used to be a major draw for mobile EU citizens between periods of EU enlargement (2004, 2007, 2013) and Brexit in 2016.³⁰ Accordingly, in 2014, 34 percent of EU migrants in the UK entered for work reasons. In Austria and the Czech Republic, work has also been a major motivator for mobile EU citizens, accounting for close to 30 percent of EU migration to these countries. Mobility within the EU for employment purposes thus takes the second rank in EU migration after family migration, while education takes the third rank. In 2014, education was the motivation for 11 percent of EU migrants who moved to the UK, as the UK was an important attractor of international students (OECD 2022, 119–147). The Czech Republic and France are also important educators for mobile EU citizens (accounting for 7.5 percent of EU migrants in each of the two countries), followed by Austria with 6.4 percent.

²⁹Yannu Zheng and Olof Yannu, “How Do the Foreign-Born Perform in Inventive Activity? Evidence from Sweden,” *Journal of Population Economics* 28 (2015), 659–95.

³⁰Brexit resulted in major outflows of EU migrants from the UK, whereas the inflow of migrants from outside the EU gained momentum. See Madeleine Sumption and Ben Brindle, “Work Visas and Migrant Workers in the UK,” *Migration Observatory Briefing* (29 September 2023), <https://migrationobservatory.ox.ac.uk/wp-content/uploads/2022/08/MigObs-Briefing-Work-visas-and-migrant-workers-in-the-UK.pdf>.

Humanitarian migrants, that is, refugees with a right to reside in any EU-MS,³¹ were an important group of EU migrants in Sweden (20.3 percent of all its EU migrants), followed by Austria (7.4 percent) and Germany (5.7 percent). This is an indicator of the prominent role of these three countries relative to the reception and integration of refugees compared to other EU-MS; this was already the case before the large influx of 2015/16 which tended to further prioritize these three countries.

Third country migrants have a different composition by host country.³² While two-thirds of all third country migrants in the Czech Republic are there for employment purposes, this is only the case for 22 percent of all third country migrants in the UK, and for 20.5 percent in Austria, followed by Germany (19.5 percent), France (17.4 percent), and Sweden (11.2 percent). The majority of third country migrants in France are there for family reasons (60.8 percent), followed by Austria (55.4 percent), Sweden (46.5 percent), and the UK (42.7 percent). The UK attracts a large number of third country citizens for study (22.3 percent), while this is only the case for some 13.6 percent of third country migrants in France, for 12.7 percent in Sweden, and 8 percent in Austria. Humanitarian migrants of third countries represent, as mentioned above, a fairly high proportion of third country migrants in Sweden (22 percent), somewhat more than the 14 percent in Austria and Germany, and only 7.1 percent and 4.4 percent respectively in the UK and France. This picture is the result of different migration regimes and traditions in the various European nation states.³³ Countries with a long history of migration from third countries like France, Austria, the UK, and Sweden, tend to attract more family migrants than countries like the Czech Republic with its short experience of third country immigration.

Duration of Stay in Austria Differs by Migrant Category

An analysis of various migrant entry categories by the inflow cohorts to Austria in 2007, 2011, and 2016 has shown that in the last fifteen years two-thirds of migrant inflows were from EU-MS, specifically from Germany and CEECs (Romania, Hungary, Poland, Slovakia, Czech Republic, Croatia, and Bulgaria).³⁴ About a quarter of the migrants came from European third countries, in particular Bosnia-Herzegovina, Serbia/Montenegro/North Macedonia/Kosovo, and Turkey. Some 7 percent were asylum seekers from third countries, in particular from Chechnya, Afghanistan, Syria, and Iraq.

