DEVELOPMENT THROUGH EMIGRATION: A COMPARATIVE STUDY ON KINGDOM OF MOROCCO AND REPUBLIC OF TURKEY

by

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STATEMENT OF AUTHORSHIP

This thesis contains no material which has been accepted for any award or any other degree or diploma in any university or other institution. It is affirmed by the candidate that, to the best of her knowledge, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

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ABSTRACT

This study aims to delineate the evolution of discourses on the impact of emigration on socio-economic development in Morocco and Turkey since the signing of the first bilateral labour recruitment agreements with the West European countries in the early 1960s. The states' perceptions of the monetary remittances within their development strategies and the impact of these perceptions on the overall development processes are discussed in line with the emigration experiences of Morocco and Turkey from a comparative point of view. These experiences show that both Morocco and Turkey have passed through very similar phases of labour emigration in the same decades and shaped their perception of emigration-development nexus accordingly. These changes are scrutinized within the international political economic context of their times; the etatism of the 1960s and 1970s, neo-liberalism of the 1980s and 1990s, and globalisation and transnationalism of the 2000s. In line with the continuously changing international context, the literature on emigration-development nexus, specifically on remittances, has evolved from rigid optimist views of the 1950s and 1960s to pessimist approaches of the 1970s and 1980s, and finally it has been dominated by the studies conducted from pluralist views since the 1990s, which are mostly grouped under the title of new economics of labour migration (NELM).

Acknowledging the context-sensitive nature of emigration-development nexus in migrant-sending countries, the role of remittances in the development scenes of Morocco and Turkey is discussed in relation to the avalibility of alternative sources of development finance in these countries. This study reveals the Moroccan and Turkish states' approaches towards emigration by relying on the official documents and previous studies on the subject, and examines the role attributed to remittances within the state development strategies by analysing various statistics from national and international sources. From being the main source of foreign currency for both Morocco and Turkey in the 1960s, remittances have relatively lost their importance as development finance in Turkey since 1980s with increasing amounts of foreign direct invetsment and tourism revenues while they are constantly strengthening their position as being financier of budget debts in Morocco. The process of emigration leading to such changes in the role of remittances has passed through three distinct phases, each of which has caused emergence of different perceptions and discourses regarding the developmental impact of emigration; officially regulated labour emigration to West Europe from the 1960s to the mid-1970s, emigration for family reunification, family formation, and asylum to West Europe and spread of labour immigration to the oil rich Arab countries from the mid-1970s to the 1990s, and rising impact of globalisation, transnationalism and the European Union on migration issues since the 1990s.

Keywords:

Development, emigration, remittances, Morocco, Turkey

ÖZET

Bu çalışmanın temel amacı, 1960ların başlarında Batı Avrupa ülkeleri ile imzalanan ilk ikili işgücü anlaşmalarından bu yana yurtdışına göçün Fas ve Türkiye'de sosyo-ekonomik kalkınmaya etkileri üzerine oluşturulan söylemlerin gelişimini incelemektir. Devletlerin kalkınma stratejileri kapsamında işçi dövizlerini nasıl değerlendirdikleri ve bu değerlendirmelerin kalkınma süreçlerine etkileri Fas ve Türkiye'nin dış göç deneyimleri kapsamında karşılaştırmalı olarak tartışılmaktadır. Buna göre, Fas ve Türkiye aynı dönemlerde yurtdışına işgücü göçünün benzer aşamalarından geçmiş ve dış göç-kalkınma ilişkisi üzerine söylemlerini bu doğrultuda şekillendirmişlerdir. Bu değişimler, kendi zamanlarının uluslararası siyasal iktisat koşulları bağlamında değerlendirilmiştir; 1960lar ve 1970lerdeki devletçilik, 1980ler ve 1990lardaki neoliberalizm ve 2000lerdeki küreselleşme ve ulus-ötecilik. Sürekli değişen uluslararası koşullar bağlamında dış göç ve kalkınma arasındaki ilişki, özellikle işçi dövizlerinin kalkınmaya etkisi üzerine olan literatür 1950ler ve 1960lardaki iyimser bakış açılarından 1970ler ve 1980lerdeki kötümser yaklaşımlara ve neticede de 1990lardan itibaren çoğulcu çalışmalara doğru gelişmiştir. Dış göç ve kalkınma ilişkisini açıklamada kullanılan bu çoğulcu yaklaşımlar genellikle işgücü göçünün yeni ekonomisi başlığı altında toplanmıştır.

İşçi dövizlerinin Fas ve Türkiye'de kalkınmaya olan etkisi, bu ülkelerde kalkınma finansmanı olarak değerlendirilen alternatif kaynakların varlığıyla ilişkili olarak değerlendirilmiştir. Bu çalışma, Fas ve Türkiye'nin dış göçe karşı olan tutumlarını resmi dökümanlara ve konu üzerine olan geçmiş çalışmalara dayanarak analiz etmiş ve kalkınma alanında işçi dövizlerine verilen önemi ulusal ve uluslararası kuruluşların istatistik verilerine dayanarak değerlendirmiştir. Fas ve Türkiye'de 1960larda temel döviz kaynağı olan işçi dövizleri, Fas'ta giderek daha da önemli bir döviz kaynağı haline gelirken Türkiye'de artan doğrudan yabancı yatırım ve turizm gelirleriyle beraber 1980lerden itibaren kalkınma finansmanı olarak önemini yitirmeye başlamıştır. İşçi dövizlerinin rolü üzerinde bu gibi değişimlere neden olan dış göç süreci her iki ülkede de üç ana dönemden geçmiştir. Bu dönemlerden her biri, dış göçün kalkınmaya etkisi üzerine farklı algılar ve söylemler oluşturulmasında etkili olmuştur; 1960ların başından 1970lerin ortalarına kadar Batı Avrupa'ya resmi olarak düzenlenmiş işçi göçü, 1970lerin ortalarından 1990lara kadar Batı Avrupa'ya aile birleşimi, aile oluşumu ve sığınma amaçlı dış göç ve işçi göçünün petrol zengini Arap ülkelerine doğru kaymaya başlaması ve 1990lardan itibaren küreselleşmenin, ulus-öteciliğin ve Avrupa Birliğinin göç konularında giderek artan etkisi.

Anahtar Sözcükler:

Kalkınma, dış göç, işçi dövizi, Fas, Türkiye

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TABLE OF CONTENTS

LIST OF TABLES

CHAPTER 1

INTRODUCTION

1.1 Setting the Issue and the Problem

This thesis elaborates the political economy of emigration in two selected developing countries with sizable emigrant populations living abroad, namely the Kingdom of Morocco (hereafter Morocco) and the Republic of Turkey (hereafter Turkey), concerning their different ways of using labour emigration as development strategies. In particular, it seeks to account for the differences in the level of achievement of various past and current development strategies concerning emigration in these countries by analyzing remittances in a wider political-economic context. The very main purpose of the study is to analyse *the changing paradigm of development-emigration linkage* over time by referring to these countries' emigration experiences, perceptions of development, and impact of emigration on development in these two countries since the World-War Two from a comparative point of view.

Making comparisons on Morocco and Turkey concerning their emigration-related experiences and strategies on development is expected to give an answer to the question how the countries' perception of emigration and development linkage change in different political economic contexts and in face of the availability of alternative sources of development. A comprehensive comparative study of these two cases is also likely to give an idea on how labour emigration is situated in the overall political economy of development in different contexts since Morocco represents a case where remittances have been an important component of state development strategies for over four decades on the one hand; and Turkey, on the other hand, represents a case where remittances have relatively lost their importance as a development tool since the 1980s.

The Global Development Finance Annual Report of the World Bank for the first time took formal notice of remittances as a source of external development finance in 2003 (Bakewell, 2008; Sørensen, 2004a). A year later, in June 2004, the G8 Heads of State Summit called for better coherence and coordination of international organizations working to enhance remittance services and heighten the developmental impact of remittance receipts. However, apart from the international organizations' newly emerging interest in remittances; as early as the 1960s, remittances were perceived as major contributors to development in sending countries of domestic labour force.

The positive expectations of analysts and policy-makers from the social and economic impact of remittances on developing countries were based on the modernization theories of the 1950s. Besides recognizing the importance of financial remittances as one of the external development sources for the countries of emigration, these modernization theories argued that the transfer of Western values of rationality, individualism and enterpreneurship through social remittances was crucial for development (Castles, 2007). This implicit classification of remittances into social and financial forms has been explicitly voiced particularly since the end of the 1990s.[1] Recognizing different natures, ways of transfer, and effects of social and financial remittances on development, this thesis is planned to give more emphasis on financial remittances while referring ‘relatively’ less to their social dimension.

Besides this acknowledgement of different kinds of remittances, building an argument on their developmental impact also necessitates a clear explanation of what is meant by *development* throughout this thesis. The most important aspect of the notion in this study is its being a combination of *social* and *economic* components which are fundamentally interrelated. This interrelation means that changes in social relations and the well-being and human capital of countries also affect productivity, freedom of choice and the capacity to participate in public debates, and aspirations of societies and vice versa. Thus, the very concept of development includes elements such as social well-being, poverty alleviation, income inequality, gender equality and universal access to primary education, health care and meaningful employment (Sen, 1999).

According to Sen’s (1999) definition of the concept, economic growth only itself could not be regarded as a determinant of pure development. Talking about a nexus between development and emigration, therefore, necessitates recognition of the impact of

[1] While financial remittances are defined as the monetary flows sent by emigrants into the migrant sending countries indepent of being recorded or unrecorded, social remittances are defined as the ideas, behaviours, identities and social capital that flow from receiving to sending countries (Levitt, 1998, 2001).

remittances on the countries of emigration other than financial parities. In line with this definition of development, this thesis will analyse the impact of emigration on *socio-economic* development in Morocco and Turkey by giving more emphasis on the economic dimension and 'relatively' less on the social dimension.

According to the World Bank (2008), officially recorded flows of remittances to developing countries have reached United States dollar (USD) 283 billion in 2008, up 6.7 percent from USD 265 billion in 2007; but in real terms, remittances fall from 2 percent of gross domestic product (GDP) in 2007 to 1.8 percent in 2008. This decline, however, is smaller than that of private or official capital flows, implying that remittances are resilient relative to many other categories of resource flows to developing countries, making them favourable sources of development finance in the countries of emigration (Ratha, 2003). Contrary to this small downward fluctuation of remittances in 2008, the worldwide data reveals a huge upward movement in the period between 2002 and 2007 due to growth in the migrant stock and incomes, increased scrutiny of flows since September 2001, reduction in remittance costs and expanding networks in the remittance industry, and the depreciation of the USD during this period, which encouraged higher remittances to compensate for the loss of purchasing power vis à vis appreciating local currencies and rising costs of living in the countries of origin. Moreover, by 2007, in terms of global total resource flows, remittances have exceeded foreign direct investment and official development aid (Bakewell, 2008).

The substantial increase in migration, especially since the 1980s, fueled by reduced transport and communications costs, economic and political instabilities, strong economic conditions in developed countries and a widening income gap between developed and developing countries, has led to the growing impact of remittances as sources of development finance and to pressures over policy-makers to consider how best to make use of these human and financial flows making higher skills, better knowledge and more foreign currency available in the countries of emigration (Page and Plaza, 2006). According to International Organization for Migration (IOM) (2005), the number of international migrants in the world without the illegal ones rose from 76 million in 1960 to 82 million in 1970, and then more than doubled to 174,9 million representing one out of every 35 persons in the world in 2000. Such huge human flows in the international arena brought the issue of remittances to a prior concern as being one of the sources of foreign currency, a factor causing increase in national income levels, cheap financier of imports, and an important contributor to the balance of payments and human capital of sending countries(upon return of migrants).

The extent to which remittances can bring about development in migrant-sending countries has been a subject of heated debate over the past six decades. Since the 1950s, approaches on emigration-development interaction have been evolved into different forms in line with the changing global political-economic context (Castles and Wise, 2008; Faist, 2008; de Haas, 2007a). The views on emigration-development linkage, particularly the ones concerning remittances, passed through three successive phases in relation to the changes in dominant political economic approaches of their times: statism of the 1950s and 1960s, neoliberalism of the 1970s and 1980s, and globalisation and transnationalism of the 1990s and 2000s.

In the 1950s and 1960s, emigration of labourers and remittances were regarded as positive potential tools for the development of sending countries due to the dominant statist/nationalist structures of the economies. These relatively closed economies of the time made remittances the most preferred way of acquiring foreign currency and the cheapest way of access to upgraded knowledge and skills. Within the context of embedded liberalism[2], the policies of import-substitution industrialisation (ISI)[3], which was practiced heavily during the two decades following the end of the World War Two to protect war-distorted national economies from relatively competitive ones, discouraged foreign direct investment (FDI) and trade by imposing heavy taxes on imported goods (Bruton, 1998; Krueger, 1997).

In such a regulated financial environment, remittances were viewed as major contributors to the socio-economic growth of countries of emigration (Pennix, 1982; Kindleberger, 1967). It was widely assumed that through policies encouraging the transfers of remittances and industrialization stimulated by social and financial

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[2] The term developed by John Gerard Rugie in 1982 to describe the economic system dominated the world from the end of the Second World War to the 1970s. The essence of the embedded liberalism compromise: unlike the economic nationalism of the thirties, it would be multilateral in character; unlike the liberalism of the gold standard and free trade, its multilateralism would be predicated upon domestic *interventionism* (Ruggie, 1982).

