
FOREIGN IMMIGRATION AND ECONOMIC DEVELOPMENT IN GREECE¹

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Abstract

A country may benefit from foreign immigration because of the increased unavailability of cheap labor, but encounter problems from xenophobia and social unrest. The end result depends on demographic characteristics, qualifications and immigrant skills and the capacity of the host country to absorb foreign labour and benefit from it.

Migrants in Greece comprise about 9% of the population and 12-13% of the labour force. Their influx occurred in a relatively short time, the overwhelming majority entered Greece illegally but after two regularisations, one in 1998 and another one in 2001, about 700,000 have been granted a legal status. Their average age is considerably lower than that of the rapidly aging national population, in hundreds of primary schools their children make up over 10% of the total school population and in some over 30%. About 8 out of 10 are economic immigrants but to a very small extent does their labour appear to substitute for national labour; for many jobs in construction, agriculture, tourism and domestic service their labour tends to become indispensable and as their depended younger family members who join them come to age they form a continuous flow of young foreign entrants into the labour force.

This paper investigates the main facets of the economic and social development in Greece and benefits and costs of the influx of large numbers of migrants since the late-1980s for the Greek economy and society. The emergence of xenophobia and racisms and the impact of discrimination on migrants' inclusion into the host country will also be looked at, alongside policy responses.

INTRODUCTION

Unlike other western European countries but similar to other southern European member states of the European Union, Greece has started attracting large numbers of third-country migrants only since the late 1980s – early 1990s. Greece has hosted since, nearly one million foreign immigrants (around 9% of the indigenous population and 12%-13% of the labour force). This very visible presence of migrants, has been the subject of social alarm boosted by media attention, and is at odds with the extent of the phenomenon in neighbour Italy, where migrants do not exceed 2% of the population

(Mingione and Quassoli, 2000: p.41). More than half of them are migrants from Albania, and most of the remainder arrived from the former socialist countries and from a variety of less developed countries in Africa and Asia. The majority have been undocumented migrants employed almost exclusively in unskilled or low skilled jobs, irrespective of their qualifications and skills. Statistics on the number of migrants, their geographical distribution and spatial mobility as well as their demographic and occupational characteristics are only partially available and problematic in nature (Lazaridis and Romaniszyn, 1998: p.12).

This paper consists of three parts. Part one, looks at the opportunity structure available to migrants under the labour market and overall socio-economic conditions in the host country. In part two, after outlining some of the main characteristics of immigration into Greece, including type of flows and status of migrants, we analyse the short and long-term socio-economic effects of immigration in terms of policy responses. In part three, we try to decipher positive and negative effects of migration into Greece for the host country but also for the migrants themselves.

Unlike those who migrated in the pre-mid-1970s migration period to Fordist societies, migrants who came to Greece could neither 'benefit' from a developing industrial economy requiring large numbers of cheap labour, nor take advantage of sizeable, strongly rooted communities and networks of fellow citizens (at least in the early 1990s) to offset some of the risks of migration (these often serve as a first reference point for mediating the process of social and economic inclusion into the host society and economy). Instead, they were faced with a complex society and informal economy where patronage and familism play a key role in finding a job or getting access to some elementary benefits. Clientelistic practices linked to a corrupt administration and a weak civil society highly restrict policy making and implementation towards particularistic goals.

BACKGROUND

The model of capitalist development followed by Greece is characterised by late industrialisation, the persistence of traditional agrarian social arrangements and high rates of economic growth in the 1960s with a 6.7% of growth of GDP per capita (Sapelli, 1995: p.7). Since the mid-1970s, like other southern European member states of the EU, Greece has experienced a rapid shift to post-fordism, well before industrialisation had deepened and fordist production structures with their accompanying patterns of collective solidarity and universalist social citizenship had been fully developed. This trend has been manifested in the continuing decline of agricultural workers and the rapidly increasing number of service workers (see table 1) without the country having reached a peak of employment in industry, and as high as in the case of its north-west European counterparts. Furthermore, despite the rapid expansion of employment in services in the 1990s, which offered employment opportunities to women, female participation in the labour market remained relatively low (the activity rate for Greek women being 47% in the mid-1990s, that is below the EU15 average of 57%, as opposed to the activity rate men which was 80%) (Eurostat, 1997; European Commission, 1996, 1997).

Table 1. Percent distribution of employment in Greece 1977, 1986, 1992, 1996

EU 15	1977	1986	1992	1996
Primary sector			5.8	5.1
Secondary sector			32.8	29.8
Tertiary Sector			61.6	65.1
Greece	1977	1986	1992	1996
Primary sector	33.2	29.1	21.1	20.3
Secondary sector	29.2	27.5	25.4	22.9
Tertiary sector	37.5	43.4	52.8	55.8

