Open or Shut Case?
Turkish Accession to the European Union and Its Effects on the Labor Market

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Walking down a street in Salzburg, Austria or any other major European metropolis, one is not hard pressed to detect the leisurely rotation and spicy fragrance of döner kebab meat roasting on a spit showcased in the front window of the ubiquitous kebab shop. These privately owned establishments, often run by Turkish men or their families, are one face of the Turkish immigrant population that is growing in Europe bringing its families, customs, religion, and national cuisine with it. The common sight belies an underlying complexity of issues relating Turkey and the EU in regard to migrants and migration policy which began decades ago. This paper will examine a range of aspects on the question of Turkish accession to the EU, focusing on Europe’s labor market needs and analyzing the effect of Turkey’s potential addition. The results of this examination, based on theoretical reasoning of the Austrian school of economics and from the perspective of current member states, show the inadvisability of allowing the addition of Turkey to the union. The paper will begin with an investigation of labor market conditions in Europe, continue with a consideration of Turkey’s potential contributions, and conclude with an explanation of market workings for both subjects by taking into account the interaction of supply and demand.

Starting with Turkey’s associate membership in 1963, and multiplying with its Customs Union Agreement in 1995 and bid for complete membership on April 14th, 1987, this Mediterranean country has demonstrated a committed desire to join the European Union and partake of the benefits and responsibilities inherent in such a partnership. As evinced by its extremely slow response time and cautious consideration of this request, the EU has serious reservations. Recent intensifying of labor market problems in Europe however—such as unemployment, social security shortfalls, and an aging workforce—prompt an examination of Turkey’s potential accession in light of the contingent changes in labor market structure.
Europe has painted itself into a corner when it comes to economic policy and the labor market. Ideologically motivated European policies are beginning to show signs of strain as their poor economic underpinnings disintegrate under the pressures of time passed and new social and governmental trends. Social changes manifest themselves in the much publicized problem of Europe’s aging population and workforce. Government regulation on the market for labor imposes barriers to natural market adjustments and leads to either inefficiencies or outright failures of the system. The two aspects of this case constitute an approach to Europe’s problems from first a psychological and then institutional slant.

Evolving social norms of gender-roles, family, and career paths have altered the face of the Western world’s oldest cultural center. The populations of many European and other developed countries are aging because of decreasing fertility rates which have in many places dropped below the replacement level. Families and women, for any one of many reasons, are choosing to have fewer children. Although this trend may at first seem negligible, experts announce that within a relatively short time there is the danger of some shrinking nationalities disappearing completely (Lutz 2000, 49). Matters of ethnic pride and cultural legacy aside, no country can support itself as it has in the past on a rapidly dwindling population. Much less can a country with expansive social welfare policies paid for by the population through taxes continue providing welfare benefits at its customary level when the numbers of workers paying into the system shrink dramatically. This socialist state describes many modern European nations. Governments throughout the continent are offering incentives to child-bearing in order to counteract the downward trend in fertility rates, but on the whole these have not proved largely successful. Whatever the reason, birthrates are steadily decreasing with no sign of recovery and
Europe must restructure to manage with an aging workforce and smaller generation of workers on the horizon.

Pursuing this topic of social welfare, European countries utilizing a welfare benefits system are now being faced with a difficult choice between two unpalatable alternatives. Expenditures of the system as they stand now are frankly unsustainable and thus require adjustment either in their extent or their financing. Any diminishment in the former flies in the face of the psychological state of citizens, as crafted by years of such systems and the spirit of entitlement and social justice governments have created. An example of this is the vehement reaction, riots, and gas blockades which sprang up in France when the government enacted a change in the retirement age. Those who have grown accustomed to extremely generous job benefits, unemployment benefits, and labor conditions in general are loath to see them go, and they often lack the big-picture view necessary to understand the crucial nature of reform. This leaves the second of the two options; governments must find alternative methods for financing such programs. This could involve higher taxes or—the more popular suggestion—recruiting more participants for the workforce (Muus 2003, 4). This recruitment could serve as the venue for increased migration eligibility, but an increase in national workforce participation is certainly preferred among native Europeans to out-sourced migrant labor. Unfortunately increased participation as the perfect solution is frustrated by another of Europe’s problems, unemployment.