[3] Import substitution industrialisation as a set of development policies are theoretically grounded on Singer-Prebisch thesis, infant industry argument, and Keynesian economics that favoured state intervention in economies to eliminate unexpected negative consequences of fully functioning market economies. ISI policies necessitated practices of an active industrial policy to subsidize and orchestrate production of strategic substitutes, protective barriers to trade, an overvalued currency to help manufacturers import capital goods, and discouragement of foreign direct investment.

remittances, countries of emigration would catch up higher levels of modernization and development. Consequently, in the 1950s and 1960s governments of developing countries with surplus labour force encouraged emigration, in general through signing bilateral recruitment agreements and creating favourable conditions making emigration an affordable and less risky option for labourers.

In the 1970s and 1980s, these high expectations from emigration were viewed as disappointing. Because of the two successive oil crises in the 1970s, labour importing Western countries either terminated their bilateral agreements or substantially decreased the volume of immigration. Instead of recruiting further migrant labourers, countries of immigration in need of extra labour force planned to secure the necessary amount through the reunification of workers' families (İçduygu, 2006a). Moreover, most of the emigrants in developed countries refrained from returning to the countries of origin due to the risk of nonacceptance by the countries where they had been working previously. The 1973 oil price shock, therefore, marked the beginning of the settlement phase of migrant populations (IOM, 2005).

Simultaneously, oil exporting countries with their increasing revenues and pace of industrialisation emerged as the new destinations for migrant labourers. Although the amount of emigration[4] and remittances[5] continued to increase in the 1970s and 1980s, the

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[4] Between 1970 and 1980, the number of international migrants increased by 18 million and in the next decade, by 54 million but at least half of this rise was caused by the cautic political situation within the former Soviet Union approaching to its disintegration (IOM, 2005).

[5] Between 1970 and 1980, the amount of financial remittances increased by USD 33,983 million and in the next decade, by USD 32,552 million (World Bank, 2008).

optimist views of the previous two decades turned to pessimism linking emigration to underdevelopment in the countries of emigration (Faist, 2008; Hammar et al. 1997). One of the most important reasons of diminishing interest in development-migration nexus could be named as the rising neoliberal approaches and policies especially after the 1970s. By eliminating barriers to trade, encouraging foreign direct investment, and favouring open market operations, the notion of neoliberal world order decreased the importance given to the remittances as a source of foreign currency and development finance.

With the impact of globalisation in the 1990s, pluralist approaches merging optimist and pessimist views on the developmental role of remittances became dominant. There seemed to be a belief that more circulation of labour through decreased transportation costs and time would foster more development through newly emerging technological facilities making transfer of ideas, practices and capital easier. The new economics of labour migration (NELM) and livelihood approaches gained many supporters during the 1990s. In addition, the notion of *codevelopment*, the assisstance of developed states to developing ones in their social and economic growth, became dominant with the idea of the Washington Concensus[6]. Through this idea of codevelopment, the impact of international organizations on the issues of migration and development has substantially increased.

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[6] The term was initiated by John Williamson in 1989 in a background paper for a conference organized by the Institute for International Economics to name a list of ten reform policies upon which the international organizations and policy-makers in Washington would agree and the developing countries (at that time specificly Latin America) would need for a better way of development. The proposed reforms were about fiscal discipline, reordering public expenditure priorities, tax reform, liberalizing interest rates, initiating a comparative exchange rate, trade liberalisation, liberalisation of inward FDI, privatization, deregulation, property rights for the informal sector (Williamson, 2004).

Towards the end of the 1990s, a significant body of literature on the notion of social remittances emerged and migration was redefined as a social process in which migrants function as potent agents of economic, social and political change (Levitt, 2001, 1998). Since the 2000s, there has been a resurgent optimism similar to the ones in the 1950s and 1960s but this time within the context of transnationalism. More and more migrant-sending countries now offer dual citizenship rights to their citizens residing abroad in order to benefit from these diasporas in economic and political terms. Furthermore, the demand for migrant labourers in Europe seems set to rise mainly due to demographic changes with ageing populations (Bakewell, 2008; İçduygu, 2006b). One of the most important issues of the 1990s and 2000s, especially for Morocco and Turkey, has been the strong economic and political influence of the European Union.[7]

1.2 Reasons for Comparison: Why Morocco and Turkey?

The main purpose of making comparisons on Moroccan and Turkish emigration-related experiences and strategies on development is to figure out how the countries' perceptions of emigration and development linkage could change through different political economic contexts and in face of the availability of alternative sources of development. Although both countries have initially had nearly same intentions and similar tools at hand regarding emigration and development, they have ended up with quite different

[7] The Barcelona Process, launched by Euro-Mediterranean Foreign Ministers in November 1995, formed an innovative alliance based on the principles of joint ownership, dialogue and co-operation. It brings together the 27 Members of the European Union and 12 Southern Mediterranean states. The Barcelona Declaration outlines the main objectives of the partnership: to build together an area of peace, security and shared prosperity. Progress towards this end is to be achieved by activities in the political area, the economic/financial area and the cultural/social sector. In 2005 migration was added as a fourth key sector. Since then, the influence of the Union on Morocco and Turkey in terms of migration has considerably increased.

outcomes. Despite differences in geographical locations and historical experiences, Morocco and Turkey show strong similarities in their political economies of emigration. Similar transitions in their demographic, economic, political, and emigration structures make these two countries one of the ideal comparable pairs. Although Morocco and Turkey are located in different continents, their geographical and historical closeness to the countries of Europe in need of migrant labourers made them important countries of emigration over time.

Demographically, Morocco and Turkey passed through similar transition stages beginning from high fertility and high mortality patterns typical of developing agrarian countries to the rapidly declining mortality, increasing life expectancy and rapid population growth brought about by modernization (Castles, 2007). However, differences in the area and population size of these two countries are important since Turkey is located in an area twice as large as Morocco.[8] The two have very dynamic population with similar annual population growth rates[9] and huge amounts of young labour force entrants creating high levels of unemployment, which have been complemented by sharply declining fertility rates and rising levels of life expectancy in the countries of Europe since the 1950s. Since then, both Moroccan and Turkish population have experienced huge amounts of emigration although Moroccan experience could be

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[8] Morocco: area: 458,730 square kilometers; population (est. 2008): 34,343,220.
Turkey: area: 780,580 square kilometers; population (est. 2008): 71,892,808.
Source: CIA World Factbook, 2008.

[9] Average annual population growth rate from 1990 to 2005, for Morocco: 1.5 percent and for Turkey: 1.7 percent. *Source: CIA World Factbook, 2008.*

regarded as a kind of continuation of labour outflows which dates back to the times of French and Spanish colonialism.

Economically, both cases have transformed their state-regulated economies to relatively liberal ones especially after the 1980s. Regulatory state practices declined considerably after the failures of the ISI policies. More recently, neo-liberal strategies of liberalisation of capital and commodity markets, privatisation of industry and services and reductions in social expenditure have led to some degree of economic stabilisation; however, enough jobs for rising internal labour force could still not be created (Castles, 2007). While Morocco has been under heavy influence of France and Spain due to strong economic and political linkages established in the colonial times, Turkey has highly affected by Germany, Britain and France and this linkage of Turkey to Western European powers is generally referred as the continuation of the 19th century semi-colonial relationships of the Ottoman Empire in a different form in the 20th century.

In the post-1945 period, the two countries have further experienced economic domination in the successive forms of neo-colonialism, multinational control of agriculture and industry, and, most recently, globalisation. Both Moroccan and Turkish pathways to modernization in production ended up with rising levels of rural-urban migration and subsequent emigration. After the World War Two, penetration of Southern economies by global capital caused restructuring of the production patterns (Castles and Wise, 2008). As a result of this modernization, especially in agricultural sector, small farmers faced with a situation that necessitated either reform in their own production patterns which required huge amounts of capital or new jobs for extra income while large farmers experienced a considerable increase in their income levels through introduction of new skills and machinery to their workplaces (Akgündüz, 2008). Thus, small farmers in need of extra income migrated to industrialising urban places. Low wages and lack of real jobs made life precarious and risky for these new town-dwellers. The failure to incorporate these internal migrants into urban labour markets made international migration a good choice for Morocco and Turkey to ease the pressures of under- and un-employment on their national economies. In addition, initial flows of emigration from these two developing countries in the post-World War Two period were towards the developed countries of Europe with which they had past colonial ties. Therefore, Turkish and Moroccan labour emigration were towards the same destinations sharing similar value systems and towards a newly emerging economic cooperation which would later be evolved into a political and economic union to which Morocco and Turkey would apply to be members.

Politically, both Moroccan and Turkish emigration could be linked to internal conflicts. In the 1960s and 1970s, the Moroccan monarchy saw emigration as a safety valve for discontent, especially among the Berbers since most emigration was from the eastern part of the Rif Mountains and other predominantly Berber regions (de Haas, 2003). Turkish emigration was also linked to internal conflicts; however, in a weaker sense. In the 1970s and 1980s, many emigrants were seeking to escape successive military regimes and their crackdown on labour unions and democratic organisations. Whenever political instability and supression arises in these two countries, the levels of emigration increase. However, such types of emigration can not be classified as the emigration of domestic labourers as described in this thesis.

In terms of their *emigration patterns*, both Morocco and Turkey experienced similar structural changes. After the establishment of Turkey in 1923 and indepence of Morocco from Franco-Spanish protectorate in 1956, both states experienced their first huge flows of emigration in the form of guest worker migration to Western European countries in the 1960s as a response to growing demands for labour in industrialized European countries and decreasing supply for labour in the Southern European countries, which were the initial suppliers of labour to the West. In the 1960s and 1970s, both states defined emigration as a temporary movement which would eventually lead to return migration to the countries of origin, and socio-economic development in sending areas. However, guest worker migration tended to lead on to family reunification and permanent settlement with the measures taken to restrict immigration in the host countries due to stagflation in the economies of the countries of immigration which was caused by the oil schocks of the 1970s.

As the temporary labourers became permanent settlers, both countries developed policies in order to benefit economically and politically from diasporas by encouraging their integration into the countries of immigration especially after the 1990s. Besides being countries of emigration, Morocco and Turkey have become countries of transit and immigration over time (Martin and Taylor, 2001; Martin et al. 1996; Zelinsky, 1971). For both Morocco and Turkey, once migratory movements start, they tend to become selfsustaining, even if government policies change. This is due not only to employer demand, but also to the development of migrant networks, which support family reunion and settlement. In addition, long-term patterns of dependency emerge, where remittances become a crucial part of local economies so that migration becomes a normal part of the life-cycle for each new generation (Castles, 2007).

1.3 Methodology

The research will make use of the case study approach with policy and data analysis. The data referred to in this thesis is completely secondary data which is comprised of the studies and reports produced by relevant international organizations, statistical sources of international and national institutions, and all available public documents including any relevant reports.

International institutions, particularly development oriented ones which are interested in remittances such as World Bank, International Monetary Fund (IMF), United Nations Development Programme (UNDP), and United Nations Conference on Trade and Development (UNCTAD), and Organization for Economic Co-operation and Development (OECD) produce a significant number of reports with relevant statistics, analyses and projections on each case especially regarding official and private flows of capital. Among all the reports and statistics released by the mentioned organizations, Human Development Reports of UNDP, World Investment Reports of UNCTAD, and country statistical profiles of World Bank and OECD have been among the most valuable sources of data for the analysis in this thesis.

Another important part of the secondary data used for the analysis on Morocco and Turkey is collected from relevant *national institutions* of the two countries. For the Turkish case, Türkiye İstatistik Kurumu (TÜİK) (Turkish Statistical Institute) and Devlet Planlama Teşkilatı (DPT) (State Planning Organization) are the primary sources for the data on balance of payments, revenues from trade and tourism, and parameters of socio-economic development such as GDP, urbanisation, population, life expectancy, and school enrollment. In addition, Five-Year Development Plans of Turkey are accessed from DPT for the analysis of emigration-related development strategies, and DPT's publication of statistical data on Turkey entitled 'Economic and Social Indicators, 1950-2006' has been very useful for this research. Furthermore, data on bilateral recruitment agreements and migrant labourers are accessed from Türkiye İş Kurumu (İŞKUR) (Turkish Employment Service). For the Moroccan case, Office des Changes is referred as the main source of data on balance of payments and revenues from trade and tourism while Haut-Commissariat au Plan (HCP) is referred as the main source of data on socio-economic development parameters. National Development Plans of Morocco are accessed from the previous studies because the original documents have been released only in French and Arabic.

To sum up, this research has extensively used the secondary data collected from international and national institutions while organizing new sets of data for its own use. The period between the 1960s when the first bilateral recruitment agreements of Morocco and Turkey were signed and the 2000s is scrutinized through the data collected. It was easier to access to the data of the 2000s than the previous decades.

1.4 Structure

This thesis is built on three main chapters besides an introduction and a conclusion. The *first chapter* is introduction and in this introductory part, the subject of the thesis is introduced through a very brief literature review and research questions have been specified. The relevance of the selected cases to the study and their level of comparativeness are also discussed as part of the introduction. Lastly, in this first chapter, the research methodology and the organization of the following chapters are presented.

The *second chapter* 'Putting Emigration into Development Context' is mainly about the previous studies on migration and development which have particularly questioned the developmental impact of emigration on sending countries. Theoretical framework of the thesis is built in this literature review part. This chapter is a general overview of the arguments on migration-development nexus from the post-World War Two period to the 2000s. Main purpose of this review is to find out changing discourses on developmental impact of emigration in relation to alternating contexts of the international relations and global political economy as outlined in the introductory chapter.