Sources: Eurostat, 1985, 1997; European Commission, 1996, 1997

In 1945-1973 the net emigration of almost one million Greeks went hand in hand with a 6.3% annual growth rate on average. A gradual transition from unemployment to conditions of full employment and considerable economic restructuring and social development were also attained. Towards the late-1970s, the annual growth dropped to about 3.5%, despite a net annual repatriation of approximately 15,000 persons since the mid-1970s and widespread stagnation or recession in most other European countries. A shift of the policy priorities to the redistribution rather than to the increase of the GDP led unavoidably to a further decline in growth rates to 1.1% in the 1980s. Moreover, in the period 1975-1985, despite the transition from an agricultural economy to a post-fordist one and the opening up of the economy and democratisation of union organisation after the fall of the Junta (1974) as well as preparation of accession to the EC, we have an increase of unemployment rates (Lazaridis and Koumandraki, 2001a)²; the latter can be explained in terms of: (a) the de-industrialisation in some regions and localities like Lavrion, Magnesia and North Evia; (b) the closing down of 'ailing firms'; (c) stagnation of investments; (d) highly restrictive employment protection legislation (strict rules for dismissals, strong government intervention in the determination of wages and incomes -especially during the 1980s - which made wages inelastic to changes in productivity or unemployment rates and have had negative effects on unit labour costs, strict job demarcations and work schedules); and (e) the role of the family as a buffer against the economic repercussions of unemployment (Lazaridis and Koumandraki, 2001a). Legislation introduced in the early 1990s supporting part-time and fixed-time employment increased flexibility of working time, but its potential effects on reducing the unemployment rate were counterbalanced by the economic stabilisation policy followed since the early 1990s under the pressure of the Maastricht Treaty requirements and the monetary discipline stipulated by the EMU (European Monetary Union) criteria. In addition, from an informal point of view, like other southern European member states, labour flexibility in Greece was and still is high: circumventing of employment regulations often practised by small firms, and the relatively large sector of the underground economic activity (estimated to produce around 30% to 40% of the GDP [Canellopoulos, 1995]) widely foster irregular forms

of employment, extensive second-job holding and a complicity between workers and employers to evade juridical rules.

The informalisation of employment plays a crucial role in understanding what the impact of migratory flows are on receiving countries. Since the late-1980s, illegal migration has exacerbated the phenomena of irregular and concealed work in Greece, while a policy of integration of immigrants has only recently started being implemented via two regularisations, the outcome of which is discussed below. The inflow of hundreds of thousands economic immigrants had no significant effect on the official annual rate of economic growth which increased slightly to over 1.4% (OECD: Economic Surveys for Greece, 1997-2001).

Most migrants, faced with limited opportunities for finding regular jobs, and lacking the kinship and social networks necessary for providing the social and economic resources with which to enter successfully into the formal sector, work in the informal economy. Warren (1994: p.92) has defined the informal economy as 'market activity in legal goods and services that is not registered with the state, not taxed ... and not subject to any other state imposed regulation on business'. According to Katrougalos and Lazaridis (2003: p.41) 'the persistence and expansion of informal economic activities, as an alternative process of income generation, has had profound implications on employment'. Migrants constitute a good source of informal labour for the multitude of micro-firms found in Greece and partially absorb the shock waves caused by post-fordist transformation. Informalisation has repercussions for migrant workers as it reinforces labour market fragmentation and segmentation, which in turn involves the compartmentalisation and isolation of different groups of labour market participants. These features, together with familism and clientelism constitute elements of a complex and distinctive mode of income generation and distribution with important effects on migrant labour and on the implementation of regularisation policies discussed later on in this paper.

The push factors for the large immigration in Greece include primarily low wages in the neighbouring former socialist countries, the persistent poverty in the less developed countries and the political and social upheavals in many east European, African and Middle eastern countries. Pull factors include the demand for flexible labour hands mentioned above; employers believe that the risk premium for unregistered employment is worth taking for maximising the savings made by bypassing the regulations for social security contributions, taxes, statutory working hours and working conditions. Moreover, social networks which comprise personal networks (households, friends and ethnic communities) and intermediary networks (employment agencies, traffickers etc) connect people across space and are crucial for the understanding of settlement patterns and effective job searching practices, as well as for maintaining links with the homeland. Such networks lower the costs and risks of movement across space and increase the returns on migration. They constitute an important resource for migrants who use them to get access to employment, housing etc. but may also transmit negative impressions about the host society or continue to transmit positive impressions of situations that have long changed for the worse. Such networks have played a crucial role in the relatively new trend of female migrants

becoming actors in the migration process, migrating alone in search for better employment opportunities in the service sector (nursing, domestic work – see Lazaridis, 2000), as well as in the trafficking of women for prostitution (see Lazaridis, 2001).

MIGRANT CHARACTERISTICS

Looking at the data obtained during the 1998 regularisation process (the nature and implementation of which are discussed below), about two thirds of immigrants came to Greece from Albania, 6.7% from Bulgaria and 4.5% from Rumania, 2.3% from Poland, 2.5% from Ukraine, 2.0% from Georgia, 1.5% from the Philippines, while Pakistanis and Indians make up 2-3% each (Cavounidis, 2002; Lazaridis and Psimenos, 2000; Fakiolas, 2001).

The applicants for regularisation were relatively young (83% were between 20 and 44 years), only about half were married (48.5% of the males and 59.9% of the females) and one third of applicants were females (an insignificant percentage came from Muslim countries where traditionally females do not work outside their homes); the overwhelming majority were economic immigrants.

