

An Empirical Study of Turkish Economic Migrants in North Cyprus

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This paper provides empirical evidence on Turkish migrants illegally working in North Cyprus. The evidence is based on a special sample survey (N = 513) conducted, with the cooperation of TRNC Labor Ministry, during the Fall and Winter 1999. The evidence demonstrates the existence of a Todaro-type flow of rational migration, prompted by a combination of push-pull factors. In particular, the survey demonstrates that migrant workers, on the average, double their daily wages in North Cyprus compared to wages in the sending locations, mostly in the poorer South and Southeastern regions of Turkey, just 60 miles to north. Significant policy implications emerge from the study

PART I:

INTRODUCTION

The politically divided island of Cyprus is an economic paradox. The non-settlement of the Cyprus problem^[1] is matched by a remarkable economic success both in the Greek-Cypriot South and in the Turkish-Cypriot North. In the South, income per capita, now over \$15,000, has increased steadily at an average rate of 3.9% p.a. during 1977-97^[2]. During the same 20 year period, the growth of per capita income in the Turkish North Cyprus has been even more impressive, registering 4.8% p.a.^[3], although currently at \$4,500, it still lags the South by a 3:1 ratio.

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(1) Süha Bolükbaşı, "The Cyprus Dispute and the United Nations: Peaceful Non-Settlement Between 1954 and 1996" *International Journal of Middle East Studies*, vol. 30, 1998, pp. 411-434.

(2) Based on income figures in constant 1980 prices taken from Department of Statistics and Research, Ministry of Finance, (Greek) Republic of Cyprus, *Statistical Abstract 1997*, p. 216

(3) Based on income figures in constant 1977 prices taken from State Planning Organization, TRNC Prime Ministry, *Economic and Social Indicators, 1997*, p. 1

Behind this economic success lie several important contributing factors such as shipping and offshore banking in the South and a growth of an English-language University sector in the North^[4]. Both parts of the island are also benefiting from tourism. Not surprisingly, this economic success has become a magnet for economic migrants from countries near and far.

This paper explores a hitherto under-researched dimension of the North Cyprus economy: viz. Economic migration from the Turkish mainland just 50 miles to the north. This is mostly 'illegal' migration in the sense that these Turkish workers do not possess work permits, simply entering the Turkish Republic of Cyprus (TRNC) as tourists and staying on. They work without any social security benefits at wages well below official minimum wages, taking jobs predominantly in agriculture, construction, manufacturing, and services which Turkish-Cypriots find to unattractive^[5].

The paper provides empirical evidence on Turkish migrants illegally working in North Cyprus. The evidence is based on a special sample survey (N = 513) conducted, with the cooperation of TRNC Labor Ministry, during the Fall and Winter 1999. The evidence demonstrates the existence of a Todaro-type^[6] flow of rational migration, prompted by a combination of push-pull factors, highlighting in particular the pull of significantly higher wages in North Cyprus.

The organization of the paper is in five parts. Following this Introduction, Part II presents a neo-classical migration model in which migration is regarded as investment in higher earnings. Part III, the main part of the paper, described the survey and summarizes the empirical finds. Part IV discusses the economic, social and political implications. Finally, Part V provides the analytical and policy conclusions of the study.

PART II:

A MODEL OF RATIONAL MIGRATION

The most well-known migration theory of why people move one labor market to another is Todaro's neo-classical model^[7]. According to Todaro, migration is a rational decision based on a careful *ex-ante* evaluation of net pecuniary benefit, b , such that

(4) O. Mehmet and M. Tahiroglu, "Growth and Equity in Microstates: Does Size Matter in Development?" *International Journal of Social Economics* (forthcoming).

(5) Similar conditions exist in South Cyprus. For example, the Greek Cypriot paper *Fileleftheros* has recently reported that there are 31,668 foreign workers in the south, some from as far away as Sri Lanka, India, the Philippines and China, but many as well from Bulgaria, Romania, Russia, Moldavia, Yugoslavia, Georgia as well as from Middle East countries such as Lebanon and Jordan. See *Kibris*, 16 August, 1999, p. 19

(6) M. Todaro, "A Model of Labor Migration and Urban Unemployment in Less Developed Countries" *American Economic Review*, vol. 59, no.1, March 1969

(7) Op. Cit.

$$b = B - C \quad (1)$$

where gross benefit, B is the excess of expected income at destination, y_1 over income at the original location, y_2 , less the cost of migration, C_m :

$$B = \exp(y_1) - y_2 \quad (2)$$

The cost, C , is the expense incurred as a consequence of migration, C_m , which includes transportation and related costs in moving from original to destination location.

$$C = c_m \quad (3)$$

The necessary condition for a successful migration is that net benefits of migration should be positive:

$$b > 0 \quad (4)$$

Since labor migration is a long-term decision, it is in fact, as originally argued by Sjaastad⁸, an investment decision in additional lifetime earnings. As such, benefits of migration need to be calculated in present value, $PV(y)$. This implies that discounted net benefits of migration accrue over time ranging from the date of first employment at destination location denoted by $n = 1$, till the point of retirement several years later at tn :

$$PV(y) = \sum_{n=1}^t b_n / (1+i)^n \quad (5)$$

Eq. (5) can be computed, in standard manner, as a benefit cost ratio or as an internal rate of return.