The *third chapter* 'Emigration-Development Nexus: Experinces from Morocco and Turkey' introduces the cases of the research. This chapter puts forward specific practices and experinces of Morocco and Turkey on migration and development in line with the discourses set out in the previous chapter. Emigration and development history of the two countries are presented in relation to each other in a comparative way within a broader political economic context. The perceptions of Moroccan and Turkish state towards migration and changing notions regarding development within these perceptions are demonstrated as findings and conclusions of the chapter.

The *fourth chapter* 'The Role Attributed to Remittances' is an analytical part on remittances. The chapter begins with specifying the reasons why migrants sent money to their countries of origin and then, points out the most commonly used official channels of remittance transfers. Finally, the chapter answers to the question to what extent remittances contribute to development in Morocco and Turkey. This is the part where secondary data on the two countries' capital flows and social and economic indicators are analysed. Thus, in this fourth chapter, the role attributed to remittances in each country's socio-economic development is questioned.

Finally, the thesis is concluded by further mentioning about the main points of the arguments set out through the previous chapters and asking if there are ways for creating more effective policies to achieve relatively high development outcomes through emigration. The strengths and weaknesses of this research project are highlighted while specifying future possibilities of theoretical and empirical analysis that the research may stimulate.

CHAPTER 2

PUTTING EMIGRATION INTO DEVELOPMENT CONTEXT: LITERATURE REVIEW

2.1 Introduction

International migration is attracting increasing attention both among sending and receiving countries and within various international agencies. Concomitant to the rising interest in irregular and forced migration, the development potential of migration has come to the forefront. Amidst the mounting interest in immigrants' rights and security dimension of irregular migration, this study is concerned with the links between international migration and development. There is a recursive interaction between the two: while development affects migration, migration affects development. Thus, migration is both a consequence and cause of development. The former link has attracted increasing attention in some of the OECD countries where "the growth of inflows has resulted in unprecedented immigration levels in the past 20 years" (OECD, 2003: 23), and inability to control migration has focused attention on migration management, including the role of economic development at origin as a device for reducing migration pressures (Lucas, 2005, 2004). However, it is the second element of interplay, the effects of migration upon development (the role of migration as the cause of development) that is the main focus of this thesis. Since most direct and foremost impact of international migration on countries of emigration is realized through remittances, the migration and development linkage presented in this thesis is analyzed around the scholarly established discourses on remittances.

A historical inspection of these discourses reveals the fact that they have undertaken significant transformations and the terms with which remittances feature in development debates have remarkably changed. The literature on the effect of international migration to development of countries of emigration could basically be classified into *three* bodies; in the 1950s and 1960s international migration mainly through remittances was expected to be a major contributor to development of countries of emigration while in the 1970s and 1980s pessimist approaches to the relationship between international migration, migrant transfers and development in countries of emigration became dominant. In the 1990s, more nuanced views gained impetus under the influence of persistent scepticism and tightening of immigration policies, and the new economics of labour migration school started to dominate the literature since the recent stage of remittance studies beginning with the dawn of the 21st century. Rediscovery of importance of migrants' transfers in the development efforts of the sending countries occurred with the concomitant resurgence of optimism in the 2000s (de Haas, 2007a). Although specific theories and revelant discourses to these theories became dominant in particular decades supporting either positive or negative impact of emigration on development, an important point to bear in mind is the context-based nature of the relationship. Lucas (2005: 2) explains the complex nature of this interaction as follows,

> The links between migration and development differ from context to context, varying with the extent and nature of migration streams, the migrants' experiences, and the economic, political and social setting in the home country. Alternative migration regimes, with variegated patterns of skilled and unskilled workers, of temporary and permanent movers, of men and women, of solitary sojourners and families shifting domicile, should not be expected to have uniform consequences for development.

Though there are several factors changing the level of impact of emigration on development either in positive or negative terms making each case unique with different combinations of the factors in play, there should be a common approach with which the effect of migration to development is analysed. This approach could either be optimist as in the studies of the first two decades after the World War Two or pessimist rooted in Marxism, which was one of the most influential approaches of the 1970s and early 1980s, and argued for the asymetric growth impact of emigration on countries of emigration. Such an approach could also be a combination of these two, arguing for either the positive developmental potential of emigration while accepting negative minor outcomes of the process or the negative impact of emigration on development while mentioning its minor positive effects.

Taking initiative from the broad literature on development and international migration, this chapter aims to elaborate on the remittance-development discourses and to relate general migration theories to the role of remittances in development of countries of emigration. By reviewing this broad literature, I will try to find and describe a proper approach for the present study choosing among the optimist, pessimist and pluralist views and theories inspired from these approaches.

2.2 Inevitable Advantage of Emigration to Development

Since the end of the World War II, Western European states have experienced a great economic take-off with the help of American aid and subsequent increase in the level of industrialisation. This economic recovery of Europe after the War made migrant labourers important and desired components of European labour markets. From the mid-1950s onwards, Northern and Western European states have demanded workers from the developing countries of Eastern and Southern Mediterranean due to decreasing levels of emigration from Southern European countries, which were the initial suppliers of migrant labourers to Northern and Western countries of Europe. With the increasing levels of economic migration from the developing regions, the role of remittances in the development of countries of emigration became an important issue for policy-makers and scholars.

In this first phase of labour migration, the expectations from emigrants in the development processes of their countries of origin were high. Therefore, during the 1950s and 1960s, public policies emphasized the labor gaps in the North generated by rapid industrialization, and development in the South, which was supposed to be increased by financial remittances, return migration and the subsequent transfer of human capital (Kindleberger, 1967). In other words, it was widely assumed that through policies encouraging large-scale capital transfers by emigrants and industrialization stimulated by social remittances, developing countries of emigration would catch up higher levels of modernization and socio-economic development. Moreover, the pressures caused by high levels of unemployment were expected to be decreased by sending surplus labour force abroad.

The general expectation was that the flow of remittances in the form of money, experience, skills and knowledge would help developing countries in their economic take-off (Penninx, 1982). These initial optimist views were rooted in the neo-classical migration theory, which was firmly entrenched in developmentalist modernization theory (Rostow, 1960). Up to the 1970s, these developmentalists (migration optimists) argued that migration and the flow of remittances, as well as the experience, skills and knowledge of returning migrants would help sending regions in developing countries in their economic and social growth (Penninx, 1982; Beijer, 1970).[10]

Since Ravenstein (1889, 1885) defined the major causes of migration as economic disparities between the regions of origin and destination, it became an inseparable part of emigration-related development studies.[11] Ravenstein's general notion that migration movements tend towards a certain spatial-economic equilibrium has been an underlying argument in the works of many scholars ever since (Castles and Miller, 1993: 20). This equilibrium notion brought economic explanations on the stage of migration and development studies, though economic theory itself has never paid sufficient attention to

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[10] In 1973, receiving countries of migrant labourers entered into economic depression due to the oil crisis; therefore, these countries terminated their official labour recruitment agreements and encouraged return migration. Under such international circumstances, the debates on migration and development in sending regions have experienced a great transition from optimism to pessimism.

[11] These two articles entitled "The Laws of Migration" were the first scholarly contributions to migration studies linking migration to development and arguing that people move from low-income to high-income areas, and from densely to sparsely populated areas until the level of equilibrium reached.

the effects of migration on economic relations and growth (Faist, 2008; Bauer and Zimmermann, 1998: 95; Lee, 1996: 48).

In general, *neo-classical equilibrium perspective* explains migration as a consequence of the disparities in demand and supply for labour among regions. Differentials in the level of supply and demand make the wages higher in the regions with scarce supply for labour and lower in the regions with abundant supply. It is expected that people would eventually move to regions of higher demand for labour and benefit from higher wages until equilibrium is reached and the demand is satisfied. While this level of satisfaction prevents wages from rising further at the regions of destination, relative labour scarcity emerged with intense migration at the regions of origin pushes wages to the levels higher than the destination. Thus, in a perfect neo-classical world, through a process of factor-prize equlization (the Heckscher-Ohlin model), migration contributes to the growth of initial regions of origin by decreasing the levels of population and rising wages for the left behinds (Todaro, 1969). As it is obvious from the explanation of migration and its inevitable outcomes to the development levels of sending regions, this theory views migrants as individual, rational actors who decide to move on the basis of a cost-benefit calculation with full access to information and free choice.

In this initial explanation of migration-development linkage, there was no room for remittances and factors that could affect the migration processes and their outcomes other than unemployment and wage differentials (Taylor, 1999: 65). Modifications to this way of analysis were made with the inclusion of other factors related to the human/individual capital in order to explain the selectivity of migration and why it is generally not the poorest who migrate (de Haas, 2003: 20). Accordingly, the potential gains in the form of higher wages are tried to be balanced with factors like opportunity costs of migration (Bauer and Zimmermann, 1998: 97). Besides labour market variables like wages and employment differentials, this new way of thinking recognized the importance of the human capital (the factors related to the migrants themselves such as age, skills, and background education). However, the theory still portrayed migrants as individuals that operate in an institutional, social, and cultural void far away from all the structural constraints and assumed their full access to information, resources and capital.

The first model which defines migration in a spatio-temporal development perspective and which does not assume a linear relation between development and migration is *mobility transition theory* (Zelinsky, 1971). This is a diffusionist model by assuming that the propensity, as a function of inclinations and capabilities, to migrate is initiated in the most developed regions and then progressively spread to less developed regions.[12] It is also a universal model as it assumes that all societies undergo the same kind of processes. In addition, the theory is rooted in modernization theory as its predecessors. Like neo-classical and developmentalist migration theory, the model is a-

[12] Emigration experiences from Turkey and Morocco could easily be explained by this model since initial labour emigrants after the World War Two were from relatively developed areas of the countries. However, after 1970s, emigration from less developed areas increased. The theory acknowledges that migration tends to increase in the early phases of development, in which improvements in transportation and communication, flows of knowledge, education, a perceived lack of economic opportunity and a minimum level of welfare increase both the desire and capability of people to migrate. Only in the later stages of development, characterized by decreasing population growth and increased welfare, international migration by unskilled workers decrease (de Haas, 2003: 27). More recently, migration economists have provided additional evidence for the Zelinsky-based transitional models by uncovering and theoretically explainig the anatomy of the so-called migration hump (Martin, 2002, 1993; Martin and Taylor, 1996).

historical in assuming that there is one single, unlinear path towards development, whereas in reality migration and development do not affect areas in the same way (Lucas, 2005; Findlay et al. 1998).

After stressing undeniable contributions of the model to the studies on migration and development, de Haas (2003: 30) critizes mobility transition approach for its ignorence of the affect of migration on the development of sending and receiving regions:

> The attraction of the (adapted) mobility transition model, combined with the migration hump hypothesis, is its capacity to link diverse migration and other aspects of development (economic, demographic) into one spatial-temporal model, which offers a valuable insight into the complex interlinkages between migration and development, and tackles simplistic but omnipresent clichés such as “poverty breeds migration”. Whereas this transitional model concentrates on the spatio-temporal “morphology” of migration and the way development influences migration patterns over time, it is essentially a macro-model, which treats migration as a result of development, thereby largely ignoring the recursive effects of migration on local and regional development both at the destination and origin.

So far, neither neo-classical approaches nor transitional models have stressed the role of remittances. The issue of migrant transfers to the countries of origin came to the agenda with *developmentalist migration theory*, which recognized the potential of remittances in the accelerated spatial diffusion of modernization in relatively backward areas. Thus, remittances are defined as important factors playing mentally and financially positive roles in development of remittance-receiving countries (Kindleberger, 1965; Beijer, 1970). At macro-level, remittances were considered a vital source of hard currency while at the meso and micro level, migration was supposed to lead to the economic improvement of migrants and greater freedom from local socio-economic constraints (Jones, 1998).

From the perspective of migration-development optimists, remittances were an effective response to market forces, providing a transition to an otherwise unsustainable development. They improve income distribution and quality of life. Moreover, it was expected that migrant labourers, who were generally assumed to be temporary emigrants, would invest in industrial enterprises in the countries of emigration (Keely and Tran, 1989).[13] According to these optimists, effective combination of proper government policies designed in order to capture the benefits of emigration and remittances would surely advance the social and economic situation of the countries of emigration (McKee and Tisdell, 1988; Bertram, 1986).

2.3 Underdevelopment Sustained by Emigration

As from the late 1960s, the optimistic views tried to be challenged from the historical-structuralist perspective by arguing that migration is essentially a condition of flight from misery which contributes little to development, even further deprives the poor. To put it another way, during the 1970s and 1980s the term development came to be replaced by *dependency* as a structural condition of the periphery dominated by a center, and underdevelopment as its inevitable result (Faist, 2008). Thus, the optimistic views related

[13] The assumption that emigrants would invest especially in industrial sector could be analysed as an influence of the modernization theory since the theory predicts the level of industrialisation as one of the determinants of the level of modernization.

to the modernization theory on migration and development in sending areas were challenged due to the combined influence of a paradigm shift in social sciences toward historical-structuralist views and an increasing number of emprical studies that often did not support optimistic views on migration and development by relying on the hypothesis that migration sustains or even reinforces problems of underdevelopment instead of reverse (de Haas, 2007b).