The migrants who have come to Greece since the late-1980s – early-1990s, differ considerably from the older type of the peasant and mostly illiterate or semi-illiterate migrant who came to Europe during the early 1970's, as the majority are of urban origin, with at least six years of school education. 8.9% declared that they had tertiary education, 49.2% secondary and only 1.8% were illiterate. The percentage of female migrants with secondary and tertiary education (16.14) is higher than that of males (8.89). In Italy, Spain and Greece many immigrants have an average educational level at or exceeding that of nationals. This trend supports evidence from other southern European countries (see King, Lazaridis and Tsardanidis, 2000) that it is not the least educated and trained who migrate. The educational profile of the immigrants can be attributed firstly, to the rapid expansion of the educational systems in all non-European sending countries after World War II. Furthermore, many come from developing countries that apply policies of keeping their youngsters longer at school, as a means for preventing a further rise in unemployment. Not only have those countries a large supply of some skills (which exceed demand), but also policies implemented protect primarily lower skilled workers (eg: relatively high minimum wages are fixed, strengthening the push factors for the emigration of the highly skilled persons). In addition, second generation immigrants³ do tend to achieve better education qualifications than their parents. So, a new type of immigrant is now in the labour markets of southern European societies.

Of those who declared their employment (that is, only 41.7% of those who applied for regularisation), 58.8% work in unskilled and 26.5% in semi-skilled jobs, and only 2.9% in jobs requiring tertiary education. For those who accept jobs below their formal training and actual qualifications this means a downward mobility with regard to

employment, extensive de-skilling and skill depreciation, leading to a skill and brain drain. If those who remain in Greece and their status is legal, manage to attain upward occupational and social mobility, this may have two main effects: i) The creation of job vacancies in unskilled jobs which other immigrants are likely to fill. ii) By looking for more appropriate jobs in line with their qualifications and skills, in the present climate of high unemployment, migrants are likely to compete for jobs with the large proportion of Greek citizens who are equally qualified and want those jobs (Glytsos and Katseli, 2003). Judging by their good school record, the immigrant children who attend Greek schools are also likely to look for similar jobs once they enter the host country's labour market.

POLICY RESPONSES

The response of the Greek state to the immigration pressures has been complex. The official line had until recently been that Greece is not a country of immigration. Up to the mid 1980s the Greek migration policies were emigration policies, restricting work permits to a small number of foreigners with specific qualifications and skills. Greece also welcomed and assisted ethnic Greeks from abroad to settle into the country.

In the late 1980s, the government was faced with two options (which are not however mutually exclusive). One option was to devote its resources to the control of the external borders of the European 'fortress', expel the undocumented immigrants, prevent new ones coming in and invite in specific quotas with particular skills needed to fill gaps in particular sectors of the economy. Such a policy might have served at best the labour market needs of the country and may have helped to pacify the widespread media campaigns against migrants originating from specific geographical areas, which have generated widespread feelings of xenophobia (see Lazaridis and Wickers, 1999).

However, such policy would have had limited success in the Greek setting, due to the country's extended borders which make the effective policing of inflows almost impossible; other immigrants would have entered the country as tourists and students, businessmen or short-term legal workers and would have overstayed after their residence permit expired. Indeed the immigration law passed by the Greek Parliament in 1991 replacing the sixty years old law 4310 of 1929, has serious shortcomings. The law *inter alia* stipulated immediate deportations of immigrants without proper documentation, heavy penalties on individuals or companies who facilitated entry of and/or employed illegal labour force, whereas residence permits were granted for employment with pre-entry authorisation. There were problems with its implementation however, as 'the illegal immigrants constitute a pool of cheap and exploitative labour in a country where the black economy thrives ... the law also goes against historical and cultural local traditions of openness and hospitality to travellers and traders, which from time immemorial provided Greek people with a disinclination to enforce strict border controls' (Lazaridis, 1996: p.342). In addition there were no measures aimed at the integration of immigrants, leaving the latter onto the hands of voluntary organisations. Moreover, although the control of the borders became more strict, paradoxically it represented new opportunities

for corruption, thus generating a new form of 'migration business' based on smuggling migrants through the borders and on trafficking in migrant women (see Lazaridis, 2001) and drugs; police checks were poor and corruption of key officials widespread. Finally the bill was condemned by opposition parties for being xenophobic and against civil liberties (forced arrests and expulsions of Albanians in particular) and against the 'survival' of the Greek economy, which, as shown above, relies on 'informal employment'.

With regard to asylum seekers, these were simply tolerated by the Greek state until the late-1990s. The state was leaving much of the process to the UNHCR. As a result, many ended up as illegal migrants, because correct procedures were not being followed by the Greek state; applicants were refused temporary residence permits and the right to work (Athens News, 23 October 1998). During the 1990s, the Greek government was condemned by Amnesty International, the Greek Minority Rights Group and the Helsinki Watch for violation of human rights of refugees, refusal to accept applications for asylum assisted by Amnesty International and UNHCR and deportations without due process (Athens News, 4 November 1998), lack of proper training of the police in asylum matters. In 1997-2002 the annual applications for asylum ranged between 1,528 and 5,499 persons; of them between 9.5% and 32.2% (an average of about 12%) have been granted asylum on political and humanistic grounds (interview with government officials). Asylum seekers are hosted in 16 reception centres with a capacity of 1,400-2,000 persons and in hotels and are allowed to work (Presidential Decree 266/1999). Over the years about 7,000 recognised refugees have been naturalised (Ministry of Health and Welfare, UNHCR Greek Branch and Migration News Sheet 11/2002).