The responsibility for high unemployment must be laid squarely at the doorstep of European labor market institution rigidity (Seibert 1997). In his article “Labor Market Rigidities: At the Root of Unemployment in Europe,” Horst Seibert traces the development through the late 1900s of more and more restrictive government regulation on wage elasticity, a key component
in determining supply of and demand for employment. Factors affecting supply of jobs are increased reservation wage, improved retirement and unemployment benefits, and layoff restrictions. Restrictions on demand include taxes, work time, and layoffs. Taken together, these conditions severely restrict the market’s ability to adjust wages. New legislation from the time also included enhancements of group bargaining privileges. By strictly controlling the movement of wages and creating incentives to promote very little movement in job positions and low importance of actual productivity, labor market institutions in the EU diminish market efficiency to the point that businesses find it unprofitable to employ workers under such conditions and at unproductive labor costs, and unemployment becomes a widespread problem.

Unemployment is only one of two particular areas of system failure in the market exacerbated by government generated rigidities. The problem is actually at the center of a strange incongruity in Europe labor market literature. While there is undeniably an excess of labor and a lack of job opportunities, many voices prescribe increased participation in the workforce as the solution to Europe’s workforce woes (Doudeijns and Dumas 2003, 6). If a greater proportion of women, young people, and older people became employed earlier or remained so longer, the over-strained welfare system would certainly be greatly relieved. More workers paying taxes into the system is indeed the answer to sustaining benefits as they are now. Unfortunately, this is the all that can be said for the unrealizable scheme. Notably increased participation in the workforce is unequivocally impossible with even the voluntary workforce suffering unemployment. Desirable as it would be for financing the social welfare system, greater involvement in the workforce under current conditions is not possible.

The other of these market inefficiencies is a deficiency of highly skilled, technically trained workers (Zimmermann 2005). This is a problem facing many developed countries and is
caused by two primary reasons. The first is natural and comes with the progression of time and human ingenuity—as time goes by, people have created more and more advanced technology and highly sophisticated tools to aid production which in turn require specialized training to operate. The second arises only in situations of mismatch between market incentives—from businesses or the government—and the actual needs prevailing in the economy. This latter aspect is the result entirely of human mismanagement or errors in judgment and is prevalent in European markets of today.

The historical component describes the progression of technology over time. This summary holds true throughout history; while technology progresses, the division of labor naturally transitions from predominantly manual labor in large quantities to more specialized, mind-intensive labor on the part of fewer workers assisted by machines. It is a normal process of creation and innovation. Such a change happened during the time of the Industrial Revolution when factories began recruiting large numbers of men, women, and children, to oversee machines capable of producing far more products (woven fabric, canned food, or what have you) than could possibly be made by those people in the customary way. In the same way even earlier in history, Luddites protested the use of automated looms in mills from fear of a decrease in human employment in favor of these more productive machines. While people have often been wary, steps toward greater productivity in labor are never detrimental to employment in the end. Those who are displaced by machines are freed up to seek employment in an area no machine could ever accomplish. This process eventually accomplishes the ultimate division of labor, making the most of human mental ability and minimizing unnecessarily painstaking drudgery.

The usual progression of technology, however, does not fully explain the situation of skilled labor deficiency in which Europe finds itself. Across the board in both developed and
developing countries there is a definite shortage of highly educated and technologically trained workers. The lack of skilled workers demonstrates the failure of a restricted market to provide adequate incentives for an investment in technical education on behalf of those hoping to join the labor market. Rigidities of the market, and especially the inflexibility of wage rates due to minimum wage, layoff restrictions, employment insurance etc., do not allow necessary wage elasticity. If wages were allowed to adjust to reward more productive (often more educated and higher skilled) work, more time and money would be put in at this level in expectation of returns on that investment in the form of good wages. Unemployment is merely the other side of this coin, as skill is not adjusted for and unskilled workers have every expectation of being offered a job. There is an abundance of unspecialized laborers searching for work and living on unemployment benefits, while the unsatisfied need for more highly-educated laborers goes unanswered and without foreseeable solution.