These pessimist views were rooted in Marxist political economy which was putting forward the idea of asymmetric growth emerged as a consequence of the capitalist world order (Castles and Miller, 1993: 22-23). Contemporary *historical-structural theory* in response to fuctionalist approaches towards migration and development argues that emigration, instead of assisting countries of emigration towards modernization and development, deprives developing countries of their necessary labour force for economic and social growth. These pessimists interpret migration as one of the many manifestations of capitalist penetration and the increasingly unequal terms of trade between developed and underdeveloped countries (Massey et al. 1998: 36). In terms of causality, the nexus was partly seen as from migration to development but from underdevelopment to migration.

Historical-structuralists perceived migration as a natural outgrowth of disruptions and dislocations that are intrinsic to the process of capitalist accumulation. In his article entitled “The Development of Underdevelopment”, Frank (1966) for the first time introduced *dependency theory* into the literature of migration and development studies by claiming that migration was one of the causes of underdevelopment since it ruined stable peasant socities, undermined their economies and uprooted their populations. According to the argument, people tended to migrate when traditional economic structures were destroyed due to the establishment of global political economic system. They rightfully stated the importance of structural constraints on individuals and their choices, and critized neo-classical migration theory due to its ignorance of that essential factor. Especially from the early 1970s, there have emerged many studies supporting the argument that migration breeds underdevelopment (Rubenstein, 1992; Lipton, 1980; Rhoades, 1978; Almedia, 1973).

The developmental potential of remittances for the countries of emigration has generally been recognized at the national level (but not for the regions of origin at the local level because remittances are thought to be spent on unproductive investments). However, it is argued that the positive impact of remittances is far behind the negative impact of the emigration of skilled workers. The brain drain phenomenon has increasingly attracted attention and pessimists have generally developed their arguments on the issue of migration of the highly skilled. Regarding the issue of remittances, pessimist approaches claim that remittances are not invested in productive areas; therefore, they only facilitate the capitalist asymetric growth system. In terms of public policy, one of the central issues was not financial remittances because most of the European countries had stopped official recruitment of migrant labourers due to the growing oil crisis but the issue was brain drain and the loss of highly-skilled to developed countries.

In the mid-1970s, case-studies were conducted on the prominent labour sending countries to Western Europe within the scope of the Re-integration of Emigrant Manpower and Promotion of Local Opportunities for Development Project (REMPLOD). The project was initiated and funded in 1974 by the Dutch Ministry of Development Cooperation in order to explore the ways in which international labor migration could contribute to development in the countries of emigration such as Morocco (Heinemeijer et al. 1977, 1976), Turkey (Abadan-Unat et al. 1976) and Tunisia (Koelstra and Tieleman, 1976). The project was also the beginning and early climax of systematic research on migration and development in these three countries (Van Dijk et al. 1978). Although the conclusions of the studies were not totally pessimist, they asserted that migration could not be a way to development unless the regions of origin reach a certain level of development for investment. In other words, for them, the economic development in the regions of origin was a prerequisite for return migration and remittance investment rather than a consequence of migration (Abadan-Unat et al. 1976; Heinemeijer et al. 1976).

Theoretically, pessimist arguments are placed in the *cumulative causation theory* developed by Myrdal in 1957. This theory is analoguos to migration systems theory because it links the process of migration to dynamics in a broader development context in both the countries of emigration and immigration.[14] The main difference is that

[14] The fundamental assumption of migration systems theory is that migration alters the social, cultural, economic, and institutional conditions at both the sending and receiving ends, which is the entire develoment space within which migration processes operate. Although this theory has many points in common with the network theory of migration, migration systems theory could manage to go beyond it. Whereas network theory develops its explanations on the role of personal relations between migrants and

cumulative-causation theory is more explicit on the developmental impact of migration on sending areas, and its verdict is clearly negative (de Haas, 2003). The theory holds that capitalist development is marked by deepening inequalities and the establishment of emigration streams creates mechanisms for further emigration by altering the context in which migration decisions are made. Although cumulative causation theory was developed prior to the contemporary historical-structuralist theory, it has taken an important place in explaining asymetrical growth within the historical-structural and dependency framework in the 1970s as well.

The theory argues that once asymetrical growth occurs, internal and external economics of scale will perpetuate and deepen the inequality characterized by the vicious cycle of poverty in the periphery and the accelerated growth in the core. Although Mrydal (1957) did not mention about the impact of remittances on development of countries of emigration, he did not ignore the positive effects of migration and specified them as increased demand for agricultural products and raw materials and trade from the periphery. However, according to him and later pessimists, these positive effects of migration could in no way remedy negative impact of migration. Myrdal further argued that without strong state policies, the capitalist system increased inequalities and migration could no means be a way to development. Migration in general was seen as a development discouraging activity because it mainly caused shortage of agricultural labourers (Taylor, 1984).

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non-migrants, and on the way this relationship affects migration processes, migration systems theory goes beyond this view and argues that migration not only affects the direct social setting of migrants, but restructures the entire societal context both at the receiving and sending end (Mabogunje, 1970).

In the early 1980s, remittances became one of the central issues for the studies conducted from the pessimist perspective. In his research on migration from rural areas of the poor countries, Lipton (1980) concluded that remittances were spent first to pay off debts incurred in financing migration or for education of children. Then, they were spent on everyday consumption and lastly, to finance chain migration. After these were financed from the remittances, the amount left behind (if any) was invested. However, these investments were regarded as capital transfers rather than capital creation; therefore, investments financed by remittances were called consumptive investments.

Pessimists did not regard increased consumption as a factor for increased demand and supply but as an unproductive investment. It was claimed that so-called unproductive investments provoked inflation (Appleyard, 1989; Rubenstein, 1992; Russel, 1992). Moreover, most of the purchased items by remittances were claimed to be imported goods as a result of exposure to migrants' wealth which changed rural tastes over time and increased demand for foreign produced goods. Thus, consumption financed by remittances was accused of strengthening the economies of core areas while crowding out traditional, local production. Furthermore, according to pessimist views, productive investments (if any) would be made in urban areas instead of the regions of origin causing further regional inequalities (Lewis, 1986; Lipton, 1980) because return migrants often choose to settle in urban metropolitan areas instead of their areas of origin (Gitmez, 1984; Gökdere, 1978).

Besides the negative impact of migration on local production, poverty and inequality, many researchers have also negatively evaluated the socio-cultural effects of migration (De Haas, 2003: 43). Castles and Kosack (1973), and Paine (1974) have argued that migration may create petty bourgeois elite whose standart of living may adversely affect the already scarce resources of poorer segments of the population. Likewise, Lipton (1980: 12) has asserted that the exposure to the wealth of return migrants and the goods and ideas they bring with them contribute to a change in rural tastes which increases the demands for imported urban or foreign-produced goods and food, lowering the demand for locally produced goods and increasing the cost of living for migrants and non-migrants alike. Migration is held responsible for the loss of community solidarity, the undermining of their sociocultural integrity (Hayes, 1991), and the breakdown of traditional institutions and organizations regulating village life and agricultural production (de Haas, 1998).

"The main positive effect of migration would be the increase in family welfare for migrants themselves, which would, however, only be temporary and therefore artificial or cosmetic" (De Haas, 2003: 43). This one-sided dependency on remittances is considered detrimental to growth since pessimist approaches in general assume that remittances will decrease over time. In addition, remittances were accused of being unstable and temporary sources of revenue, and of reducing productive investments by promoting greater finance consumption or housing expenditure (Page and Plaza, 2006). Furthermore, as mentioned before, from the historical-structuralist perspective, migration and remittances have a negative effect on local agricultural productivity, increase intracommunity and regional inequality, mount dependency on external sources of finance, contribute to economic and political instability, and lead to general economic decline (Keely and Tran, 1989; Penninx, 1982). Overall, in neo-Marxist terms, pessimists argue that migration reproduces and reinforces the capitalist system based on inequality and could not be supported to have positive developmental impact on countries of emigration.

2.4 A Bridge between Optimism and Pessimism

In the late 1980s, there emerged a stream of studies bridging optimist and pessimist arguments from an angle of post-modernism and pluralism. Although there was still a line of rigid pessimist studies (Zachariah et al. 2001; Rahman, 2000; King, 1996), the tone of debate has become more moderate since then. This has corresponded with a general paradigm shift in contemporary social theory, away from grand theories towards more pluralist, hybrid approaches. Most studies from the late 1980s and 1990s seem to have departed from a structuralist stance, and see both positive and negative impacts of migration (Osaki, 1999; Ahlburg, 1995; Adams, 1991; Stahl, 1988). However, the influence of structuralist thinking on migration and development theory is enormous, and many of its views still pervade empirical studies on migration impacts (Taylor, 1999: 63). Both implicitly and explicitly, many views are derived from cumulative causation theory. However, it should be pointed out that even in the heyday of neo-Marxism, there were studies that stressed the non-uniform impact of migration (Penninx, 1982; Abadan-Unat et al. 1976; Heinemeijer et al. 1976).

There is an inherent contradiction in two central arguments that migration pessimists generally make: on the one hand, they say, migration breeds inequality because migrants come from better-off groups within society. On the other hand, it is argued that further impoverishment of the region of origin leads to more migration. This is logically inconsistent since the first argument supposes a negative-linear relationship between wealth and migration. Moreover, there are empirical reasons to question one-sided negative perceptions on migration and development because increasing body of empirical research that appeared in the late 1980s and during the 1990s indicated that under certain circumstances, migration played a positive role in the development of regions and countries of origin. For example, in the 1980s and 1990s, in South European countries such as Spain, Italy and Greece, and East Asian countries such as Malaysia and South-Korea remittances played a significant role in their national economic development.

These contradictions and mispredictions of structuralist approaches, however, do not mean that optimist arguments are totally right in supporting the idea that development is an inevitable outcome of emigration (even under enforcement of proper public policies). In other words, there is not an automatic mechanism by which international migration and remittances result in development (Papademetriou and Martin, 1991). Overall, neither the structuralist pessimists nor the functionalist optimists are right, "as the variation of migration-development interactions is too high to be able to fit them into deterministic theoretical schemes predicting the development outcome of migration" (De Haas, 2003: 46).

In the late 1980s, with the idea of Washington Concensus and its impact on developing (migrant sending) countries, and rising neo-liberal values especially concerning the financial interactions, there emerged a growing concensus that migration and development interactions were highly complex and that the nature of migration impacts was highly context-sensitive (Lucas, 2005, 2004). The idea of codevelopment has become one of the top priorities of both receiving and sending countries as well as international organizations (Faist, 2008). While neo-classical and developmentalist approaches on the nexus were underestimating the importance of structural constraints on migrants regarding the processes of migration and investment, structuralist perspectives were overestimating these constraints. Through such explanations, important components of migration and development linkage could not be accurately evaluated. Therefore, there was a need for a comprehensive and bridging approach. In the late 1980s, when social sciences were influenced by post-modernist thinking especially by Gidden’s (1984) structuration theory, such an approach emerged recognizing the *recursive interaction* between structure and agency for migration-development nexus.

Over the last two decades, the main contribution to scholarly debate on migration and development in sending regions regarding remittances has come from the new economics of labour migration (NELM) theory, which recognizes the heterogeneous impacts of migration while making an explicit link between its developmental causes and consequences. The theory emerged as a critical response to and improvement of neo-classical migration theory in that it rejected neo-classical models which were evaluated as too individualistic and developed in a cultural and structural void, and brought in the issue of remittances as one of the most essential motives for migration (Taylor, 1999; Massey et al. 1993). NELM approach perceives migration as risk-sharing behavior of families or households. Better than individuals, households seem able to diversify their resources, such as labor, in order to minimize income risks (Stark and Levhari, 1982).

International and internal migration is perceived as a household response to income risks, as migrant remittances provide income insurance for households of origin. This risk-spreading motive can even explain the occurrence of migration in the absence of (expected) wage differentials (by the neo-classical equilibrium model). In addition, migration is explained as a strategy to overcome the market constraints (Stark, 1980). Since credit and insurance markets are often weakly developed or difficult to access for non-elite groups, through remittances, migration can be a household strategy to overcome such market constraints, and may potentially enable households to invest in productive activities and to improve their livelihoods (Stark, 1991). NELM scholars claim that most studies on migration impact in sending areas consist of simplified, non-comparative remittance-use studies and rather impressionistic assessments about migration impacts, and are in very methodological design often not able to capture the complex relationships between migration and development (Taylor, 1999).

Empirical research has also supported the view that labour migration, instead of being a response to destitution or absolute poverty, was a livelihood strategy persued by social groups, typically households, in reaction to relative deprivation in order to spread livelihood risks, secure and increase income and acquire investment capital (Stark and

Taylor, 1989). Within the NELM framework, migration is not only a reaction to economic or environmental pressure but it is also a reaction to embedded in societal rules and norms. Two kinds of institutions have defined as having significant impact on migration, namely *migration networks* and *households' structure and management*. These institutions determine the contribution migration can make to improving livelihoods but this link by no means direct or simple. Under certain circumstances, migration can be a so-called survival or coping strategy (De Haas, 2003: 51). This is, for example, the case for people fleeing disasters such as wars, droughts, or famines. However, most forms of labor migration are typically not a flight from misery but rather a deliberate attempt by households to improve their social and economic status (Appleyard, 1995). This clearly goes against the premises of cumulative causation and historical-structuralist approaches.

