

Abstract:

The Labor Market Effects of the Massive Influx of Syrian Migrants in Turkey

In this paper, we estimate the effect of the arrival of 2.5 million Syrian migrants in Turkey by the end of 2015 on the labor market outcomes of natives using the 2004-15 Turkish Household Labor Force Surveys. We use a difference-in-differences methodology where the identification comes from the regional variation in the intensity of the shock across the 26 NUTS-2 regions in Turkey. We show the common-trend assumption—typically forced in this literature—makes an important and at times substantial difference in several outcomes in this context. On the other hand, several plausible instruments, also typically used in the literature, make very little difference in the OLS estimates. Our results indicate that there is no negative effect of the arrival of Syrians on total employment of native men. There is a significant negative effect on informal employment which is cancelled by an equally significant positive effect in the formal sector. In the informal sector, every 10 Syrians take the jobs of 4-5 native men, all of whom are wage workers. However, no robust evidence of an effect on wages exists. In the formal sector, every 10 Syrians generate jobs for about 5 native men; of which roughly 2 are wage workers, 2 self-employed, and 0.5-1 employers. We also find a positive effect on wages of men in the formal sector; a 0.1 unit increase in the ratio of migrants to natives brings about a 7-percent increase in wages. For women, on the other hand, there is no robust evidence of an effect of the arrival of Syrians on employment or wages either in the formal sector or in the informal sector. In terms of sector of employment, men in the construction sector and men and women in the agricultural sector are losers; a 0.1 unit increase in the ratio of migrants to

natives brings about a 15-20 percent decline in agricultural wages for both men and women.