An interesting side-note to this discussion of skilled labor shortages is the complementary nature of skilled and unskilled labor. In brief, every position for higher educated workers that gets filled usually corresponds to a certain amount of unskilled labor that is also necessary to achieve the ultimate amount of productivity, the classic definition of complementary economic goods. This presents a sliver of hope for the many unemployed and unskilled workers native to countries plagued with undesirable unemployment rates. If there were an influx of their complementary skilled colleagues from whatever source—migrants from another country or increasing amounts of native residents pursuing specialized training and education—they would have a better chance of obtaining work. The best hope, nevertheless, for lessening unemployment would be a removal of distortionary restrictions on the market.
Discussing the lack of skilled workers in the EU labor market inescapably brings up the question of how Europe finds itself in such a condition. What brought about the imbalance between skilled and unskilled labor, why has it manifested such a prolonged negative impact on the economy, and most importantly what can be done to address it? In a freely functioning market, the normal coinciding forces of supply and demand on behalf of employers and employees would render this disequilibrium nonexistent within a matter of time. With the proper incentives in place, and especially with an ability to draw on labor from a wide area of potential labor sources, individuals would choose to invest whatever time and money it would take to become the type of skilled worker that companies desire. It would be worth their while because of the return on education, that is, a good job. Employers would likewise receive benefits from the arrangement as their need for highly skilled workers could be met in a way it is not currently. Two aspects of the European Union, its culture, and the policies of its welfare states in particular highlight the breakdown between supply and demand and shed light on the question of how such an imbalance could come into being.

The first of these is a consequence of the bountiful welfare state put in place by many EU member countries. The presence of unemployment benefits, health insurance, and the like give EU citizens a measure of security in whatever career path they choose. Alexandra Rillaers, in her article “Education and Income Inequality: The Role of a Social Protection System,” discusses the two-fold incentives created in the minds of citizens by an extensive network of social welfare benefits. On the one hand, such a safety net assures that even the least trained and qualified worker unable to get a job will not be destitute due to his lack of employment. He will be taken care of whether or not he gets a good job, or a job at all, or the education necessary for a good job. Following this thought process, some individuals will not be motivated to invest in
education in order to further their career and increase earning potential if they are satisfied with low-level work and alternatively unemployment benefits (Rillaers 2001, 427). On the other end of the self-motivated spectrum, conscientious and non-risk taking members of society may avoid education because of the uncertainty of its return. When these people are assured of a back-up, they may go ahead and pursue higher education no longer as concerned about whether their education investment will turn out well or not. The outcome of having such a welfare state depends on which of these two extremes is dominant, which in either case in Europe today appears to be serving them poorly.

The second concern deals with the rapid advancement of technology and this development’s impact on productivity of work in the modern world. Economies stand or fall in the global market largely depending on how well they assimilate and take advantage of new and improved tools and technologies, but the corollary to this change is a need for similarly equipped human capital capable of using such tools. The educational structures in place in the EU, highlighted by their contrast to those in other parts of the world such as the United States, are not keeping up with the trend toward more advanced technology. In many of the EU countries, vocational schooling is heavily emphasized after the first few years of elementary education (Krueger and Kumar 2004, 167). Instead of a more general higher education track, as is more common in the US, European students from an early age pursue specialized training for a particular field. The approach was quite successful in the past few decades when technology development was more stable, but at this point in time a more general education has been shown to better prepare workers for the ever-changing high-tech job market (Krueger and Kumar 2004, 168). At least a part of the problem in Europe due to a lack of unskilled labor stems from this inability of the education field to keep pace with changing labor market requirements.
Moving on from a discussion purely of the EU, this question of Turkey’s accession revolves very relevantly around what Turkey has to offer its north-western neighbors on the European continent. To treat this question, the next few paragraphs will examine the current state of migration policy as well as its recent history and the type of migration expected should the two states be joined. The differences between migrants and natives are an important aspect of immigration, as is the contention generated from this dissimilarity, even though these tensions are not directly economic in nature. Lastly, the question yet again of strained budgets within the system of social benefits in many European countries is crucial to an analysis of EU expansion.