Remittances are central elements of such household strategies to overcome local development constraints. Two main motives are identified for the behaviour of remitting money, *altruism* and *self-interest* both of which are a mixture of individualistic and familial motives explaning the likelihood and size of remittances. Recent researches have shown that international migrant households, generally exhibit a higher propensity to invest than nonmigrant households do, which seems in clear contrast to the main predictions of cumulative causation theory, because people receiving regular remittances are better protected from exchange rate fluctuations and have an improved ability to assist relatives in rural areas in times of crisis.

On the national level, there is substantial evidence that remittances are an increasingly important and relatively stable source of external finance that often play a critical social insurance role in countries afflicted by economic and political crises (Kapur, 2003). Moreover, the much-despised consumption as well as investments in non-productive sectors such as housing turned out to play clearly positive roles in local and regional economic development for migrants and non-migrants alike. Although most international remittances do not flow directly to the poorest people or regions, remittances often make-up an important share of the income of poor people and poor communities through the *multiplier effect* on the economy generated by heightened consumption and invetsment levels (Taylor et al. 1996; Russell, 1992; Djajic, 1986). Moreover, non-migrant poor is likely to be affected indirectly through the economy-wide effects of remittances expenditure on wages, prices and employment in migrant-sending communities (Durand et al. 1996; Adelman et al. 1988). Furthermore, on the basis of an analysis of a data set covering seventy-one developing countries, Adams and Page (2005) concluded that international migration and migrants' transfers reduced the level, depth and severity of poverty in the developing countries.

2.5 Migration and Development Discourses in the 21st Century

With the dawn of the 21st century, transnationalism with rapidly growing globalisation gained priority; therefore, studies concentrating on diasporas rose in number. Public policies have become more tolerant by adapting dual citizenship mechanisms, tax incentives for citizens abroad, and cooptation migrant organizations by local, regional and state governments for development cooperation. Instead of permanent return migration, temporary returns, visits and other forms of transactions have moved to the centre of attention. Thus, in recent years the notion of migrants' return as an asset of development has been complemented by the idea that even if there is no eventual return, the commitment of migrants living abroad could be tapped, not only through hometown associations but also through informal diaspora knowledge networks. Therefore, states, development agencies and international organizations try to support the circulatory mobility of persons (Faist, 2008).

Concomitant to changes in perspectives in the beginning of the 21st century, recognition of social remittances as an important factor for development increased. According to the new definitions of remittances, social remittances were characterized as the assets which have potential to spread to political, cultural and social activities and create transnational communities which might over time turn out to be another valuable resource for development (Levitt, 2001). International migration was supposed to fuel development in South and East, this time, not only via financial remittances and human capital but also via knowledge flows and social remittances (Maimbo and Ratha, 2005). There seemed to be a belief that more circulation of labour fostered more development, thus the policy recommendation of the Global Commission was to increase opportunities for short-term labour migration (Faist, 2008).

Whether financial or social in form, remittances represent the social ties of solidarity, reciprocity, and obligation that bind together migrants and their families and communities back home. Initially, this long-distance bounded solidarity may have a narrow scope of action (as individual migrants' intent is mainly to benefit kin and friends). Over time, however, remittances may become a macroeconomic factor that spawns vast effects in the countries of origin and beyond (Guarnizo 2003: 7). The short-term possible negative effects of migration on livelihoods and household production in sending communities are recognized as a result of the immediate lost-labour effect. However, it is argued that at a later stage, when the migrants have more or less settled at the destination and found relatively secure employment and the most basic needs of the household back home are fullfilled, there occures opportunities for productive investments (de Haas, 2006a; Lucas, 2005). Moreover, with the impact of NELM approach, the literature shifted from brain drain to brain gain exploring the potential benefits of skilled migration arising from remittances, return migration, creation of trade and business networks, and the possible incentive effects of migration prospects on human capital formation at home, such as the rising level of higher education (World Bank, 2005).

Many studies on migration and development linkage in the 21st century have attracted attention to the bilateral labour agreements and the rights of labour migrants. An innovative approach to temporary labour migration and agreements involves extending commitments to service provision under Mode 4 of the General Agreement on Trade in Services (GATS) which governs service provision through the temporary movement of natural persons (TMNP) (Winters et al 2002; Lavenex 2000 in Collyer, 2004). Mode 4 offers a useful alternative to the traditional top down pattern of labour migration agreements between government institutions by incorporating existing temporary labour migration schemes into GATS to provide binding, specific commitments. Much research in the area of labour migrants' rights suggests that migrants with secure, predictable legal status, whose rights are respected, are much more likely to remit so there is a strong link between migrants' rights and development in the countries of emigration (Geronimi, 2004).

Finally, the studies of the 2000s on migration-development nexus further strenghten the pluralist views developed by NELM and livelihood approaches challenging the determinism of both the rigid developmentalist and structuralist perspectives. Pluralist views in general argue that in a specific development context both positive and negative development responses are possible. Therefore, the outcome of analysis concerning the impact of migration depends on spatial and temporal nature of the analysis. The reason why NELM approach has been widely accepted in migration and development studies since the 1990s is its ability to integrate various valuable insights from different theoretical perspectives on migration. It explains the role of income and unemployment differentials between countries of emigration and immigration in causing migration and the issue of selectivity of migration processes by referring to the neo-classical migration theory while cumulative causation and structuralist approaches are referred in order to explain the role of structural constraints on agency and exclusion mechanisms. Besides these approaches, NELM also refers to the network theory in explaining decreasing selectivity of migration; to the migration systems theory in explaining impact of migration on both countries of emigration and immigration, and non-random geographical clustering of migration patterns; to the mobility transition and migration hump theory in explaining migration patterns, non-linear temporal paths of migration and importance of migration stage in determining its level of influence on development (De Haas, 2003: 59).

2.6 Conclusion

The complexity of the information, the nature of the interrelationships and the extent of the time lag between cause and effect mean that it is not often easy to determine the exact nature of the migration-development nexus. The interpretation of this interaction as positive or negative certainly alters from case to case but also varies over time and according to who is doing the observing and what they are looking at (Geronimi, 2004). As for each and every academic study, researchers have to choose among various discourses and theories already established, or define new ones to be able to analyse the complex interaction between emigration and development around the issue of remittances though each case is unique within itself.

Since the 1950s, when the demand for labour in Western Europe exceeded the supply as a consequence of economic boom after the World War Two and when Western European countries started to recruit migrant labourers, the studies on migration-development linkage have been shaped around three main discourses. First from an optimist one celebratory of the development potential of remittances back in the 1950s and 1960s, to one that is marked with disappointment with the unproductive use of remittances in the 1970s and 1980s; and later to a more balanced approach in an era of mounting interest in the financial and social transfers of migrants and a resurgent optimism in their development potential since the 1990s; the analysis of remittances has been producing plenty of academic studies (Castles and Wise, 2008; de Haas, 2007).

While neo-liberal economic theory has linked remittances to community development, dependency theory has understood international migration as a process reinforcing a pattern of dependent community development, where higher living standards are achieved through the inflow of money from abroad rather than from an expansion of economic activity at home (Leichtman, 2002). Recently, these theories rooted in either optimist or pessimist approaches have developed pluralist views towards the migration-development nexus. One of these pluralist approaches is NELM, specialized on the issue of remittances and its developmental impact on the sending countries. In order to analyse the complex relationship between migration and development from the developmental side of migration (developmental outcomes of migration rather than developmental causes of it), it refers to various migration theories both from the optimist and pessimist school.

All in all, recognition of both negative and positive impact of migration on development in countries of emigration is necessary for each and every study regarding remittances. Taking one rigid approach without this conciousness would eventually cause reproduction of misleading knowledge. Therefore, NELM approach defining remittances as risk spreading strategy of households and countries in general, and referring to well-established theories of the past from a pluralist perspective is exactly a proper starting point for the analysis of this thesis.

CHAPTER 3

EMIGRATION - DEVELOPMENT NEXUS:

EXPERIENCES FROM MOROCCO AND TURKEY

3.1 Introduction

In chapter two, the very relationship between international migration, especially emigration, and development is overviewed by referring to the previous influential studies. Changes in the discourses on migration-development nexus are identified throughout different stages and structures of emigration. In line with the second chapter, this third chapter reviews the emigration and development linkage in Morocco and Turkey from a historical point of view. This review is essential since it aims to determine changes in the perceptions of both countries regarding the role of emigration in their development strategies. Therefore, this third chapter is specifically about the evolution of emigration patterns in Morocco and Turkey and it is the first study making comparisons solely on emigration-development nexus in these two countries.

The chapter is divided into four subsections analysing four distinct emigration patterns. The first subsection gives information about migration and development experiences of Morocco and Turkey prior to the 1960s, when the first bilateral recruitment agreements were signed and guest worker migration started towards Western and Northern Europe. The second subsection defines the economic and political environment in which the Moroccan and Turkish labour emigration were shaped, and explores their evolution till the end of the systematic official recruitment of migrant labourers in European countries. In the third subsection, the structural change in emigration patterns, which caused the transformation of temporary guest workers to permanent settlers and diversification of destination countries from the mid-1970s to the end of the 1980s is scrutinized. Finally, Moroccan and Turkish emigrants' and returnees' contributions to development in these two countries in the 1990s and 2000s are discussed within the context of globalisation, transnationalism and growing regional influence of the European Union.

3.2 Labour Emigration prior to Bilateral Recruitment Agreements[15]

Morocco and Turkey have been "labour frontier countries" where emigration has affected state strategies and transformed societies since the 1960s (Skeldon, 1997: 145).[16] Although these two countries have followed similar patterns of emigration from the 1960s to the 2000s, the emigration history of Morocco until its independence in 1956 was

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[15] The first labour emigration agreements of Turkey and Morocoo were signed with West Germany in October 1961 and in May 1963, respectively.
Bilateral Recruitment Agreements signed with Turkey: 1961-Germany (a protocol was signed in 1973 to the agreement) and the United Kingdom; 1964-Austria, the Netherlands, and Belgium; 1965-France; 1967-Sweden and Australia; 1971-Switzerland; 1973-Denmark; 1981-Norway. The agreements signed with England, Switzerland, Denmark, and Norway were not detailed as the others.
Bilateral Recruitment Agreements signed with Morocco: 1963-Germany and France; 1964-Belgium; 1969-the Netherlands; 1999-Spain and Tunisia.

[16] Besides Morocco and Turkey, Skeldon (1997) defined Egypt, Italy, Mexico, the Philippines, and Spain as labour frontier countries which were dominated by emigration and internal centralization.

more profound than the Turkish one due to its direct exposure to late colonialism and regular practices of seasonal migration in bigger amounts than Turkish seasonal migration (De Mas, 1991). Therefore, Morocco has acquired a stronger migration tradition and deeply rooted emigration culture than Turkey (Schoorl et al. 2000).[17]

The modern international migration history of Morocco and Turkey in the 19th century began with the seasonal emigration of agricultural workers to Algeria in the Moroccan case and to Russia in the Turkish case.[18] While many early Moroccan guest workers in Europe, especially in France, were recruited through Algeria, the establishment of Franco-Spanish protectorate in Morocco in 1912 led to *direct* recruitment of Moroccan labourers by European countries.[19] Although the early 1900s witnessed the deepening of semi-colonial relations between the Ottoman Empire and Western European powers, there has been a negligible amount of emigration from Turkey to Europe.

During the World War One, an urgent lack of manpower in France led to further recruitment of Moroccan men, this time for the army, industry, and mines (Obdeijn,

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[17] After comparing emigration patterns of Ghana, Egypt, Morocco, Senegal, and Turkey, Schoorl et al. (2000) concluded that Morocco had the strongest international migration tradition.
[18] Increasing possibilities for wage labour at the farms of Algeria, after the French colonization of the country in 1830, attracted a rising number of migrants originating from the northern Rif mountains and southern oasis of Morocco (Büchner, 1986; Fadloullah et al. 2000 in Collyer, 2004). Likewise, the Ottoman agricultural workers from the northern region of Anatolia (Black Sea Region) were migrating to Russia seasonally prior to the 1917 October Revolution (Haan, 1990 in Akgündüz, 2008).
The seasonal migration of merchants was a centuries-old phenomenon and could not be included in the category of labour migration since the objective of human mobility here was not to sell their own labour.
[19] Morocco was ruled by the Alawi dynasty from the mid-17th century to 1912 when the European states met at the Algeciras Conference and shared out Africa between them. The Kingdom became a Franco-Spanish protectorate, with France dominating the South and Spain the North.