With regard to undocumented immigrants, the second alternative was to regularise them. Unlike the invitation of selected individual immigrants or groups with specific demographic and labour market characteristics, a regularisation can apply only general eligibility criteria, like the time of residence for the initial registration and of the legal employment in any job for the issue and the renewal(s) of the green card. Therefore, such a policy may unintentionally exclude immigrants with other useful characteristics, like particular skills. Regularisations became an option in Greece when the costly internal and external controls introduced under Law 1975 of 1991 failed to restrict illegal immigration, while both the reality of a large resident foreign population and the partial dependence of the economy on flexible immigrant labour hands were finally accepted by the government.

The regularisations are costly and complex administrative procedures. They can take the form of long-established and recurrent processes as in France, or be the result of a decision taken after lengthy preparations and extensive debate, as in USA in 1986, Greece in 1998 and 2001, and Italy, Spain and Portugal since the mid-1980's (OECD, 2000: p.154). They grant irregular immigrants legal rights on legal residence and work and help them access regular jobs, invite family members to join them, and integrate into the host society. The remaining of this section critically examines the main features of the two regularisations which took place in 1998 and 2001.

Although Greece had its first regularisation much later than the three other southern European member states of the European Union (see Katrougalos and Lazaridis, 2003), it proceeded to the second one in a relatively short time, because the aims of the first one were only partially achieved. Both regularisations elicited a relatively large numbers of applicants (see tables 2 and 3) despite the fact that many immigrants failed to register. There are a number of reasons for this failure: many migrants were not informed about the first regularisation; others did not have the required documents properly completed in order to qualify; (such were those who had penal records, or those who had been legally in the country but worked without permits and could not prove to the authorities that they resided in Greece before 23/11/1997); yet others were afraid to give the police their name and address, or were dissuaded by their employers who failed to pay employers' contributions towards national insurance and other fringe benefits⁴, or they themselves preferred the flexibility of the informal labour market, and took the risk of remaining undocumented given that re-entering Greece after an expulsion is not difficult.

The undocumented immigrants find jobs because their labour is even more flexible than that of the legal ones and their employers believe that the risk premium for unregistered employment is worth taking, for the savings made by by-passing the regulations for social security contributions, taxes, statutory working hours and working conditions (see below). Unless systematic policy initiatives are introduced to change this culture of corruption, irregular inflows are not likely to be restricted substantially. The undocumented immigrants can be treated free of charge in state hospitals in cases of emergency and the courts have repeatedly ruled that they are entitled to claim wages and holiday bonuses, as well as compensation in case of work or road accidents (Migration News Sheet 2/2002:8).

Table 2. Main features of the two regularisations

Main features	1998 Legalisation	2001 Legalisation
Preparation procedures	Over two years	Over 18 months
Registration Period	January-May 1998	June -July 2001
Prerequisites	Illegal residence in Greece 23/11/1997	Illegal residence in Greece 6/2000 or purchase of 250 insurance Stamps*
Fees	None	Drs 50,000 (147 euros)*
Certificates granted	White and green card	6 month permit and green
Applications**	373,000	367,860
Responsible Ministry	Ministry of Labour	Ministry of Interior

*Sources: For 1998 Presidential Decrees 358,359/1997 and National Employment Observatory. For 2001 Law 2910/2001 and amendment 2002, Ministry of Interior. Notes: * See comments below for the effects of the high fees introduced by the*

*new aliens' law **In 1998 about 15,000 double registrations were found and in 2001 351,110 immigrants received eventually the 6 month permit.*

Two Presidential Decrees in 1997 established a two-stage process: a white card (permit of temporary stay) which is a prerequisite for applying for a green-card (permit of limited duration of stay – up to five years). Although the white card was intended to be valid for only six months, with various extensions given, the validity of the white cards issued in 1998 were valid for 14 months. During that time the immigrants had to present 40 social insurance stamps and other required documents (*inter alia* health and penal record certificates which took the Greek state institutions up to two years to provide), in order to be issued with an annual, as a rule and renewable green card. For its renewal 150 social insurance stamps are required. That card grants immigrants full civic rights and the same rights with Greek citizens in the labour market (excluding tenured positions in the public sector) and allows them, as a rule, to receive a Schengen visa but it grants no voting rights⁵.

A more or less similar purpose was served by the 6 month permit during the 2001 regularisation, the validity of which, as well as that of all the green cards that had not been renewed after they expired, was extended until 31/12/2002. The deadline was moved forward. This was partly a response to the severe criticisms levied by the Ombudsman's office about the administrative inefficiency in processing the applications and in issuing by the required deadline the required documents. This relates to traditional structures and patterns of behaviour which have shaped policy implementation and outcomes.