This is the basic model which will be applied here to test the hypothesis that Turkish migrant workers in North Cyprus are rational, behaving in the manner postulated by Todaro and Sjaastad. We now turn to an analysis of the survey results.

PART III:

EMPIRICAL FINDINGS

The required data for a test and application of the model above was not available. Accordingly, a sample survey of Turkish migrant workers in North Cyprus was designed and conducted, with the cooperation of the TRNC Ministry of Labor in the

(8) Larry A. Sjaastad, "The Costs and Returns of Human Migration" *Journal of Political Economy*, October 1962.

Fall 1999 and Winter 2000. The questionnaire was deliberately kept brief (it was just two pages long with a total 17 questions) so that it could be administered by enumerators with ease and minimal time requirement. Strict anonymity of respondents was preserved to ensure reliable response.

130*The Sample:*

The survey size was 513. Although the exact number of the total 'illegal' Turkish workers in North Cyprus is not reliably known, our sample was believed to be large enough to provide a fairly representative picture.

By far the most important sending location was Hatay province on the Syrian border, in South Turkey, with 37.2 % of the survey respondents. Hatay was followed by other provinces in the South and Southeastern Turkey such as Sanliurfa, Icel, Adana, Antalya, K. Maras, Adiyaman. These sending locations collectively accounted for a further 1/3rd of the migrants.

TABLE I: THE SENDING LOCATION

Hatay	37.2%
Icel	6.8
S.Urfa	6.2
Adana	5.3
Adiyaman	5.3
Antalya	4.3
K. Maras	4.3
Other sending locations	30.6
TOTAL	100.0

No less than 28.3% of the migrants surveyed were unemployed in the sending location before moving to North Cyprus and 71.7% were employed. Of those working, 32.7% had been employed in the services occupations, a further 25.1% had been ordinary laborers, and a further 14.4% worked in production and transport occupations. Only 6.6% worked in agriculture.

TABLE II: OCCUPATION IN SENDING LOCATION

Clerical	0.8%
Sales	1.2
Services	32.7
Agricultural	6.6
Production & Transport	14.4
Common laborer	25.1
S/total	80.9
Invalid cases	19.1
TOTAL	100.0

The Migration Decision

When asked what was the principal reason for migration, 75.0% of respondents stated that their aim was to earn more money. In the case of 13.1%, their principal aim was to gain citizenship and start a new life in North Cyprus, and the almost 12% had "other" reasons.

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TABLE III: THE PRINCIPAL REASON FOR COMING TO TRNC

To Earn more money	75.0%
To get citizenship and stay	13.1
Other	11.9
TOTAL	100.0

Method of Travel, Financing Passage and Travel Documents

Coming by ferryboat is the most popular form of travel option for Turkish migrants. No less than 86.5% came to North Cyprus this way. It is, of course, the cheaper alternative to air travel, given the frequent service from Tasucu and other ports in Southern Turkey to Gazimagusa or Girne.

TABLE IV: TRAVEL TO TRNC

Method of Travel:	
By air	13.3%
By ferry	86.5
No response	0.2
Total	100.0
Financing Passage:	
Own	80.3%
Employer	4.5
Other	14.4
No response	0.8
Total	100.0
Travel Documents:	
Passport	59.6%
Identity card	40.2
No response	0.2
Total	100.0

Since entry into North Cyprus for Turkish citizens is relatively easy, it is not surprising that 40.2% of the respondents came to Cyprus by means of a simple identity card, compared with 59.6% who come with passports. No less than 80.3% financed their migration from own sources, with employers financing only in just 4.5% cases.

Employment before and after Migration:

A total of 145 respondents, or 28.3% of the sample, was unemployed in the sending location before migration to North Cyprus. Thus, 71.7% had jobs, mostly in service occupations (32.7%), as common laborers (25.1%) or as workers in transport and communications.

After moving to North Cyprus, all of the 513 respondents surveyed reported that they had jobs. A majority worked in service occupations (55.9%). Common laborers were the second largest groups (27.1%), followed by the third group of workers in production and transport jobs (16.2%).

In other words, migration from the Turkish mainland to North Cyprus appeared to be within similar occupational categories, generally at the lower end of the skill ladder. More skilled workers appeared to be relatively few.