1993). Between 1914 and 1918 more than 35,000 Moroccans left to France (Muus, 1995: 198). After the end of the War, most migrants returned to Morocco. However, international migration increased after 1920 due to flourishing French economy. Again, most workers were sent back to their countries after the onset of the global economic depression of the 1930s (de Haas, 2003). Since the Ottoman Empire herself was a part of the War with her Western allies, emigration from the country during the War was only limited to the non-Muslim inhabitants and a small number of soldiers and young trainees sent to Germany. Signing a protocol with Germany in 1916, the Ottoman government initiated a three or four-year vocational training of 10,000 young Turks in Germany (Toprak, 1981). Similar to the case of Morocco, both the destination and sending countries preferred Turkish migrants to return home following the end of the War. Except for this on-the-job training, there was no labour emigration from the Ottoman Empire to any of the European countries, unlike Morocco.[20]

During the 1930s, 40s and 50s, Turkey could easily be categorized as an immigration country due to the state policies and the 1937 law which enabled inflow of Turkish-speaking Muslim migrants from Cyprus and the Balkans to Turkey within the context of nation-building strategies while Morocco continued her tradition of emigration mostly due to the ongoing protectorate regime and underdevelopment of the country. In contrast to the huge number of immigrants to Turkey, the number of emigrants from Turkey was just 300,000 between 1923 and 1960, most of whom were non-Muslim

[20] Labour emigration to North and South America between 1860 and 1914 is considered to be the most important economic migration of the Ottoman era (Karpat, 1985). However, this important issue will not be analysed in this study since it is out of the scope of the thesis which aims to analyse emigration-development linkage after the World War Two.

inhabitants (Akgündüz, 2008).[21] On the other hand, the number of Moroccan emigrants was rising steadily. In addition to 126,000 Moroccan men fought for the French or worked as replacement labourers in French industry and agriculture during the World War One and Two, Franco recruited 60,000 Moroccans to fight for the nationalist cause during the Spanish Civil War (Collinson, 1996; Bidwell, 1973). When France stopped recruiting Algerian workers during the Algerian War of Independence (1954-1962), migration from Morocco was boosted (Cherkaoui and Ali, 2007). Such temporary, colonialism-related types of emigration lasted until Moroccan independence in 1956 when the Alawi monarchy was restored under King Mohammed V.

As in the case of Turkey, Moroccan government accelerated the pace of mechanization in agricultural production as a part of her modernization project after the independence. Since both Morocco and Turkey had huge agricultural sectors and rural populations besides high levels of population growth, mechanization in agricultural production in the 1950s led to unemployment of rural population and internal migration towards industrializing urban areas. This internal migration accelerated unemployment in the cities leading to emigration from both countries.[22] The main internal cause of emigration from Morocco and Turkey could be traced back to this process of mechanization and unemployment.

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[21] Early emigration of the non-Muslim minority was a consequence of nation-building policies. Especially after the Lausanne Treaty, Greek inhabitants of Turkey had to move to Greece while Turkish inhabitants of Greece had to move to Turkey. However, emigration related to nation-building processes is outside the scope of analysis in this thesis.

[22] Both Zelinsky (1971) and Skeldon (1997) suggest that, in general, high population growth, concomitant process of modernization and urbanization, and high international migration are processes that tend to occur simultaneously.

The external cause of labour emigration in the 1950s could be addressed as unfulfilled demand for unskilled labourers in relatively developed countries of Northwestern Europe. Although members of the European Economic Community allowed free movement of labour within the Community in 1957 with the Rome Treaty, the demand for labour could not be met sufficiently. Thus, migrant labourers coming initially from Southern and Eastern Europe were replaced with “guest workers” coming from Southern and Eastern Mediterrenean in the 1950s.[23] The main reasons for such a shift in the origins of the migrant labourers could be named as the changes of regimes in Eastern Europe and China, which was one of the labour supply countries to the capitalist world economy prior to the Revolution, and rapid industrialisation in Southern Europe (Abadan-Unat, 2002; Icduygu, 2004; Gitmez, 1983).

In Turkey, labour emigration started with the short-term training programs organized by the governments of France and Germany, and the International Labour Organization (ILO) in the 1950s.[24] However, these were not systematic emigrations and the number of workers sent abroad was very limited. In contrast, even after the independence, labour emigration from Morocco was a kind of continuation of labour recruitment practices of European powers during the protectorate regime.

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[23] France was the first Western European country that officially initiated migrant labour policy for the workers coming from the countries outside Europe in 1945.

[24] As a result of the trainee exchange agreement concluded with France in 1950, Turkey started to send qualified workers to the country for a certain time (TES, 1954). Likewise, Germany initiated training programmes for Turkish workers in the second half of the 1950s, however, this time without an agreement. Finally, from 1953 onwards, ILO arranged job training programmes in factories of different Western European countries for Turkish citizens. As a consequence of these arrangements, Turkish Employment Service started to select a group of qualified workers from different Turkish factories to participate in these programmes. However, the number of workers sent by the TES to participate in the programmes was very limited: 60 workers in 1954, 163 workers in 1958, and 177 workers in 1960 (TES, 1955, 1959, 1961).

All in all, the labour emigration in the second half of the 20^{th} century was initiated in the 1950s as a result of the unfulfilled demands for labour and the capitalist transformation processes and did not officially regulated until the enforcement of bilateral recruitment agreements in the 1960s. The following section investigates the state-regulated labour emigration and state-intiated, emigration-related development structures in Morocco and Turkey.

3.3 State-regulated Labour Emigration from the 1960s to the mid-1970s

The Moroccan and Turkish governments have tried to be active in managing labour emigration and its positive and negative impacts since the 1960s (İçduygu, 2005; Obdeijn, 1993). This management initially tried to be conducted through bilateral recruitment agreements with which systematic emigration started.[25] The regulatory impact of these agreements lasted until the oil price shock in 1973 when the countries of immigration unilaterally ended official recruitment phase. Then after, emigration from both countries has gained a different face shifting towards emigration for family reunification and asylum.

Both countries signed all their recruitment agreements upon the request of the European countries in need of migrant labourers. In the case of Turkey, the first agreement was signed with West Germany in October 1961.[26] For Germany, concluding

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[25] Bilateral recruitment agreements were signed to regulate workers' migration, social security rights, salaries, and to benefit from these migratory movements through acquiring the right of determination of the number, age and skills of the workers that would migrate.

[26] The first recruitment agreement of Germany was concluded with Italy in 1955, the second with Greece and the third with Spain in 1960. These official documents could be regarded as the evidences that indicate

an agreement enabling systematic recruitment of migrant labourers outside Europe was important because the construction of the Berlin Wall, which was supposed to end migration from the east to the west, was started in August 1961. In addition, South European supply of labour diminished due to rapid post-war economic growth and increasing job opportunities in the South. Moreover, emigration from Eastern Europe further decreased because of the changes in regimes. Therefore, not only for Germany but also for all of the European countries in need of migrant labourers, it was favourable to secure certain amounts of immigration through official channels under state control (İçduygu, 1991; Abadan-Unat et al. 1976; Paine, 1974).

For Turkey, the recruitment agreements meant a way to utilize from the ongoing illegal labour emigration by legalizing and officially organizing the movement of people. Thus, from developmentalist point of view, emigration was considered to be beneficial for development in an era of statist (etatist) economy with high inflation rates and huge balance of payments deficits (Martin et al. 2001a).[27] This harsh economic environment in Turkey was a consequence of the economic policies of the Menderes (Democrat Party) era. The government considered the best economic policy for growth as the one expanding agricultural output (especially after the crop failure in 1954); therefore, *mechanization* in agricultural sector was accelerated (Krueger, 1974). Moreover, these unfavourable economic conditions could be attributed to the country's high levels of population growth in the 1950s, 1960s and 1970s; however, this was also an outcome of

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the developed countries of Northern and Western Europe started their state-regulated recruitment of migrant labourers initially from Southern European countries.

[27] It was estimated that as of December 1957 Turkey's foreign debt was USD 1,1011 million, contrasted with 1957 exports of USD 345 million (Krueger, 1986: 21).

the Turkish state's nation-building policies which forbid the use of contraception materials. Thus, high fertility rates combined with mechanization of the agricultural sector accentuated population pressures on land in rural areas leading to severe un- and underemployment in industrializing urban areas (Keyder, 1989; Sayari, 1986).[28] After May 1960 Revolution, the new civilian governments continued to follow statist economic policies (mainly through ISI); however, *foreign exchange shortage* was perceived as a bottleneck to growth.

In the case of Morocco, the logic behind the establishment of state-regulated systematic emigration was the same as the Turkish case and the aim was to relieve harsh economic conditions and accelerate modernization through migrants' savings and experiences. Morocco signed her first recruitment agreement with West Germany in May 1963 and second with France in June 1963.[29] Besides the diminishing numbers of migrant workers from Southern and Eastern Europe, the main triggering factor for France to conclude such an agreement was the independence of Algeria in 1962 and closure of the Algerian-Moroccan border. As a result of this closure, France had to find a different channel to further recruit migrant labourers from Morocco. Like Turkish citizens, Moroccans were also living under hard economic conditions with high un- and underemployment, and inflation rates. Through the recruitment agreements in the early

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[28] The cost of living in Turkey between the years 1953 and 1958 rose by 150% (Simpson, 1965). Therefore, people not only from agricultural sector but also from other sectors, were searching for the ways to earn additional income. Devaluation of the Turkish Lira in 1958 as a result of deficit of balance of payments at an annual rate of 20.9% further intensified the need for additional income.

[29] Even prior to these agreements migrant labourers from both Morocco and Turkey were working in European countries. According to the German Employment Service (Bundesanstalt fur Arbeit) statistics, there were 2,495 migrant workers coming from Turkey in July 1960. However, this was in an unofficial tradition and the rights of migrant labourers in the countries of immigration could not be protected by the sending countries (Akgündüz, 2008).

1960s, emigration became a state strategy for both countries considering remittances' possible developmental impact on state and society.

One obvious difference between emigration strategies of the two countries was that Moroccan monarchs used labour emigration as a political safety valve by sending the rebellious Berbers abroad voluntarily while Turkey did not consider emigration as a strategy for securing her internal political stability (Collyer, 2004; Heinemeijer et al. 1976). Another important strategic difference was Turkey's attempts for gaining the right of free access to the European labour market through building special relations with the European Communities (EC). In contrast to Morocco's first (rejected) application to the Communities on 20 July 1987, Turkey had been given associate membership status as early as 1963 with the September 1963 Ankara Association Agreement. Moreover, the Additional Protocol of 1973 (Article 36) promised a steady reciprocal lowering of EC tariff and eventually migration barriers, with Turks having free access to the European labour market by December 1986. However, the Ankara Agreement was not implemented so the objectives specified in the document could not be achieved. In December 1976, Turkey announced that she could not decrease her trade barriers in 1977 and 1978 as scheduled, and in January 1982 the European Parliament persuaded the EC Commission to suspend negotiations over closer EC-Turkish relations. Nevertheless, this was a strategic attempt from the Turkish side for enabling free access of her domestic labourers to European labour markets, which was not considered as a strategy in the Moroccan case in the 1960s and 1970s.

The state strategies of Morocco and Turkey on emigration of their labourers set out and justified in the development plans of both countries. The first Five-Year Development Plan of Turkey (1962-67) and the second Three-Year Development Plan of Morocco (1965-68) were the first national documents that defined the characteristics of emigration and outlined expected advantages from this emigration. Creation of such emigration-related development strategies were enabled through 1961 Constitution in Turkey and 1962 Constitution in Morocco. The 1961 Constitution gave the right to a passport and travel abroad to the citizens of Turkey and gave initiative to the establishment of State Planning Organization in the country. The 1962 Constitution adopted via a referendum in Morocco gave a relief to the power struggles between the political parties (especially Parti de l'Istiqlal) and the monarch by confirming the dominance of monarchy. As a result of this Constitution, Morocco could be identified as a more politically stable country to conclude an agreement by the countries of immigration.

The Development Plans emphasized the benefits of export of surplus labour because emigration was supposed to lead to considerable decline in unemployment pressures, increase in the numbers of skilled labourers, enhancement of profound technical knowledge and spread of foreign language within the countries of emigration upon the return of the emigrants to the countries of origin. Moreover, in the Development Plans, emigration was addressed as a solution to the lack of foreign exchange and balance of payments crisis. In line with these objectives, both sending and receiving countries defined labour migration as a *temporary* phenomenon. The authorities in the countries of immigration did not want permanent settlers which would transform the social composition of the host socities and increase economic and social burden on governments.

Except specific economic advantages of emigration such as easing of the economic pressures caused by the high un- and underemployment rates, and lack of foreign exchange, social benefits of emigration could only be gained upon *emigrants' return* to the countries of origin; therefore, the nature of labour emigration defined as temporary by the Moroccan and Turkish authorities (İçduygu, 2009; Collyer, 2004). With these agreements the German recruitment offices (Deutsche Verbindungsstelle), which were selecting and sending Turkish labourers to Germany unofficially, were recognized by the Turkish authorities and became an important part of the official emigration mechanism. Another important part of the mechanism was the Turkish Employment Service (İŞKUR) to which the Turkish state has transferred all her responsibilities regarding the organization of the labour emigration (Sayari, 1986).[30] However, in Morocco, foreign recruitment offices were opened after the signing of bilateral recruitment agreements. Following the 1963 agreement with France, the French Organisation National d'Immigration (ONI) opened an office in Casablanca to arrange recruitment of Moroccan labourers to French firms.

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[30] Requirements for application to Turkish Employment Service (TES) to work abroad were defined as follows: 1) applicants must be healthy, literate and 18-45 years old (if skilled) or 18-35 years old (if unskilled); 2) applicants must have no criminal record; 3) applicants must have completed their military service if male (graduates of technic academies and art institutes were exempt from this requirement); 3) if the emigration of a person is likely to harm the Turkish industry, that emigration could not be organized by the TES; 4) unemployed workers would be given priority; 5) workers who know English, French or German would also be given priority (TES, 1964).

1966 and 1967 were the years of recession in the West Europe's high economic growth since the World War Two. The only exceptions to this emerging stagflation were Italy and Norway, which showed vigorous growth rates still. With the retarding expansion of demand initially in the most important economies of Europe, namely in the German and British economies, the cyclical stagnation of West European industrial production began (Kindleberger, 1967). As a response to this recession in Europe, Morocco and Turkey took certain initiatives to prevent any decline in their remittance revenues. In 1970, the Turkish government devalued Turkish lira from TL9 = USD1 to TL15 = USD1. Thus, emigrants' savings in foreign exchange were appreciated. This devaluation was also a reaction to the crisis of the import substitution policies in Turkey.