The analysis shows that the propensity to settle in Austria is relatively low for EU/EFTA citizens. After ten years of residence in Austria (inflow cohort 2007), only 38 percent of EU migrants continued to reside there. This means that 62 percent did not settle in Austria. But the propensity to settle in Austria is higher for third country citizens (excluding asylum seekers/convention refugees); of the 2007 inflow cohort, 68 percent continued to reside in Austria after ten years. In contrast, the chances for settlement in Austria were considerably lower for asylum seekers: of the 2007 inflow cohort only 42 percent continued to reside in Austria. This raises the question: to what extent were asylum seekers moved to other countries on their own free will or to what extent were they transferred by force? On average, in the last couple of years, between 30 and 40 percent of all asylum decisions were positive, implying that a fairly large number of asylum seekers did not receive refugee or subsidiary protection status or a residence permit on humanitarian grounds. This fact implies that they could in principle, if feasible, be returned to their source country or alternatively to their first country of entry into the EU

³¹An EU-long-term residence permit, which grants free mobility across the EU, is granted to refugees as well as any other third country citizens who have resided legally in an EU-MS for five years without interruption and received an EU-long-term residence permit there. The legal basis is the Council Directive 2003/109/EC, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02003L0109-20110520&qid=1472219910415&from=EN>.

³²Third country migrants, as distinct from third country citizens, are foreign-born who may have adopted the citizenship of the host country. In contrast, third country citizens have kept their foreign citizenship even in the case that they were born in the host country.

³³Gudrun Biffl, "Immigrant Labour Integration," in *International Handbook of Labour Market Policy and Evaluation*, eds. Günther Schmid, Jacqueline O'Reilly, and Klaus Schömann (Cheltenham, 1996), 551–65.

³⁴Klaus Forstner et al., *Erwerbsverläufe von Migrant/innen aus der EU, aus Drittstaaten und von Flüchtlingen aus Syrien, Afghanistan und der Russischen Föderation im Vergleich*, ÖIF Forschungsbericht (Vienna, 2019).

for processing the case (Dublin cases), or remain in an irregular situation in Austria.³⁵ In 2022, of 12,600 registered departures of asylum seekers who had their claim rejected, some 60 percent left Austria voluntarily, whereas 40 percent were made to leave by force. Of the latter, a quarter were Dublin cases. An unknown number continued to reside in Austria on an irregular basis or moved on to another EU-MS.

The more recent inflow cohorts of migrants indicate that the migrant population in Austria is hardly permanent. Of the 2011 cohort only 47 percent of EU migrants continued to reside in Austria after six years, compared to 71 percent of non-convention refugee third country citizens, and 68 percent of convention refugees.³⁶ And the 2016 cohort showed that after one year 30 percent of the EU migrants no longer lived and worked in Austria, compared to 89 percent of third country citizens excluding convention refugees. A more recent study came to similar conclusions: of the EU citizens who had migrated to Austria in 2016, only 41 percent continued to live in Austria by 2021.³⁷ In contrast, of the third country citizens some 59 percent continued to reside in Austria after five years, while the proportion of convention refugees was somewhat higher with 61 percent.

This goes to show that free mobility of labor within EU countries is largely short- to medium term. This relative fluidity of migration within the EU is promoted by the coordination of social security systems across the EU/EFTA. This arrangement ensures portability of social benefits across EU-MS, thereby facilitating mobility without loss of social benefits. As social security systems coordination hardly exists with third countries, the motivation for return migration is reduced. As far as asylum seekers are concerned, only a certain proportion of asylum seekers, depending on their source country, obtain refugee status, forcing the rejected persons to leave the country or else remain in an irregular situation with only limited access to social benefits.

The Austrian Asylum System Under Pressure

Labor migration and humanitarian migration (“political refugees”) represented the two main streams of immigration to Austria before the fall of the Iron Curtain. Both underwent significant changes as democratization and socio-economic transformations of the CEECs set in. This gave way to a paradigm shift, away from labor migration to immigration, introducing family migration into the concept, as described above. The Austrian asylum system, on the other hand, is still under construction; but the policy and legal changes so far indicate a move away from a country open to refugees to one opposing their inflows, i.e., to a fortress Austria.