TABLE V: OCCUPATIONS BEFORE & AFTER MIGRATION

	Before/after
Clerical	0.8%/0.2
Sales	1.2/0.2
Services	32.7/55.9
Agricultural	6.6/0
Production & Transport	14.4/16.2
Common laborer	25.1/27.1
S/total	80.9/99.8
Invalid cases	19.1/0.2
TOTAL	100.0/100

Wages before and after Migration:

In this paper we only examine the short-term monetary gain of economic migrants for reasons to be explained presently.

No less than 336, or an impressive proportion 85.6%, of the surveyed migrants successfully improved their wages as a result of migrating to North Cyprus, whereas 14.4% failed to do so.

The average daily wage of the potential migrants in the sending location in Turkey was \$6.29. By comparison, the average daily wage for this sample of workers increased to \$11.48 in North Cyprus. This is a remarkable finding, implying that the average migrant managed to register a monetary gain of 82.5%.

There was, however, significant dispersion around this average within a range going from a minimum of \$5.533 to a maximum of \$32.26. Of the 380 valid responses, 58.2% reported daily earnings in the \$10-15 bracket, compared with 30.8% in the \$10 - 15 wage bracket and 11% in the \$15+ bracket. The details are shown in the table below:

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TABLE VI: EMPLOYMENT STATUS IN TURKEY & EARNINGS IN NORTH CYPRUS

Daily Wage in North Cyprus:

Employment status & Wage in sending location:	\$5 - 10	10 - 15	15+	TOTAL
Unemployed (U)	5	4	4	13
Employed:				
\$0-5.00	32	39	2	73
5.01 - 10.00	69	133	2	218
10.01 - 15.00	9	34	12	55
15.00 +	2	11	8	21
Sub-total (E)	112	217	38	367
TOTAL (E+U)	117	221	42	380

Length of Stay

The Turkish migrants in our survey tended to be short-term. No less than 54.8% had entered TRNC within the last six months of the survey date. A further 19.5% had been in the country for 6-12 months. In other words, 3 out of every 4 migrants surveyed had been in North Cyprus less than a year. This suggests that the great majority of Turkish migrants are short-term or temporary workers.

On the other hand, a by no means a non-trivial proportion of Turkish migrants are longer-term. In our survey, the proportion of migrants who had entered TRNC upwards of a year was 25%. This pattern implies that the Turkish migrants are bimodal: (1) the vast majority being temporary, short-term, and (2) possibly up to a quarter who are longer-term, potential citizens.

TABLE VII: LENGTH OF STAY

0-6 months	54.8%
6-12	19.5
12-18	7.2
18-24	7.0
24-36	3.5
36+	8
TOTAL	100.0

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It is evident that our sample appeared to reflect predominantly short-term migrants. Accordingly, the question of long-term returns to migration, as originally posed in the Todaro-Sjaastad model, could not be adequately answered on the basis of the present findings. This significant question requires investigation in a subsequent survey designed with this particular aim in mind.

Legal Status

Although the migrant workers in this survey were "illegal" in the sense of not having a work or residence permit, it was determined that almost all of them desired to 'legalize' their status in North Cyprus. Thus a mere 2.5% of the respondent replied negatively to the question of whether or not they wished to take out legal documentation, if given the opportunity.

TABLE VIII: MIGRANTS' PREFERENCES FOR LEGAL STATUS IN NORTH CYPRUS

Do you wish to have a work permit:	
Yes	97.1%
No	2.9
Do you wish to have a residence permit:	
Yes	97.5
No	2.5

PART IV: IMPLICATIONS

There are several implications of the empirical findings presented in the preceding Part. These are grouped in two main categories: (1) policy terms, and (2) wider implications relating to economic, social/cultural, and political consequences.

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(1) Policy Implications

Our survey results, while limited in coverage and timing, point to several important implications for labor market and social security policies in North Cyprus.

The first and foremost finding is that this flow of migration is rational, driven by economic determinants. It is not guided or controlled by policymakers in Nicosia or Ankara. As a result, it can be predicted that this flow will continue, indeed it may accelerate, in parallel with the higher wage differential in North Cyprus.

Any policy intervention to control, or prevent, this migration flow would be counter-productive and unadvisable.

A better policy approach would be to normalize Turkish migration to North Cyprus. A good step in this direction would be to improve the administrative effectiveness of the Guest Worker Scheme, which currently exists between the Turkish and TRNC Labor Ministries. However, it is not being administered very efficiently. The evidence from our survey points to a very high preference of migrants, reported in Table VIII above, that they do not wish to be illegal workers. They are simply responding to economic opportunity. As for the employers' preferences, our evidence suggests that they rely on so-called illegal workers primarily to escape high administrative fees and social security payments. In fact, these fees and payments tend to operate as a form of employment tax reducing job creation in North Cyprus.