On the eve of the second regularisation, the government decided to transfer the responsibility from the Ministry of Labour, which was responsible for the implementation of the first regularisation, to the Ministry of Interior. It also decided to establish regional migration committees in Greece (article 9 of the 'aliens' law'), an institute on migration policy within the Ministry of Interior (article 73 of the same law), and employment departments in regional administrative centres within Greece and in main Greek embassies abroad, which would deal with issues related to migration. The question was whether adequately trained and experienced personnel was available for operating efficiently these new agencies and whether the ministries involved could afford the relevant costs involved in implementing these reforms. Administering the heavy bureaucratic process of the regularisation has already taxed heavily (both economically and in terms of human power) an inexperienced Ministry of Interior. The lack of coordination and cooperation between the two ministries, their poor organisation and incompetence of insufficiently trained personnel, was criticised by the Greek Ombudsman in a special report issued on 21st December 2002. Following that, on 1/11/2002 the Minister of the Interior expressed doubts as to the ability of his ministry to carry out this task by the deadline of 31/12/2002.

Up till now (early 2003) data from the second regularisation have not yet been made available by the relevant ministry and Greek statistical office, neither have any efforts being made to set up special committees to research the effects of the two

regularisation programmes. Therefore, the following pages concentrate on the results of the 1998 regularisation only. The result of the 1998 regularisation was a 5fold increase of the number of foreign legal immigrants. However, new migrants continued to flow in, attracted by the demand for their flexible labour, assisted by the established networks and hoping that they would benefit from another regularisation. Moreover, the approximately 135,000 initial applicants in 1998 who did not apply for the green card and those who did not renew it (Tables 2 and 3), indicate the high propensity of the regularised immigrants to lapse into illegality. It is assumed that most of them did so because: i) they could not secure the required social insurance stamps. (Responding to that problem, IKA [the main Social Insurance Foundation in the private sector] reduced by half the social insurance contributions for the domestic helpers); ii) they preferred the flexibility of the unregistered employment for reasons explained above.

Table 3. Applications and approvals for issuing and renewing a green card for the 1998 legalisation.

Applications for issuing a green card ^o	228,211
Approvals	219,024
Applications for renewing the green card	84,621
Approvals	45,700
Rejections for the renewal of the green	38,921

Source: Greek Ministry of Labour and Social Security, Employment Department.

The main problems the government is currently faced with is how to prevent illegal inflows⁷, how to avert the legalised immigrants from lapsing into illegality and in what way to help their social and economic inclusion into the host society, so that they can contribute positively to the serious demographic deficits Greece⁸ is faced with.

DEMOGRAPHIC EFFECTS

Resolving the greying population problem is a complex issue. The proportion of the 65 year-olds and over increased, from 3% of the total population in 1870, to 7% in 1951 (511,000 persons), 13.9% in 1991 (1.4m. persons) and 18% in 1998 (NSSG, 1997 and 2000). With about zero natural population growth, the increase in total numbers by 687,025 persons between the 1991 (10,252,580) and 2001 (10,939,605) censuses is due to the ethnic Greeks who came to Greece from the republics of the former Soviet Union and to the counting of five times more foreign passport holders. Moreover, about one in six live births are now from foreign parents, indicating that the economic and social inclusion of young immigrants already in the country could temporarily redress the age distribution of the labour force and increase overall fertility.

The OECD rightly warns that an increase in the foreign population will not, on its own, resolve the ageing problem. One could go as far as to say that no 'migration solution' is possible, as it is impossible to maintain full control over migration gains and the age distribution of entry and exit flows; in addition, the fertility difference attributed to foreign women tends to decline very quickly the longer they stay in the host country; and finally, foreign populations are also subject to ageing (OECD, 2001a).

ECONOMIC EFFECTS

As a rule, registered workers are paid at least the minimum legal wage but many immigrants receive a lower pay, work for long hours under strenuous conditions without additional compensation. Employers often try to justify this in terms of migrants' allegedly lower quality of work, mostly because of language problems and inadequate adjustment to the local environment, and lack of trust. Over half a dozen strikes have taken place recently by migrants on wage and similar claims. There are also frequent complaints that many large construction firms working for the preparation of the 2004 Olympic Games in Athens violate regulations about working hours and safety at workplace. In spite of open and latent discrimination, the majority of the immigrants often have a take-home-pay 3-6 times above what they could earn in their country of origin.

To avoid discrimination and other employment complications, quite a few are self-employed declaring, as most of their Greek counterparts, part of their income or establish small businesses of their own or in association with Greeks. Although a large proportion of their clientele are other immigrants, self-employment is conditioned upon the ability to communicate in Greek and contributes significantly to their social integration. At the same time, the development of ethnic restaurants, clubs and shops, contribute to breaking barriers of ignorance and indifference about life and work in other countries and increase choice in the host society (in cooking, music, dancing, dressing, etc).

Despite the large number of migrants, certain sectors, such as the agricultural sector and the construction industry, have repeatedly asked the government not to reduce the number of immigrants, but to increase it further so as to meet demands for seasonal labour and keep marginal firms in business. However, although the balance is on the whole positive, there are also negative effects. For example although the impact of foreigners is positive, some low-skilled groups stand to lose by it (Lianos et al.,1966; OECD, 2001b: pp.168,182). Furthermore, the wage and job flexibility of the immigrants may slow-down the rate of the necessary socio-economic and administrative adjustments needed for introducing new techniques in production.