Migration policy as of now is not completely consistent throughout the EU. Within that body, of course, borders are either open or in the process of becoming so due to the basic EU constructs of free movement of people, capital, trade products, and labor. This same disparity of policy extends to migration policy for non-EU nations. As economists Tito Boeri and Herbert Brücker point out in their article “Why are Europeans so Hard on Migrants?”, the individual countries may have policies stricter than necessary out of fear of overwhelming numbers of migrants inundating their system. As a result, they base their own policies on potentially uninformed guesses at those of neighboring countries’. Hence, individual migration policies may allow in fewer migrants than may be economically optimal, considering their potential input, and thus taken together these polices present exceedingly limited opportunities for immigration. As it stands now, set numbers of non-EU migrants are allowed to enter member countries and seek work, often for a set period of time. Like any other country, European nations face the reality that not all ‘temporary’ workers will leave if they can slip under the radar and stay. The numbers of temporary workers admitted are not large, as described above, but represent the extent to which Europe is willing to open its borders to outsiders.
In the case of Turkish accession, it is most likely that the opening of borders would see large numbers of Turkish migrants optimistic about finding a better job in Europe than at home. Most of these adventurers would be young people, and in great part they would represent a movement throughout the country of Turkey away from traditional agriculture toward city living (Teitelbaum and Martin 2003). While moving from the land to the city, many migrants might just as readily consider an international destination. As to their hopes of a better life, if they can obtain a job these will almost certainly be realized. Wages to be found in Europe may be eight to ten times wages at home, a sum worthy of a lot of exertion in job searching. Finding a job however, considering the labor situation already in Europe, would not be a simple thing for these young workers.

One of several possible distinctions foreseeable between these newly arrived workers and those already on site and seeking employment in European city destinations is the non-negligible factor of willingness on behalf of migrants to work jobs European natives would not deign to do. This is commonly the case with immigrant labor and the most humble or physically demanding jobs an economy has to offer (Doudeijns and Dumont 2003, 18). Lawn care, health services, manual labor, and similar positions are examples of jobs perhaps deemed undesirable by natives but desirable for migrants. These newly arrived members of the economic community will often see even this as an improvement in their position, for while the work may be similar and quite physically demanding, the reward is significantly better than anything they could have earned before. For a time, then, migrants will willingly work these jobs and fulfill a need for unskilled, non-particular labor—assuming that minimum wage etc. do not eliminate the possibility of employers benefitting from this type of work.
Here at last is a possible solution to the problem of dwindling social welfare reserves. This case, making use of willing immigrant labor, could allow for creation of employment opportunities for low level jobs. Again, however, this job creation could only happen if wage restrictions allowed low-paying jobs to be made available. Any other pay, for the type of work desired, would be unprofitable for employers and they almost certainly would not open such positions at all. With the correct wage flexibility, then, such jobs could be offered and taken by immigrants. Low-paying or not, the income could then be taxed and would immediately start augmenting the native workers’ payments into the social security system. This greater participation in employment is exactly what proponents of the system recommend so as to boost revenue flowing into the program’s coffers. Whether the labor is natives or not does not matter on a strict benefits and costs basis, and immigrant labor as provided by eager Turkish fortune-seekers could be exactly what Europe needs to fill the gap.

Migrant integration, and particularly Turkish assimilation, poses a challenge to this rosy picture. Although not a strictly economic topic, it holds serious repercussions relevant to market workings. These can be simplified to three different aspects. The first deals with potential person to person conflict and the problem any nation faces when inviting migrant populations to enter. Cultural differences existing between the two groups may serve to drive a wedge between neighbors, co-workers, and peers. The subsequent two aspects present the opposite concern. If patterns of Turkish migration and life-style conform too well to those around them, certain economic benefits from the union would disappear.

Even now, before the greater freedom of movement that would be allowed under a complete accession of Turkey to the EU, those Turkish immigrants living in many European countries face the problem of assimilating or greatly standing out amongst their surrounding
native-born citizens. There are certainly bonuses to adopting new practices, language, and behaviors in the country to which one has relocated for the purpose of acceptance, cultural sensitivity, and ease of transition. At the same time however, much can be said for preserving traditional cultural practices to avoid forgetting them entirely and losing this connection to the past and to one’s national heritage. In many cases, immigrants to Europe from Turkey have chosen the latter over the former route. For many of these, their Islamic faith plays a large role in this decision. Outwardly visible signs of this faith such as distinctively shaped mosques for collective worship or the controversial head-scarf clash with a culture unused to Islam and fearful of its militaristic connotations (warranted or not). Understandably, especially in the face of this distrust, oftentimes migrants will settle together and build a self-sufficient community—creating less need for cross-cultural interaction and not making an effort to adjust to the thinking patterns or value-systems customary and important to their new neighbors.

