The Impact of 1989 Migration of Ethnic Turks from Bulgaria on Employment Outcomes in Turkey (Murat Kırdar)

The resurgence of large scale international migration motivated the development of a wide area of research in economics that studies the impact of immigration on the labor market of both sending and receiving countries. While Turkey is largely known as an immigrant sending country there are also episodes of large scale international migration. However, little is known about the economic impacts of these migration flows in the Turkish context. This research project is going to explore the impact of the large scale immigration of ethnic Turks from Bulgaria to Turkey during the late 1980s. The impact of this migration on the labour market outcomes of native workers (i.e. those born in the receiving country) will be explored using micro level data and econometric analysis. The study will contribute to both the migration literature in the Turkish context and also the economics of immigration literature in general.

The theoretical framework in economics predicts that a shift in the supply of workers due to immigration should reduce the wages and employment opportunities of competing native workers in the receiving country. While the theoretical predictions are clear many studies that try to empirically test these predictions find impacts that contradict these predictions. International migrants prefer certain regions over others during the settlement process. Most studies exploit this variation and explore whether wages are negatively affected in those regions where the immigrants supply shocks are greater. A new literature, however, points out the problems with this methodology indicating that immigrants choose where to settle. In this decision they may take into account various factors such as the macro economic characteristics of cities that may affect their labor market prospects. There may be many factors that are important in settlement decisions of immigrants but are unobservable to the researchers. Therefore, the methodological approach employed by these studies may not be control for these unobserved factors about regions and immigrants that may cause severe bias in the estimated impacts.

In order to solve these methodological problems researchers either estimate the impacts at the national level or exploit natural experiments that initially dispersed immigrants, without their involvement, to various regions in the receiving country. Studies that use the national level approach tend to find much larger impacts, consistent with theoretical predictions, while the evidence from natural experiments are mixed.

In this research project we exploit a natural experiment that increased the supply of labor in certain cities in a very short period of time in some Turkish cities and towns following the arrival of ethnic Turks from Bulgaria. These immigrants were especially placed by government in regions where immigrants from previous waves of immigration to Turkey from Balkans are residing. Thus, it provides a very unique opportunity to study the impact of the resulting labor supply shift shortly after immigrants’ arrival on the labor market outcomes taking into account the skill mix immigrants and the resident population. The study will be the first one to explore the labor market impacts of international migration in the Turkish context and will contribute to the intense debate in economics literature by providing evidence from a developing country.