By paying their social security contributions, the legally employed immigrants cover their health care. Very few pay income tax, but the Value Added Tax and other indirect taxes levied on most market products contribute to about two thirds of the state revenues. It is true that they benefit from the fixed capital accumulation created by Greek

citizens but this is largely counterbalanced by the fact that the Greek society has not incurred the costs for their upbringing and professional training. Therefore, the frequent arguments about 'who owes whom' are pointless because in a well functioning mixed economy the supply of productive services by the households corresponds, by and large, to their take home pay and other indirect benefits. As in all societies, there are certainly unfair income inequalities, referred to in modern vocabulary as "structural violence". In Greece they seem to be more pronounced due its large underground economy and its weak economic structure but those affect Greek citizens and immigrants alike.

It is commonly accepted that immigration could help in alleviating labor shortages in various countries (OECD, 2001a: p.3). The shortages of unskilled labor in Greece are due to many reasons: increasing school attendance and the decline in the rural outmigration since the late 1970s, a number of factors allowing individuals to be more selective in choosing a job (such as rising living standards, social security benefits, family solidarity and support in keeping younger members in education or even unemployed rather than letting them undertake low status employment – Lazaridis and Koumandraki, 2001a). New labour force entrants aspire now to more 'dignified' jobs than that of the factory or construction worker or the peasant farmer. On the other hand, the market demand for low-skilled labour remains high in agriculture and construction, despite rapid mechanisation and in some geographical areas, automation. And it tends to increase further in some services because of the ageing population (old-age care), the increasing participation of women in the labour force (from 27% in 1981 to 35% in 2001 [NSSG, 1987; EU Commission, 2/2002 and 5/2002] (domestic service and child care), the large number of houses under construction and durable manufacturing goods (maintenance and repairs) and the growth of the disposable incomes (hotels, restaurants, body care, entertainment, recreation).

Part of this demand deriving from agriculture, construction and tourism is seasonal. To some extent it could be met by extending the employment gains through policy initiatives aiming at making paid employment more financially attractive, working arrangements more flexible and labour more productive, as recommended by OECD (OECD, 2001b: p.17). Nevertheless, temporary immigrant workers are indispensable in Greece. This is because wage increases necessary to attract adequate numbers of national workers for all seasonal demand for labour would price output out of the product markets.

Through their wage and flexible labour, the immigrants contribute to relieving the inflationary pressures in the receiving countries and to meet the challenges emanating from the rapidly changing global economic conditions. Their employment plays a buffer role in the labour market's adjustment to cyclical fluctuations. Most of the current research in Greece concludes that foreign immigrant labour is complimentary to, rather than a substitute for that of Greek citizens and that immigration does not lead to a decrease in the total income of the host country's citizens, although this may be the case for some low-skilled groups (see below). They show also that immigration cannot be held responsible for the disequilibria observed in the labour market (OECD, 2001b: pp.168, 182).

However, easy access to cheap immigrant labor may diminish the efforts of the receiving country for increased investment in real capital, new technology and the human capital, in order to make its economy more efficient. Restricting increases in real wage costs through immigration may also affect adversely the work attitudes of its citizens. The argument against the use of low-paid immigrant labor boils down to indications that its presence prevents the necessary restructuring in certain industries, which is indispensable in order to keep them competitive. Although limited, there is also immigrant-induced unemployment and a decreasing effect on the real wages of the unskilled, causing adverse distributional effects on income. A decrease in real wages may also affect already resident immigrants.

On the basis of cheap unskilled immigrant labor Greece has gradually become tied into a cheap labor syndrome. Yet the real interests of Greek employers might be better served through improving internal efficiency by mechanizing activities designed to raise productivity per capita and by encouraging higher labor force participation amongst Greek citizens. That could be achieved by making access to foreign labor difficult or more expensive. On similar grounds Japan for example, had sought until the early 1970s to avert adverse economic effects and social unrest that foreign immigrants might cause by forbidding their settlement in it. Australia on the other hand had applied the policy 'keep Australia white', discriminating grossly against immigration from the neighboring Asian countries.

Immigration has evoked a variety of negative reactions amongst the Greeks including stereotyped and stigmatic labeling (Lazaridis and Wickens, 1999). The word "Filipina" has become synonymous with domestic worker, the word Pole denotes a decorator, the word Kafros, someone with dark skin, such as an African, while the word Albanian is used to mean a thief or a crook (Lazaridis and Koumandraki, 2001b). Such stereotyped images or metaphors hold the key to understanding people's emotions and perceptions and are likely to have serious consequences in shaping racist attitudes and practices (ibid). The myth of Greek hospitality and of tolerance is contradicted by ample evidence of verbal and physical aggression. Migrants are identified as the 'other'; the dichotomy between the Greeks and the non-Greeks, and the perception of the dominant culture as the superior one, leads to a neglect of social and cultural diversity existing among people living within the national territory and to the suppression of minority religious rights.

The stereotype in the late 1990's of Albanian, Romanian and other foreigners as criminals has abated but its long-term effects are still evident. Many Greeks believe that the majority of the foreigners enter Greece with the intention to break the law, being fed continuously on the every day stories in the media about trafficking, prostitution, exploitation of children and smuggling involving migrants. And although the criteria for arresting migrants are by no means the same to the ones applied for Greek citizens, for homicide and other serious crimes there is no evidence that criminality among immigrants is higher than that of the Greeks, the fact that half of the prisoners in the country are migrants is, for many Greeks, a proof that they are dangerous. An opinion

poll conducted in 2001 among school children showed that 80% of them believed that migrants are responsible for the increase in unemployment and the criminal activities and that there are too many foreigners in the country who do not speak Greek and are *allothriski* (of different religion). Another opinion poll conducted under the instructions of the Ministry of Public Order and conducted in November 2001 revealed that 72% of Greek adults wished for the police to become stricter with the immigrants (Ta NEA 17-18/11/2001).