Another attempt of the Turkish government to prevent the decline of remittance revenues was to diversify the destination countries of the Turkish labourers.[31] This desire of the government matched with the Australian demand of labour so the two countries concluded a recruitment agreement in 1967.[32] Although in July 1970, Turkey and EEC formally concluded the preliminary period, EEC did not take the initiative to step forward for the free movement of Turkish migrants within the EEC area.

The Moroccan response to the economic recession in Europe was to conclude an agreement with the Netherlands in 1969. However, this agreement could not provide a

[31] In 1967, the number of Turkish workers sent abroad by TES was 9.000 and the number of Turkish workers in the wait list of TES was 900.000 (İçduygu, 1991).

[32] However, there was a logical difference between the two countries' intentions regarding labour migration. While Australia wanted permanent settlement of migrant labours, Turkey was still pursuing a guest worker policy. From 1967 to 1975, nearly 12,000 workers and their family members migrated to Australia (İçduygu, 2009).

proper response to the Moroccan government's desire to prevent decline in the country's remittance revenues because the Netherlands was also a West European country facing the recession (though at lower rates). Thus, in 1971, the Moroccan government tried to undertake the parity of the Moroccan Dirham with the French Franc by adding three percent to all funds deposited by emigrants in Moroccan banks (Charef, 1999 in Collyer, 2004).

The Second Five-Year Development Plan of Turkey (1968-1972) further underlined the official recognition of the importance attached to the remittances and specified the measures to raise their volume (SPO, 1969). Unlike the strong emphasis put on the expected advantages of workers' education abroad in the initial development plans, the second Development Plan of Morocco (1968-72) emphasized the quantitative aspects of migration (like the Turkish one) in relieving pressures on the labour market and the positive financial impact. This shift in the focus of the development plans was a result of the increase in the levels of unemployment and increasing deficits in the balance of payments (de Haas, 2003). When the regulated migratory movements of workers from Morocco and Turkey began, the policy-makers believed that emigrants would also contribute to rural development through the transfer of technology and machinery, and creating new job opportunities for the left-behinds (Abadan-Unat, 1976; Heinemeijer et al. 1976). Moreover, it was believed that emigration would decrease the pressures on the states' economies created by "hyperurbanization" (Levine, 1980).

In order to channel workers' savings into the country, in 1968, the Credit Popularire du Maroc (the Moroccan Banque Populaire)[33] was given the task of gathering remittances from emigrants by providing an alternative to the post office transfers and transfers of cash through friends or relatives. The fourth Five-Year Development Plan of Morocco (1973-77) further proposed methods of stimulating migration services in the country and setting up a network of social bureaus in the countries of immigration to aid potential migrants with the cost of living abroad (Leichtman, 2002). From a similar perspective, the third Development Plan of Turkey (1973-77) proposed not only economic but also social support of the Turkish emigrants.[34] According to the Plan, both social and economic struggles that the Turkish migrants face before and after the emigration process ought to be considered by the state and problems ought to be solved with the effective collaboration of relevant state institutions. Furthermore, the Plan proposed the state institutions to be given the responsibility of directing remittances into development oriented investments in line with the government's socio-economic objectives. In order to attract more remittances to the countries, both Morocco and Turkey offered their emigrants a special premia in return for the remittance accounts opened in the national banks (this premia strategy lasted until 1970 in Turkey and 1987 in Morocco).

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[33] Today, the bank has around forty branches throughout France, Germany, England, Denmark, Spain, Italy, Belgium, the Netherlands and Sweden. The bank's headquarters in each country were situated within the Moroccan Embassies, indicating the importance given to remittances by the Moroccan authorities.

[34] If a Turkish worker choose to emigrate via the official channel (through TES rather than passing borders as a tourist and staying longer than the duration of visa), he/she exempt from the obligation of paying abroad travelling fee and buying foreign exchange. Moreover, TES provides his/her passport further relieving the migrant and family of the passport fee by labeling the worker's and his/her family's passports as "labour passport" and "member of the worker's family" respectively. Finally, travel expenses of the worker are paid by the country of immigration.

Turkish labour emigration in the 1950s and 1960s started from relatively developed regions of the country (from Ege and Marmara) inspite of the state's initiatives to encourage emigration from less-developed rural areas (from the East and Central Anatolia). Although the TES created its rules of selection by prioritizing applicants from the less-developed cities, the number of initial applications from the targeted areas was very limited.[35] Day and Icduygu (1997) explained this situation by relying on the development level of the areas and suggested the idea that the number of applicants tended to rise as the development level of the area decreases until a certain low level; afterwards, the number tended to decrease as the area's development level fall below that certain low level of socio-economic development. Therefore, the members of the first group of emigrant labourers from Turkey were neither unemployed nor part of the traditional category of peasant emigrants facing bad economic conditions; most of them were skilled workers and artisans who had been employed in major Turkish cities such as Istanbul, Ankara and Izmir (Sayari, 1986).

While the Turkish governments were trying to encourage emigration from the rural areas, the Moroccan governments attempted to control the flows by favouring migration from urban areas. However, in this case also the attempts of the Moroccan governments could not be successful and actual flows continued to be dominated by rural areas, which have centuries-old emigration experience, such as the Rif, Oriental and Sous

[35] In order to increase emigration's developmental impact and to balance emigration among the regions with different levels of development, in 1965 TES started to give two years priority to the applicants from underdeveloped areas and one year priority to the ones from developing areas, in line with the State Planning Organization's development-based classification of the regions. However, this prioritization policy was applicable only when the foreign demands of labour were not nominative.

regions (el Kadiri et al. 2007). Thus, during the 1960s and 1970s, Moroccan emigrants were from working class of the rural areas, often uneducated and unemployed agricultural workers.

The years between 1963 and 1973 witnessed a great emigration boom both from Morocco and Turkey to West Europe. In the case of Morocco, this boom occurred due to bilateral labour agreements signed in 1963 with Germany and France, in 1964 with Belgium and in 1969 with the Netherlands. In the meantime, social networks of migrants were also established rising the amount of emigration further. These networks of emigrants not only encouraged relatives and friends left behind to join emigrants abroad but also assisted prospective emigrants in their migration processes. Therefore, migrants from the same village or region often predominantly lived in one or two specific cities in Europe. In 1965, about 30,000 Moroccans were living in Europe, almost exclusively in France (de Haas, 2003: 102). In 1972, this number increased tenfold to almost 300,000, increasing further to over 400,000 in 1975 (Muus, 1995: 1999).

In the case of Turkey, until 1963, the only bilateral recruitment agreement was the one concluded with Germany and there was a small number of labourers who chose to emigrate. However, after 1963, the number of both bilateral recruitment agreements and emigrant labourers increased considerably. In 1964, Turkey signed recruitment agreements with Austria, the Netherlands, and Belgium; later, in 1965 with France; then after, in 1967 with Sweden and Australia. As the emigration flows increased through these agreements, the impact of migrant networks was intensified attracting more migrant labourers, as in the case of Morocco. The annual exit of Turkish migrants rose to 66,000 in 1964, 130,000 in 1970, and peaked at 136,000 in 1973 (Martin et al. 2001a: 600). Between 1961 and 1975, about 805,000 Turks were sent abroad through the TES; however, the actual number was higher because of the emigrants who chose to migrate as tourists and later became illegal workers. In 1973, there were one million Turks on waiting lists of the TES for employment abroad. It was estimated that between 1961 and 1973, 1,5 to 2 million labourers went abroad from Turkey for employment; this number was equal to 12 percent of Turkey's 1970 labour force and 40 percent of Turkish men aged 20-39 in the Turkish labour force in 1970 (Martin et al. 2001a: 600).

In the early 1970s, as a result of huge emigration flows, Turkey searched for the ways to direct remittances into more profitable, growth-oriented investments. Following this quest period, policy-makers came up with *three* distinct development programmes integrating emigration and development (Martin, 1991; Keleş, 1985). Within the context of these programmes, the Turkish state initially started to support *Workers-Joint Companies* which would invest in the less-developed regions of the country. The state support was given through a public bank (Ziraat Bankasi) at most upto 1/3 of the investment. In this way, more than 600 workers-joint companies were established (Abadan-Unat, 1986). Another state initiative to benefit from emigration and remittances was to support the establishment of *Village Development Cooperatives*. The number of these cooperatives were tripled just in three years; while there were 2,000 village development cooperatives in 1971, their number rose to 6,000 in 1974 (Abadan-Unat, 2002). The third initiative of the Turkish state in 1975 was the establishment of *State*

Industry and Labourer Investment Bank as development bank of the state and defined its primary function as giving support to the investments initiated by workers' remittances and other private capital. Lastly, apart from these emigration-related development programmes, the state allowed tariff-free imports for migrants if returning migrants converted their foreign currency savings into Turkish Lira in Turkey. As a consequence of these state-initiated migrant support programmes, remittances gained an active role in financing national and regional development of the country.

The oil price crisis of 1973 hit developed economies of the West severely.[36] The tremendous rise in oil prices curtailed high rates of production and necessitated labour reduction in the firms. Thus, the demand for migrant labourers was officially ended in 1975, when Germany closed her labour recruitment bureaus in Turkey and the Netherlands did not apply for migrant labourers to the TES (TES, 1976). From 1975 onwards, labour emigration from both Morocco and Turkey changed its structure and developed into emigration for family reunification, asylum and irregular emigration (de Haas, 2007a; İçduygu, 1996; Böcker, 1995). Since working with migrant labourers were more profitable for any kind of production (working longer hours without demanding higher wages), recruitment of migrant labourers continued at relatively lower levels and through illegal ways. Bilateral recruitment agreements had given the right of family reunification to the emigrants; however, family members left behind did not want to

[36] The unexpected rise in oil prices was a kind of a punishment from the OPEC countries to the US, which was supporting the Israili military actions once again in the Yom Kippur War. This decision of petroleum exporting Arab countries caused economic crisis not only in the US but also in the countries importing petroleum from the Arab world.

reunite their families abroad since they anticipated labour emigration as a temporary situation.

With the economic crisis and diminishing official demand for migrant labourers, the temporary nature of labour emigration turned out to be a permanent one. Migrant labourers in Europe refrained from returning to their countries of origin due to the fear of nonacceptance to the European countries where they had been previously working. As a result of this risk of nonacceptance, the members of the families left behind decided to reunify their families at the labour receiving end. The European countries that officially ended labour recruitment allowed immigration within the context of family reunification because they believed that, in this way, the demand for migrant labourers could be satisfied without further immigration of labourers (Icduygu, 2006; Collyer, 2004). Therefore, the Netherlands (in 1975), Belgium (in 1975) and France (in both 1981 and 1982) initiated a series of legalization campaigns (Muss, 1995). Finally, due to family reunifications, the risk of nonacceptance, and possible integration problems following return migration to the countries of origin, the rate of return among Turkish and Moroccan migrants were low. Indeed, return migration rate of Moroccan and Turkish citizens were among the lowest of all migrant groups in Europe.

3.4 Changing Face of Emigration from the mid-1970s to the 1990s

Changes in the immigration policies of European countries led to transformation of guest workers of the 1960s to permanent settlers of the 1980s. Although the European countries restricted entry in the mid-1970s due to the oil price shock, intentions of family reunification and asylum made immigration to Europe possible for both Moroccan and Turkish citizens. Moreover, deteriorating economic and political conditions in the countries of origin and the presence of already established migrant networks in various regions made international migration more attractive and feasible choice for the upcoming generations. In addition, the establishment of a kind of migration industry via the migrant networks in the 1960s and 1970s made the transition of the focus of migration from an economic realm to a more political one (Faist, 2003; Böcker, 1995). In other words, owing to the migrant networks, international migration to Europe continued within the political realm due to strict regulations on European immigration policies especially on the economic front. Therefore, migration to Europe from Southern and Eastern Mediterranean countries did not end but continued with a new face. Between 1971 and 1982, approximately 1,1 million Moroccan and 1,3 million Turkish citizens migrated to Europe (Akgündüz, 2008; Amoroso, 2004).

The years between 1975 and 1980 have been defined as the period of *transition* in the emigration history of Moroccan and Turkish societies due to the changing profiles of emigrants and their destination countries (İçduygu, 2006b; de Haas, 2003). Following this transition period, during the 1980s, especially from the early 1980s onwards, the Moroccan King Hassan II and the Turkish Prime Minister Turgut Özal initiated programmes supporting trade and economic *liberalization* (Cherkaoui and Ben Ali, 2007; Öniş, 1992). Such initiatives affected both the outflows of citizens and inflows of their savings. More importantly, states' policies for attracting remittances changed either in positive or negative directions depending on newly emerging economic priorities.

In the case of Morocco, emigration period after 1973 witnessed the inclusion of new sending regions, especially the Atlantic Coast and the interior (Collyer, 2004). Diversification occurred not only in the sending areas of Morocco but also in the destionation countries receiving Moroccan migrants. While people from larger *urban areas* began to add their numbers and experiences to what was formerly seen as predominantly rural labor migration, emigration towards Arab countries such as Libya and the Gulf states increased (Testas, 2001). Similarly, the composition of Turkish migrants, their origins and destinations were also diversified in line with internal and international circumstances. As opposed to initial phases, Turkish emigration began to be dominated by emigrants from *rural areas* and less-developed regions such as East, Southeast, Northeast, and Central Anatolia (İçduygu et al. 2001). There was also a steep rise in the number of peasant farmers who came from Turkey's rural areas and owned some land and worked on it. They were not the poorest, nonland-owning peasants, but unlike their predecessors, the majority of these later emigrants had little or no previous exposure to modern forms of urban social and economic organization (Paine, 1974).