(2) Wider Implications

We now examine the wider implications of Turkish migrants in North Cyprus.

i. Economic Implications

Our findings confirm the validity of rational mobility predicted by neo-classical labor market theory. Our evidence strongly suggest that Turkish migrant workers in North Cyprus are economic migrants, even though considered 'illegal' by authorities, are economic migrants.

There are significant pull and push factors behind this migration, similar to flows experienced in other parts of the world⁽⁹⁾ The pull factors include demand for low-

(9) O. Mehmet, E. Mendes and R. Sinding, *Towards a Fair Global Labour Market, Avoiding a New Slave Trade*, Routledge, London & New York, 1999, esp. 53-8.

wage labor in several sectors of the North Cyprus economy, especially construction, garment and textiles, and service sector. Lower wage costs in these sectors have the beneficial effect of keeping prices moderate to Turkish Cypriot consumers. On the other hand, the TRNC authorities resent these 'illegal' workers because they tend to avoid taxes, and evade social security regulations. Labor unions and other interest groups resent loss of jobs to cheap-wage migrants. In addition, there are a variety of non-economic irritations (see below).

Turning to push factors in the sending location low wages, surplus labour and limited economic prospects are indicated. But, the single most significant determinant of the mobility decision is expected higher earnings in North Cyprus compared with the sending location. Our results demonstrate that for the vast majority of migrants this risky decision is validated.

ii. Social/Cultural Implications

Some Turkish migrants who stay on in North Cyprus, ultimately manage to win citizenship and play a political role (see below). However, this is not all rosy. There are serious social, cultural and religious consequences. Generally, the educational status and the cultural outlook (e.g. on secularization) of the Turkish Cypriots is considerably higher or more modern compared with the incoming Turkish migrants. In particular they are far more secular compared to the more Islamic mainlanders. As well, the migrants contain a proportionately high ratio of Kurds.

All of these factors give rise to major differences in custom, tradition and social values. For example, gender relations, family life and social obligations are significantly different amongst the migrant population compared with Turkish Cypriots. These differences have resulted in some interesting social problems.

One of the social problems concerns the rise in the number of illegal children. This problem stems from the conflicting systems of marriage between migrants and Turkish Cypriots. In TRNC polygamy has long been abolished. However, amongst the more backward peasant communities in mainland Turkey, *sharia't* marriages are still practiced beyond the arm of the law. Polygamy is one of the customs which migrants have brought with them to North Cyprus. Children born to polygamous parents are children without status under TRNC laws. To eliminate this undesirable situation, several municipalities have resorted to 'creative solutions' including multiple civil marriages whereby tens of couples are married at the cost of municipal taxpayers.

A further problem is the added cost of adult schooling to combat higher-than average illiteracy amongst migrants and their dependents. Thus, an interesting fact in North Cyprus education is that in recent years, school enrolment statistics for primary and secondary levels has exceeded 100% of the relevant age bracket. This is strictly the result of an increasing number of over-age students in the system.

These social and cultural problems are likely to be short-term. Judging from the 'second-generation' experience of migrants/settlers elsewhere [10], it is evident that the children of migrants have different outlook and values than their parents who constitute the first generation. In North Cyprus, there are already signs that the 'second generation' is more closely integrated with the mainstream Turkish Cypriot population. Schooling, as mentioned above, is a major element in this integration process. Steady employment and higher economic standing available in North Cyprus are further elements in the 'melting-pot' process of 'second generation' migrant population.

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iii. Political Implications

There are several important political implications of our study. First and foremost, there is no evidence of any kind of official settlement policy in North Cyprus. Simply put, what we are observing is labor market dynamics. Similarly, the fact that most migrants decide to stay on is due to economic factors: migrants stay because they experience rising standards of living. These factors amount to a rejection of any deliberate policy in North Cyprus, or directed from Turkey, (as argued by Greek Cypriots) in the direction of forced settlement.

On the hand, there is no question that economic migration is altering the demographic landscape in North Cyprus. In 1974, Turkish Cypriots numbered about 1/5th of the island's total population. Now, thanks to migrants, they are about a 1/3rd. As time passes, this ratio will undoubtedly continue increasing.

Finally, it also needs to be recognized that the changing demographic landscape in Cyprus will influence the political settlement, if any, that may, some day, be reached between the North and South. Indeed, given the fact that any settlement will be subjected to separate referenda in both South and North of the island, the migrant population, will have a major say in the outcome. The longer the settlement is, the greater the weight that the migrant population will exercise.

(10) For a different kind of 'second generation' problem encountered among land settlement schemes in Malaysia, see Ozay Mehmet, "Evaluating Alternative Land Schemes in Malaysia: FELDA and FELCRA" *Contemporary Southeast Asia*, vol. 3, no. 4, March 1982.