Anti-immigration sentiment is very much shaped by representations in the media of some migrant groups, like for example the Albanians, as 'dangerous others', presenting a threat to the fabric of society as a whole. Muslims have been stereotyped as being of other religion and are fixed in public imagination as the irredeemably 'different'. Africans, on the other hand, have been constructed as 'exotic' rather than as 'dangerous others'. For the Albanians, their religion and culture constitute the main signifiers of their racialisation. Such signifiers have been used to construct racialised boundaries. For the undocumented migrants of other ethnic origin, their illegal status constitutes a demarcation line between 'belonging' and 'not belonging'. Once regularised, they 'belong', for a little while, until they fall into illegality again; when that happens, the 'guests' become 'intruders'. Some ethnic groups have sought solace into ethnic associations; others, like the Albanians who come from a part of Albanian which was once part of the Greek territory, try to achieve a metamorphosis 'to one of us' by calling upon their ancestral ties, adopting Greek names and the Greek Orthodox religion. This 'voluntary assimilation' is a survival strategy on the part of the Albanian migrants, who as discussed elsewhere (Lazaridis and Wickens, 1999) is the most racialised, discriminated against and excluded migrant group in Greece. Islam in the minds of many Greeks has been historically associated with the Ottoman rule and it is today connected with the 'imagined Turkish threat' and a fear that once the 'dangerous others' become 'one of us' with legal status, residence and work permit, it would be difficult or impossible to send immigrants home. In the event that the law facilitates naturalisation, there is the fear that those ethnic or religious communities that have a much higher fertility than the Greeks may challenge the long-accepted model of national identity in Greece. The appearance of neo-Nazi groups like Hryssi Avgghi and the mushrooming of nationalistic groups like the Greek National Political Society and the Enieo Ethnikistilo Kinima which has links with the League of St George in Britain, stress the supposedly homogeneous composition of the Greek nation, and the dangers that the social and cultural diversity fosters. It therefore remains to be seen whether Greece will be able to challenge the racist and nationalist exclusions currently experienced by ethnic minority groups and favour a policy of multiculturalism and pluralism. However, at present the policy faces new challenges. In the first round of the local elections on 13 October 2002 the Popular Orthodox Rally (L.A.O.S) which declares its faith to the Greek Nation, the Orthodox Church and the Family; and it blames the rich, the globalisation, the foreign workers and the about 5,000 Greek Jews for the everyday problems facing the citizens was voted by 13.9% of the electorate in the Greater Athens and Piraeus area, where about one third of all Greek citizens vote.

CONCLUSION

Because of low fertility and mortality rates (see Katrougalos and Lazaridis, 2003) and shortages in low qualified labour and particular skills, Greece, like other EU countries need the immigration of non-EU nationals at productive ages (OECD, 2001a). High living standards, developed social security systems and free political institutions attract larger numbers of immigrants than those the host country's government believes are needed or could be accepted without causing social unrest. Factors such as the amount of pressure on the labour market, the type of shortages involved (absolute/relative, short/long term), their key features (sectors/skill levels affected) and their determinants (skills, mismatch, inadequate labour supply, persistent labour market rigidities) all vary markedly across countries. The restrictions on immigration applied by them in their efforts to match inflows to existing needs, cause large irregular immigration. Not only in Greece, but in all EU countries irregular immigration is at the centre of political debate, first because of the magnitude of those population flows; and second, the phenomenon has persisted despite the clearly expressed determination of these countries to prevent it (OECD, 2000: p.53) and to create a 'fortress Europe'. Despite strict external and internal controls applied at high administrative and moral costs, new economic immigrants pour everyday into Greece, responding *inter alia* to existing labour market needs. With their wage and job flexibility they offer useful and often indispensable productive work and the references to their positive contribution to the host economies abound in the literature⁹. Given that illegal immigration persists in periods of economic decline or slow-down and in countries that maintain strict immigration policies, it is illusory to think that it can be eliminated solely by state intervention and improved cooperation between the sending and the receiving countries (Tapinos, 2000). The European Commission emphasises that the migratory pressures are continuous, with an accompanying increase in illegal immigration, smuggling and trafficking (OECD, 2000).

Notwithstanding its contribution, especially in avoiding complex and time consuming administrative procedures in marginal economic activities, the undocumented immigration has overall distorting effects that outweigh the positive ones. Being to a large extent the result of the shadow economy it expands it further. The shadow economy is put at between 12% and 15% of the total in most Northern European countries, twice as large in Greece and, as a rule, its size is negatively correlated with state efficiency in each country. The toleration of the undocumented immigration diminishes the legitimacy of the state and creates unfair competition for the legally employed, punishing them and rewarding the irregulars and their employers who come to rely increasingly on sources of cheap, flexible and exploitable labour (Collinson, 1993: p.14). This mentality would take much effort and time to change, while immigration flows themselves generate certain patterns of demand which in turn stimulate further immigration.

