

## Refugees: Boon or Bane for the German Economy?

### News:

On the 13<sup>th</sup> November, 2015, German media outlet *Deutsche Welle* reported that despite a recent estimate that the cost of refugees to Germany's economy this year would be 21.1 billion euros, the long-term outlook would be "a win-win situation, and allow Germany to cement its position as Europe's economic powerhouse," according to David Folkerts-Landau, head of the Frankfurt-based think tank Deutsche Bank Research, who also said: "without much-needed immigration, German GDP stands to shrink to 0.5 percent per year". The head of the German Institute for Economic Research (DIW) in Berlin, Marcel Fratzscher, was also reported as saying: "Our calculations show that the financial benefits of the refugees could exceed the costs after as little as five to six years."

On the other hand, *Deutsche Welle* noted that some economists were concerned about potential risks to the economy, which centered on the ability of refugees to integrate successfully into the workforce. In order to overcome this risk it was suggested that some legal changes would be required, such as reducing the minimum wage to help refugees get into work and break free of the Welfare System. Nevertheless, according to *Deutsche Welle*, even before the refugees start to contribute directly to GDP, the financial aid they receive will be returned to the German economy through purchasing food and basic necessities, which "can be seen as a cash injection for the German economy at large."

### Comment:

More than 700,000 refugees have arrived in Europe so far this year, and it has been estimated that between January and February this year 31,478 have died in the attempt. The exodus of refugees, mostly Muslims from Syria and other countries suffering the ravages of war, is going to get bigger. The EU has forecast that 3 million more will arrive next year, and that they will continue to arrive the year after that! These numbers have stirred fears and concerns amongst European politicians, and outright hostility from many who have expressed their hatred of Muslims entering Europe. However, from the economic perspective, which is the most important perspective for capitalism, almost all are agreed that as Europe's ageing population is going into decline, these refugees will reflate their populations and save the major economies from economic contraction.

It is sad that our lands have been decimated by wars that directly or indirectly have been caused by, or are waged by, European countries and their allies, and that on top of the suffering and devastation caused by war, we should also be losing millions of people to exile in foreign lands where they will be hated at first, then accepted as an economic asset only to end up perhaps at some later stage as an existential threat to the Christian heritage of Europe when the Muslims in France and Germany approach an electorally significant proportion of the population. Europe is divided now between the call of wealth generation and the warning of racial tensions and ideological disintegration, and no one should underestimate the implications for the world.

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