As long as refugees came from the former communist/socialist countries, they were accepted as so-called political refugees, without much questioning or verifying that they had in fact been persecuted by the various regimes as research by Zuser and Graf and Knoll points out.³⁸ In addition, many countries overseas were willing to accept Eastern European refugees, thereby turning Austria into a transit country rather than a place of settlement for the majority of refugees. This situation has changed since 1989. While Yugoslavian refugees escaping the violent dissolution of Yugoslavia—some 100,000 largely from Bosnia-Herzegovina between 1991 and 1995—were accepted as “de facto refugees” by the Austrian government, therewith granting them temporary protection status, this was no longer the case for later refugee inflows, not even for the Albanian Kosovars at the end of the 1990s.

As for the Bosnians: by 1992 more than 91,000 had registered for the relief program of the Austrian government (the *Bund-Länder-Aktion*); in addition, others were hosted by relatives, friends, and former guest workers who already resided in Austria. Overall, only 4,500 applied for asylum, and 1,300

³⁵In the EU only some 40 percent of asylum seekers, who had their case denied, could be returned to their source country. See FRA (European Union Agency for Fundamental Rights), *Die Grundrechte von Migranten in einer irregulären Situation in der Europäischen Union* (Luxemburg, 2012), https://fra.europa.eu/sites/default/files/fra-11-002-05_migrants_de_webres_1.pdf. (FRA 2012,30).

³⁶This term refers to asylum seekers who got their claim accepted on the basis of the Geneva Convention.

³⁷Florian Endel, Günter Kernbeiß, and Rainer Münz, *Erwerbsverläufe von Migrant/innen III* (Vienna, 2022).

³⁸Peter Zuser, *Die Konstruktion der Ausländerfrage in Österreich. Eine Analyse des öffentlichen Diskurses 1990* (Vienna, 1996), 68; Graf and Knoll, “In Transit or Asylum Seekers?”

were granted asylum (convention status). Most Bosnians could change their temporary status from “de facto refugee” to a more permanent status through gradual transition into employment.³⁹ Access to the labor market was initially limited to community-based work and charities but later extended to full labor market access.⁴⁰ In contrast, in 1998/99, when Austria received a renewed inflow from the former Yugoslavia—this time Albanian Kosovars—they were expected to apply for asylum rather than being granted “de facto” refugee status. About 13,000 applied for asylum and about 3,000 obtained refugee status; most of the others had to return after the end of fighting in Kosovo.⁴¹

With the beginning of the Yugoslav wars in 1991, Austria undertook the first major reform of its asylum legislation. It introduced the principles of “safe third countries” and “safe countries of origin.” The reform aimed at streamlining asylum procedures and at combating “fake” asylum claims, which were seen as undermining labor migration regulations. The discourse over “fake” or “bogus” asylum claims was not new to Austria. It had surfaced already in the early 1980s when Polish citizens started to enter in large numbers. Only a small proportion was accepted according to the Geneva convention, as it was insinuated that the claimants were not really persecuted but only wanted to access the Austrian labor market or the social benefit system. The debate entered the media and fuelled a broader anti-refugee and anti-migration rhetoric in political and public debates, which continues to this day.

An aspect of the reform process entailed the establishment of a Federal Asylum Office (*Bundesasylamt*), i.e., an authority of first instance. In 1997, the Asylum Act was reformed, implementing provisions flowing from the Schengen Treaty and the Dublin Agreement and abolishing the “safe country of origin” principle. The reform of 1997 introduced a second independent appeals authority, the Independent Federal Asylum Senate. The latter was replaced by an Asylum court in 2008. In 2001 and 2002, further reforms were undertaken including, among other factors, the introduction of a subsidiary protection status. All reform acts since the early beginnings in 1991 were directed toward more control and more restrictions and concerns for national security, while at the same time reducing the humanitarian obligations and missions of Austria.