On the other side of the assimilation questions, there is the risk that certain parts of Turkish immigrant life will fall in step with European patterns. Labor mobility trends could be one of these things. Despite the open borders and free mobility of labor between member states of the EU, there is a definite lack of labor transfer from one place to another (Schöb and Wildasin 2003). The sluggishness of labor movement cannot be explained by prohibition, but rather by disinclination on behalf of the individuals involved. A prime candidate for explanation of this surprising scenario could be the language barrier between small, very different countries. Even though an individual out of work could be searching for a job, the costs of moving his or her family across a border to a region with an entirely different language, schooling system, and in some cases even currency (if the member has not chosen to use or finish implementing the euro) are simply too great to consider. Such a myriad of challenging differences is quite a
significant consideration and could account for limited mobility of labor by choice. It is relevant, then, to ask whether Turkish immigration might soon follow this example as capital and employers might more readily choose to make the move from EU to Turkey rather than waiting for human capital to come to them. If the movement of labor from Turkey to the EU followed this voluntarily restricted pattern, Europe could lose any of the benefit derived from the flow of young Turkish workers.

The second of the two assimilation aspects is fertility rates. As was remarked upon before, Europe suffers from markedly low birth rates and is seeing a rapid decline in population currently and projected for the coming decades. In general, Turkish people do not share this tendency to small families; in fact, Turkey has a rapidly growing population set to expand that of the EU significantly if it should be allowed to join. These higher fertility rates contrast with European ones and could prove the method of recovery for shrinking and aging populations. Studies show, however, that migrant populations often subsume the birthrates of their new found home (Zimmermann 2005). If this was the case, large and growing Turkish immigrant families would no longer provide the solution to small European ones. The promise of younger population expansion would be gradually phased out as Turkish migrants assimilated to their surrounding birthrate patterns.

As dismal as the prospect sounds, there is one proposed solution to both the question of immigration in light of unemployment, and the shortage of skilled labor. If it were accepted, both concerns could be at least initially addressed. A policy of selective migration offers numerous benefits conducive to a more fully operational European market (Muus 2003). Such a policy would involve partial allowance of migration without any move to fully open borders to the movement of labor. It would at the same time bring with it a number of humanitarian concerns
and legal challenges, due to the nature of family ties and human actions. The ins and outs of such a program will be investigated in the following few paragraphs.

Logistically such a plan could prove challenging. The ideal would be for companies in need of trained, educate workers to find and hire such employees wherever they might be found. In other words, those considered equipped and promising enough could in effect earn themselves entrance, by way of a temporary work permit, to a country closed to normal migration (Zimmermann 2004). Their work would be productive enough and profitable enough to potential employers to merit the cost of wages, payment for moving, and certainly search costs. This last could prove especially challenging. Employers themselves, or specialized skill-scouting companies perhaps, would have to create a system by which such workers could be found and tested to prove competency and eligibility. Once this was taken care of, workers would be admitted on either a permanent or short-term basis depending on the need of hiring companies. For long-term and permanent employment needs, either business or government directed evaluation boards would determine, based on a points-system of their own discretion, which applying immigrants would most benefit the European economy as a whole and which ones, therefore, should be granted entrance. Short-term hires would be treated in a more novel and explicitly supply and demand process, following the hypothesized solution proposed by economist Klaus Zimmermann. For this type of need, employers would bid against each other in an auction of sorts to obtain a limited number of short-term work permits which they could then award to the international applicant of their choice. By this method, permits would be awarded to the most eager bidder and the means (skilled workers) would be allocated by necessity to their most effective and productive ends.
A growing field of research in recent years has been that of entrepreneurial efforts of immigrants. This brings up the extremely relevant topic of self-employment and business-starting initiatives on the part of Turkish immigrants. When discussing the consideration of Turkey joining the EU, the odds are weighted against migrating Turkish citizens. As stated earlier, opening the borders with Turkey would invite an influx of job-seekers which, many EU natives fear, could exacerbate the problem of unemployment already existing in Europe. If migrants instead brought with them a large dose of entrepreneurial spirit, the new businesses and positions these ventures generated could counteract the potential negatives for letting in the new residents. The following few paragraphs investigate this potential for Turkish entrepreneurs.