The unregistered employment of the immigrants deprives the social security funds and the state budget of large revenues. It incurs also heavy administrative and security expenses for the external and internal controls and in many countries, especially

those of the Southern Europe it may retard the institutional and administrative adjustment to their new character as immigration countries. The undocumented immigrants are often subjects of exploitation and blackmail, while their expulsion causes much human suffering. Prolonged illegal status exposes also the host countries to criticisms that they benefit from the irregular migration, without offering the immigrants adequate opportunities for economic and social inclusion. The fight against irregular immigration is thus crucial in the efforts to restore production and labour systems that are compatible with fair competition and respect for fundamental workers rights (OECD, 2000: p.65).

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NOTES

¹ I would like to thank Prof. Ross Fakiolas for providing useful information on the implementation of the regularisation policies in Greece and the economic effects of immigration.

² Although in the 1960s and 1970s unemployment in Greece was as low as 1.9% (in 1979), due to the massive emigration of Greeks, the public sector acting as a large employer and the large numbers of self-employed and ungenerous unemployment benefits (Katrougalos and Lazaridis, 2003: p.36), in the 1980s there an a massive increase of unemployment to 22.2% for men and 24.4% for women (ibid).

³ Young ages are important for employment in all productive sectors and especially in agriculture, tourism, construction and the shipyards. In addition: An increasing number of immigrants are becoming eligible to apply for naturalisation. Young dependants invited legally by their parents to the host country, add to the population growth and, as they come to age, also to the labour force. More children are born to foreign parents. Citizenship is not acquired by birth but the majority are likely to remain in the country and by attending local schools they will find it easier to socially integrate and naturalise. In hundreds of primary schools foreign children (whose expulsion is forbidden and since 1997 have been able to enrol in the Greek schools

irrespective of the legal status of their parents) amount now to over 10% of all pupils and in some to over 30%. In areas of high immigrant concentration (Attica, Elefsis, Thesprotia, Island of Myconos), immigrants have populated many declining inner-city and suburban areas. In them and in other regions their children have repopulated many schools; in some classes, the majority of the pupils do not speak Greek (some of them are ethnic Greek origin). (Ministry of Education unpublished data obtained via interview with key officials). Although there are still no schools for teaching the mother tongue of the immigrant children, a fair number of them are among the best students in their class. Research in Thessaloniki has shown that most Albanian children speak Greek well. In many cases however many foreign children have been reported to cause problems to the teaching process.

⁴ The undocumented migrants can be treated free of charge in state hospitals in cases of need for emergency treatment, and the courts have repeatedly ruled that these immigrants are entitled to holiday bonuses as well as to compensation for work or road accidents (Migration News Sheet 2/2000:8).

⁵ Greece is one of seven EU countries including Austria, Belgium, France, Germany, Italy and Luxembourg, where non-EU immigrants do not have the right to vote and stand in local government. In Denmark, Finland, Ireland, Sweden and the Netherlands, immigrants have those rights after six months to five years of legal residence. And only some groups of immigrants enjoy such rights in Spain, Portugal and the UK (Athens News 20/9/2002:A12).

⁶ A large proportion of the applicants were from the Greater Athens Area (43.7% of the total and 56% of all women applicants) and Thessaloniki and Central Macedonia (17.2%) –(Cavounidis, 2002). This shows a heavy concentration in and around the big cities. According to empirical observations, most of those who had not registered were from the rural areas and were males.

⁷ But the problem of illegal migrants has not been solved, despite the massive expulsions. According to an Information Note by the Ministry of Public Order (15/11/2002), 259,403 immigrants were arrested for illegal entry or residence in 2000 and 219,598 in 2001. Of those, 190,641 and 173,957 respectively were Albanians, 15,920 and 4,643 respectively were Romanians, 11,372 and 10,515 respectively were Iraklis and in 2001 4,209 were Afghans. Reaffirming the basic tenet of the Greek policy that the country has reached its limits and therefore no more irregular immigrants would be allowed to stay, the Greek Prime Minister referred to those figures on 19 October 2001 and in a later statement he maintained that in 2001 150,000 immigrants were caught for trying to enter Greece illegally (Migration News Sheet 1/2002:8, 2/2002:8, 7/2002:11). Of them 6,864 were ‘boat migrants’, against 3,644 in 2000 (Ministry of Merchant Marine).

⁸ The country experienced a rapid decrease in fertility rates from the mid-1960s; these declined from 2.30 in 1965 to 1.32 in 1995. At the same time, the aged dependency ratio (balance between the proportion of the population aged 65 years and above to that aged 15-64) in the period 1970-96 increased from 17 to 23 (Eurostat, 1993;

European Commission, 1998; Katrougalos and Lazaridis, 2003: p.78). The burden of ageing falls onto the shoulders of Greek women and migrant domestic workers and carers (Lazaridis 2000).

⁹ One must not underestimate the fact that illegal migration to a large extent meets the need for flexibility imposed by the adjustment of the employment systems to the changing economic conditions. “The fact that the United States and some West European states have at times turned a blind eye to illegal immigration indicates an implicit recognition of the economic benefits of undocumented immigration - at least during periods of economic boom” (Collinson, 1993: p.15).