With the enlargement of the EU in 2004, the external border of the EU shifted away from Austria; in addition, the Dublin II regulation came into effect in 2003, stipulating that the country of first entry of asylum seekers was responsible for processing their asylum claim. Accordingly, Austria expected the number of asylum seekers to decline. But, as can be seen in [Figure 7](#), this was not the case. Consequently, with every reform, the “efficiency” of asylum procedures increasingly came into focus, and the enforcement and return of rejected migrants became an issue.⁴² Eventually, with the sudden rise of asylum applications in 2015, the personnel in the various agencies involved in processing asylum applications also increased. But the quality of processing asylum cases remained a challenge.⁴³

In 2004, the integration of asylum seekers, and in consequence also of accepted refugees, given the long duration of asylum procedures, became more difficult due to a decree by the then Minister of Labor. The so-called *Bartensteinerlass* limited asylum seekers’ access to work to seasonal jobs in tourism and agriculture/forestry, thereby reducing the right of asylum seekers to work that is granted in the employment act.

Efforts to integrate migrants, and in particular convention refugees and persons with subsidiary protection status, was a relatively late policy objective on the federal level in Austria. It was not until the development of a National Action Plan of Integration by the EU in 2009 that Austria

³⁹Yasmina Beciragic, Rene Delevigne, and Michael Girardi, “Die großen Flüchtlingswellen,” in *50 Jahre Genfer Flüchtlingskonvention in Österreich*. ed. Bundesministerium für Inneres (Vienna, 2005), 105; Barbara Franz, “Bosnian Refugees and Socio-economic Realities: Changes in Refugee and Settlement Policies in Austria and the United States,” *Journal of Ethnic and Migration Studies* 29, no. 1 (2003): 9.

⁴⁰Biffl, “Auswirkungen des Ausländerzustroms auf den Arbeitsmarkt,” 528.

⁴¹Biffl, “Migration als Leitthema des Wandels,” 114.

⁴²Nina Merhaut and Verena Stern, “Asylum Policies and Protests in Austria,” in *Protest Movements in Asylum and Deportation*, eds. Sieglinde Rosenberger, Nina Merhaut, and Verena Stern (Cham, 2018), 29–48.

⁴³Hans-Georg Eberl, “Asylsystem Österreich. Momentaufnahmen einer repressiven Chaotisierung,” *bordermonitoring.eu* (26 July 2015), <https://bordermonitoring.eu/analyse/2015/07/asyssystem-oesterreich-momentaufnahmen-einer-repressiven-chaotisierung/>.

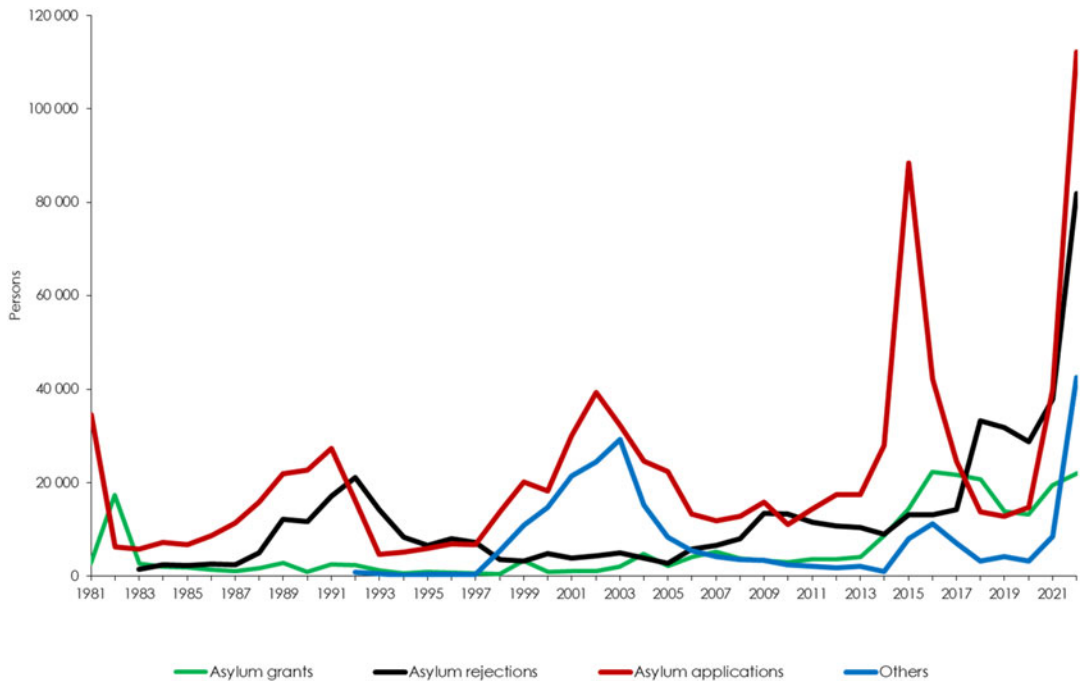


Figure 7. Asylum applications and their outcomes: 1981–2022.
Source: Statistics Austria and Ministry of the Interior.