The entrepreneurial facet of the market provides a wealth of opportunity for growth, and could significantly impact the question of profitability on whether migrants would be an addition or disadvantage to European countries. There are many common factors influential in the beginning of such a self-directed enterprise on the parts of both native and migrant entrepreneurs. These reasons to abandon the usual paid-employment path persuade many of all nationalities to join the trend, although there are significant differences from country to country within the EU when it comes to individually initiated business ventures. Additionally, these factors are augmented by migrant-specific reasons for entrepreneurship, especially noted by economists Amelie Constant and Klaus Zimmermann in their article “The Making of Entrepreneurs in Germany: Are Native Men and Migrants Alike?”. Another team of researchers, Christian Kesteloot and Pascale Mistiaen, in their article “From Ethnic Minority Niche to Assimilation,” trace the development and expansion of certain specific migrant enterprises from a limited, ethnically-homogeneous clientele to a much wider market.
Pressures and inadequacies of the existing labor market factor most prominently into the introduction of self-owned business ventures. Common reasons given for such a venture are high unemployment, financial worries, the desire for self-sufficiency or satisfaction, and much more often among migrant workers the presence, or perceived influence, of discrimination in more typical hiring settings. These lead to entrepreneurial efforts that quite often surpass their small beginnings and become the basis for successful, large-scale companies and ventures. According to analysis done in Germany, immigrant entrepreneurs were reported to earn, on average, twice as much as their paid-position counterparts (Constant and Zimmermann 2006, 6). Despite the incentive, migrants take on such ventures half as often as their native peers—12% for native-born Germans versus 6.6% for migrants (Constant and Zimmermann 2006, 23). These numbers do not differentiate between small, individually operated businesses and larger concerns, so even this number does not necessarily connote a great increase in available job openings. In any event, such a statistic, at least for this noteworthy EU member state, is not optimistic as to the probability that Turkish migrants will so to speak “earn their keep” by opening up many new business concerns which provide jobs for native laborers and immigrants.

The niche for ethnic minority business concerns starts from the desire for familiar ethnic goods within ethnically homogeneous immigrant communities (Kesteloote and Mistiaen 1997). It is quite common to find enclaves of migrants who have settled together for the benefit of society, shared language and customs, and often career opportunities through personal or familial connection. Due to this demand for “home” goods, enterprising individuals see the profitability of opening such a business, whether it is a restaurant, grocery store, or other type of retail, that caters to this specific need. Over time, these businesses, which began by being concentrated exclusively in predominantly migrant communities, spread beyond their original locations in
order to serve a wider clientele. The physical expansion is prompted and accompanied by the modified purpose of attracting not purely immigrant customers. The nature of the business at this time becomes less of an “ethnic minority niche” and more of an “exoticism” (Kesteloote and Mistiaen 1997, 326). It provides the same services, which are still equally as beneficial and desirable to their former customer-base, but which now are opened to a formerly unaware public. The appeal of such goods and services (in the case of restaurants) lies in their scarcity and exotic nature. This case provides just one example of a successful entrepreneurial endeavor provided almost exclusively by immigrant owners.

Several truths about migrant entrepreneurial businesses make them less suited to drastically increasing native employment and therefore less attractive to host countries looking for help with unemployment. A significant amount of the time, businesses run by migrants are heavily family-run and staffed. Connections through relations or perhaps family friends provide jobs, which in turn are often positions characterized by hard work, unskilled labor, and irregular hours. These unusual features might dissuade conventional European workers unused to different cultural and managerial practices (Yetim and Yetim 2006, 265). Also as a result of atypical job conditions, these businesses may often be a part of the informal market and operate in a sense under the radar.

From a look at the faces of immigrant entrepreneurship, or in this case particularly Turkish entrepreneurs, there is certainly some prospect of market expansion. Small businesses abound in migrant communities, serving as both local hang-outs and exotic, specialty goods sources. Immigrants are often more prone to engage in such an undertaking than their native counterparts due to pressures of language barriers or employment discrimination. On the other hand, despite their relative abundance, these businesses on the whole are not of the type to
provide large amounts of employment opportunities for local native workers, so in the European scheme of things overall the idea is not one with much potential appeal when considering the Turkey question.