developed such a strategy. Over time a system of integration measures evolved in various sectors of socio-economic development, among them, apart from education and work, housing, German language acquisition, and validation of qualifications and skills obtained abroad, thereby raising the potential for self-fulfilment of migrants in Austria. This system came in handy when the sudden inflow of refugees in 2015/16 put institutions under pressure. It “only” needed more money and resources to flow into the education system, labor market, and civic society, such that the integration of refugees was successful by international comparison.⁴⁴ The expert council on integration proposed various policy developments, many of which were put into practice, thereby speeding up integration.⁴⁵

Nonetheless, the public and political discourse on refugee migration continues to be in crisis mode. This is exemplified by Austria’s restrictive policy stance relative to migration, as well as its rejection of signing the United Nation’s intergovernmentally negotiated agreement on migration, the global compact for migration. Austria’s increasingly restrictive policy stance toward migration, in particular toward refugee migration, will most likely not bring an end to migration inflows but rather it implies that Austria will not be able to fully reap the potential benefits that migrants can exert on a country when they are able to settle in and feel welcomed.

Conclusion

Austria is a de facto country of immigration without wanting to acknowledge this fact. This is reflected in the late adoption of integration policies, a result of its “historical” self-definition of not being an immigration country, even though Austria has and had higher immigration rates than some of the classical immigration countries.⁴⁶ Immigration has taken place de facto, and was accepted half-

⁴⁴Johannes Berger et al., *Ökonomische Analyse der Zuwanderung von Flüchtlingen nach Österreich*, (Krems, 2016), <https://door.donau-uni.ac.at/open/o:155>.

⁴⁵50 Punkte – *Plan zur Integration von Asylberechtigten und subsidiär Schutzberechtigten in Österreich* (Vienna, 2015), https://www.bmeia.gv.at/fileadmin/user_upload/Zentrale/Integration/Publicationen/Integrationsplan_final.pdf.

⁴⁶Biffl, “Immigrant Labour Integration.”

heartedly, possibly due to guest worker recruitment in the 1960s and 1970s. Such recruitment was not geared toward integration and retention of migrant workers. As immigration and its diversity gained momentum, integration systems were nonetheless established on a national or local level, often as late as the 1990s, and largely at the behest of the EU. But it was not until 2009 when the European Commission requested that all EU-MS develop National Action Plans on the integration of migrants, that institutional structures in this regard were established on the federal level in Austria.

The self-perception of Austria as a non-immigration country continues to impact the design of policies for the integration and retention of migrants. It features in institutional ramifications, e.g., the quasi absence of permanent residence titles even after many years of work and residence in Austria, even though the residence title settlement permit (*Niederlassungsbewilligung*) may imply permanence. In contrast to immigration countries, which offer unlimited residence and work rights (e.g., in Australia with permanent visas, in the USA with green cards, and in Canada as permanent residents), the permanent residence permit in Austria must be renewed every five years. This may entice migrants to reflect on the permanence of their stay in Austria. In so doing, Austria reduces the chance of migrants to fully integrate into Austria, thereby running the risk of failing to reap the full potential of migrants and their competencies. This policy reduces the innovative capacity of migrants in cooperation with Austrians. Clearly, “integration,” as scholars have long insisted, does not depend on the migrants’ own resources and actions alone, but also on the institutional ramifications and the public opinion and support of the receiving communities.⁴⁷

⁴⁷John W. Berry, “Immigration, Acculturation, and Adaptation,” *Applied Psychology* 46, no. 1 (1997): 5–34.