As the cultural center of the Western world down through the ages, Europe and the European Union member states in particular serve as an emblem of prosperity and civilization to many less developed countries. The European condition, therefore, merits careful consideration. Current inefficiencies of the market are there for a reason, and derive chiefly from restrictions on the market. To gain the full picture of market ability, a thorough and apolitical analysis of free market workings and supply and demand comes into play. It must be acknowledged that Europe is performing significantly below its potential output. This is a result of ideological choices which do not depend on optimal economic performance and instead revolve on average social well-being, but nevertheless are not likely to disappear from European life. At very least they will not disappear entirely no matter how detrimental to market workings they may be proven to be. At the same time, government officials may well be lacking the economic knowledge necessary to understand the pitfalls their own societal aspirations bring upon them. There will follow, in the concluding few paragraphs, a description of ideal economic practices contrasted with those actually in place, giving a brief idea of steps the EU could take—ultimately without the addition of Turkey as a new member—in order to defeat its current employment woes.

According to classical Austrian school reasoning, there are a few simple changes EU labor market policy would have to implement in order to approach complete employment. An immediate improvement would be the elimination of minimum wage and similar wage restrictions. With this barrier out of the way, employers would be free to pay employees what their work is worth, including a just level of payment for very simple, unskilled work. Laborers
would not earn as much as they are assured of in the current system, but more people would have
be employed. This describes the supply side of jobs, but a removal of wage restrictions would
also profoundly affect the demand for jobs. With more jobs available, and perhaps more
openings for lesser skilled work, there would certainly be great competition amongst workers for
the positions available. The rivalry between job candidates admittedly does not help the eventual
loser who is not chosen, but it will certainly improve the quality of labor and thereby the
productivity and quality of product put out by the company, since it can now select the best talent
for the job.

There is far too much to say in terms of market inefficiency of social welfare systems
paid for by the citizens and administrated by the government. Inherent in a system such as this is
the problem of free riders, those who are enabled to take advantage of benefits in place and who
do not have a problem with doing so. Even without invoking the negative connotations of “free
rider,” an honest assessment of socialist government policies must acknowledge that such
programs necessarily include incentives to draw upon available benefits (such as postponing
working or job-searching until unemployment benefits run out). If given the choice, almost
anyone would choose to collect money for not working—prizing leisure time over time spent
laboring—than for working. As a result, EU policies of social welfare and insurance actually
serve not only as a safety net but also as readily welcomed payment for doing practically nothing
helpful to society. The costs, furthermore, for these programs are unsustainable especially in
light of the coming swell in retirees vs. lack of up-and-coming workers to fill their places in the
payment arrangement.

Lastly, Austrian economics also has something to say toward the pertinent question of
optimal migration policy. Proponents of the free market, one might assume, would certainly
suggest open borders. Competition awards jobs to deserving candidates, work is done productively, and supply and demand reach equilibrium, notwithstanding some costs in human comfort or well-being. Upon closer examination, this is not the case. Applying the situation of open competition does not take into consideration one of the grave concerns of any country formulating an immigration policy—the understandably preferential treatment given to national workers over incomers. The more fitting scenario to describe such a scene should be that of private property rights. The owner of a private plot of land (in this case a country) does not allow anyone who wants to cross his borders, move into the land, and start searching for ways to live off of it. He is best profited by inviting those who will be helpful to him into his property for the specific task in which they specialize. This indeed should be the model for immigration, and it coincides quite well with the proposed auction and point system partial migration policies delineated above.

If this policy were chosen and implemented, Turkey’s fate would be sealed. Accession to the EU, and the open border-crossing this must include, would be out of the question when considering a self-serving European Union goal. Questions of labor markets are complicated by human concerns of fairness, generosity, and self-interest to mention only a few, but these do not alter the economic truths undergirding optimal economic policy. The restrictions and regulations intrinsic in the EU system bring upon itself many of Europe’s dire struggles with unemployment or mismatched labor skill sets. Further choices, particularly in the field of public services offered to all EU member state inhabitants, continue to wear away at economic sustainability in the form of withdrawals far greater than maintainable levels. Weighing in the balance both Turkey’s potential benefits—entrepreneurial enterprises, new life to rejuvenate aging European populations, willingness to work undesirable jobs, and participation in the workforce beneficial
to the social welfare payroll—and its costs—potentially great influx of unskilled labor to an already overwhelmed labor market—the EU would be wise to reject its patient petitioner open migration rights through accession in the interests of self-preservation and wise labor market policy.
Bibliography


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