Following the boom in oil prices, which contributed to capital inflows of oil exporting Arab countries, the pace of economic growth have been accelerated rising the demand for migrant labourers in these countries (Appleyard, 1995). Similar to the Moroccan experience, Turkish emigration towards these regions was intensified (İçduygu and Sirkeci, 1998). Besides the oil exporting Arab countries, Turkish labourers also migrated to Australia (İçduygu, 1991). In other words, implementation of strict immigration policies in Europe following the economic recession of 1973 channelled prospective emigrants towards the oil-rich Arab countries and Australia. This continuation of emigration (though towards different regions) was necessary for the country because Turkey was carrying a heavy political and economic burden. This burden was a result of the Ecevit government's intervention in the Cyprus conflict in 1974, the external economic crisis started in 1973, and the internal ISI-related economic crisis again in the early 1970s.

In line with the global wave of neo-liberal reforms, both Morocco and Turkey entered into an economic transition following the crisis of ISI-oriented development strategies in the late 1970s. Compared with the Moroccan one, the Turkish experience in stabilization and structural adjustment received more international support from key international institutions mostly due to the geostrategic importance of Turkey in the Cold War context (Öniş, 2000). With the economic reforms launched in January 1980, the Turkish government enabled full capital account liberalization and tried to initiate trade liberalization, which gained momentum in the 1990s with the Customs Union Agreement signed with the European Union (EU) in 1996. Furthermore, privatization of public enterprises began in 1986 and export tax rebates dismantled in 1988. However, macroeconomic instability and high interest rates, which attracted short-term and fragile capital, were among the major reasons for Turkey's inability to reach its targets of economic and social growth (Öniş, 2000). The principal losers of this reform process were wage earners and agricultural producers, which became potential emigrants in the 1980s. Through this adjustment process towards more market-oriented economy and export-led growth, the importance attributed to remittances within the state's development strategies decreased. Therefore, the role of remittances in financing Turkish balance of payments deficits was minimized while emigration from the country continued at high levels (however, with a relative decline).[37] Other than changing economic conditions, PKK terrorism since 1984 also made people to consider migration as a solution to the ongoing political and economic hardships.[38] Only the prospect for the EU membership and the reforms implemented to be a full member in the late 1990s and early 2000s could give a halt to this asylum related emigration to Europe.

Parallel to the Turkish commitment for opening up the economy, Moroccan economic liberalisation was also initiated in the early 1980s with the support of the King Hassan II. Following the 1982 financial crisis, significant structural reforms regarding financial sector, trade, stock exchange, price regulation, public debt, privatization, and infrastructure have been undertaken through the adjustment plan of 1983, which was adopted under the aegis of the IMF and the World Bank (Cherkaoui and Ben Ali, 2007). Even though the reforms tried to be strictly implemented, the high unemployment rate giving rise to emigration could not be reduced. Between 1981 and 1990, the rate of unemployment in Morocco was 15.1 percent of the total labour force (Sekkat, 2004). As

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[37] In 1973, the number of Turkish migrants working abroad was 766,800. After the oil crisis, this number decreased to 707,900 in 1976. When emigration towards the Arab countries and Australia increased, the number of Turkish migrants working abroad rose to 711,000 (SPO, 1979). The approximate distribution of Turkish emigrants in the early 1980s was as follows: West Germany, 1,55 million; the Netherlands, 150,000; France, 135,000; Belgium, 64,000; Austria, 65,000; Switzerland, 36,000; Sweden, 18,000; Denmark, 17,000; and Norway, 2,700. In 1986, there were 200,000 Turkish migrant labourers in the Arab countries, with largest concentrations in Libya 106,000 and Saudi Arabia 53,000 (Sayari, 1986).

[38] Some of the Turkish citizens, who were forced to migrate internally by the state due to security considerations, asked for asylum from European states and immigrated to Europe as refugees. They were coming from less-developed eastern parts of Anatolia; therefore, the underlying reason for their emigration could not be precisely determined as being either economic or political. Between 1980 and 1995, there were approximately 400,000 Turkish citizens who migrated to Europe as asylum seekers (İçduygu, 2006).

in the case of Turkey, relative openness of the market brought about tremendous rise of FDI inflows; however, the importance of remittances as a source of foreign currency for the country did not decrease unlike the diminishing role of remittances in the development strategies of Turkey (Bouoiyour, 2003).[39]

Since the 1980s, both Morocco and Turkey became countries of transit and irregular migration. Because both countries are geographically very close to the areas of poverty and conflict, people escaping from these regions (basicly from sub-Saharan Africa and Middle East) migrate to Morocco and Turkey with an ultimate goal to move to relatively prosperous and peaceful European countries (Barros et al. 2002). This transit migration rised the number of irregular migrants in Europe; therefore, even after the end of the official labour recruitment phase, countries of Europe were still highly concerned with emigration from Morocco and Turkey. The issue of international migration has been an important factor in shaping the relations of the European countries with Morocco and Turkey.

Turkey applied for the EC membership on 14 April 1987 to step forward from her associate status; however, on 18 December 1989, the Commission interrupted the memberhip application process due to lack of adherence to basic human rights conventions, the economic gap between Turkey and the EC, and the irregular migration caused by the economic and political gaps. Thus, EC postponed the issue of Turkish

[39] Compared to the previous decade's FDI inflow rates, which amounted to 233,78 million Dirham, the inflow of FDI to Morocco tripled to 849,9 million Dirham during the period from 1980 to 1989 (Bouoiyour, 2003).

membership for consideration. In the same year with Turkey's application, Morocco applied for the membership (on 20 July 1987). From a very much similar perpective, Morocco's initiative for membership was considered to be unsuccessful by the EC. The reasons for this second rejection were the same as the Turkish one except the geographical factor. Since Morocco was in Africa, it could not be seen as the part the EC. On the other hand, close interactions between the Community and Morocco, as well between Turkey and the Community, continued in both political and economic realms.

Considering Turkish and Moroccan policies towards their emigrants' integration into the host socities, it could be argued that Özal's government in Turkey was in favour of integration due to its potential political advantages while the policies of King Hassan II era in Morocco discouraged integration due to economic considerations. As mentioned before, with the global wave of neo-liberalism, Turkey transformed its policies for economic growth towards export- and tourism-oriented gain of foreign currency. Therefore, the importance of remittances has relatively declined compared to the 1960s and 1970s. As remittance-led development strategies evolved into export- and tourism-led development finance, Turkey's concerns about the possibility of a decline in remittances with higher integration of the emigrants faded. In addition, Turkey's desire to be an EC member made the government to count on the political advantages of Turkish emigrants' integration into Europe. On the other hand, Morocco further introduced mechanisms in the countries of immigration to discourage integration by creating Moroccan emigrant associations which would strenghten the ties between Morocco and her emigrants (Obdeijn, 1993). In this way, Moroccan authorities expected that the amount of inflow of remittances would increase, at least would not decrease. As opposed to the diminishing role of remittances in development strategies of Turkey as a source of foreign currency through economic liberalisation, remittances remained the most important source of foreign exchange besides tourism and the exportation of phosphates for Morocco. Another reason for integration hindering policies was to prevent establishment of rebellious Moroccan groups in Europe in line with the European norms and values against the monarchy (de Haas, 2003). Since 1987, when Morocco's application for membership was rejected by the EC, anti-integrationist policies have been further intensified. This logic of anti-integrationism lasted until the King Mohammed VI's accession to throne in 1999 and the establishment of Euro-Med Partnership by the EU in 1995.

The Moroccan correspondent of Turkish State Industry and Labourer Investment Bank was established in 1989 under the name of Banque Al Amal. The bank supported the creation of several thousand jobs a year in its first few years and continued to co-finance investment projects with significant loans (Collyer, 2004). With the help of the state support given through these two national banks, Moroccan and Turkish emigrants started to invest in the sectors other than their traditional investment areas such as agriculture and housing. In addition to the establishment of similar banks with very close tasks in both countries, Moroccan emigrant labourers in France established 'Migration and Development' association in 1988 to channel the savings of the Moroccan migrants in France and of French people to migrant sending localities of Morocco, as a correspondent to Village Development Cooperatives in Turkey. In order to attract remittances from all the countries of immigration to Morocco, regional agencies of development, the Social Development Agency and Hassan II Fund, were also established in the late 1980s in Morocco (el Kadiri and Lapeze, 2007).

Since the late 1980s, the linkages between emigration and development in both Morocco and Turkey have deeply influenced by the world-wide waves of globalisation and transnationalism, and the growing regional power of the European Communities. Decline in the international power of the USSR, gradual demise of the Cold War, and rapid technological advancements made the nations much more connected giving way to globalisation and transnationalism. Migrant networks operating among the nations have created a sense of transnational identities beyond the state boundaries. Besides these transnational establishments, especially since 1993 starting with the Maastricht Treaty, the EC (hereafter the EU) has gone under a set of political and economic changes establishing itself as a strong regional power. When the close connection of the EU with Morocco and Turkey is considered besides the fancy desire of their people to live in the prosperious countries of the EU, the reason of the huge influence of political changes (especially regarding strict immigration policies) in Europe on Morocco and Turkey could easily be understood. Concomitant to ongoing liberal transitions in these two states, initially in the economic realms then in the political fields, the nature of emigration and its contribution to states' development policies have entered into a new phase. Especially since the 1990s, migration has been regarded as one of the global issues that has to be handled with great cooperation among the sending, receiving and transit countries in order to lessen its negative developmental impacts and to promote its potential benefits to the social and economic growth of relatively less developed areas both in the sending and receiving ends.

3.5 The New Phase of Emigration since the 1990s

The end of the Cold War in the early 1990s with the demise of the USSR was the first sign of a new world order that would be more confronted with the issues of soft security such as migration. Since the early 1990s, irregular international migration has been perceived as a threat to the receiving countries by the international actors. Although official recruitment of migrant labourers to the countries in Northwestern Europe ended, the continent continued to attract a share of undocumented migrants due to the European demand for cheap labourers in sectors such as agriculture, housing, building, cleaning, and various service jobs (Zorlu, 2000). Some of these irregular migrants managed to obtain residence permits through marriage with a partner that had gained legal status in the destination country. However, acquiring a legal status through family formation was not a solution to the problem of integration.

Since the mid-1980s, Morocco and Turkey have been confronted with both the positive and negative sides of globalisation. Huge inflows of short-term capital, as a result of high interest rates, and FDI enabled Morocco and Turkey to achieve a considerable rate of growth compared to the previous decades. However, this pattern of growth was a fragile one and led to a series of economic crisis throughout the 1990s in both countries. Turkey experienced financial crisis in 1994 following the government’s decision to reduce interest rates to stimulate domestic investment and the decline in

Turkey's credit ratings resulting in a massive outflow of short-term capital shrinking the economy by six percent, and serious downturn in the economic activity by five percent following the 1999 earthquake and Russian crisis in 1998 and 1999 (because Russia was one of the biggest trade partners to Turkey) (Öniş, 2000).

Similarly, in 1995, Morocco witnessed one of its severe economic crisis following the worst drought of the country in 30 years, which forced Morocco to import grain, which was among the important export goods of the country. Another economic crisis occurred in 1997 and 1999 subsequently, again caused by severe droughts. Reduced incomes following the droughts resulted in GDP decline by 7.6 percent in 1995, by 2.3 percent in 1997, and by 1.5 percent in 1999. Over the last 40 years the growth rate of per capita GDP in Morocco has followed a decreasing trend. From around 3.5 percent on average during the 1960s and 1970s, this rate has declined to 1.7 percent during the 1980s and to 0.4 percent during the 1990s. Moreover, the rate of population below poverty line increased from 13 percent in the early 1990s to 19 percent by the end of the decade (Sekkat, 2004). Since both countries were pursuing export-oriented development policies, decreasing amount of exports leading to series of economic crisis increased the motivation for emigration especially among the citizens that had experienced emigration before or had relatives or friends living abroad. Consequently, the number of Turkish citizens who migrated to Europe increased to 2,9 million in the mid-1990s from 2 million in the 1980s; and the number of Moroccan migrants in Western Europe was 1,8 million in the late 1990s (de Haas, 2003).

One of the important consequences of globalisation to the countries of emigration and emigrants has been the establishment of transnational communities and networks, and promotion of transnationalist ideas. Thus, the countries of emigration such as Morocco and Turkey have begun to develop policies promoting integration of their emigrants abroad besides their attempts to strenghten the linkages between themselves and their emigrants. Turkey’s support of integration increased in the mid-1990s by creating a kind of dual citizenship status called special foreign nationality, which has been symbolized by a pink card for the ones who give up their Turkish citizenship (due to restrictions upon dual citizenship in some European countries such as Germany) but want to preserve their right to buy and inherit land in Turkey. As a result of Turkey’s support of dual citizenship, nearly 800,000 Turkish migrants gained the right of citizenship from the countries of immigration between 1991 and 2002. In 1995, Turkish citizens under the age of 20 were also permitted to give up the country’s citizenship without fulfilling their military obligations to facilitate transition to the citizenship of countries of immigration. Moreover, in February 1998, a Supreme Committee for Nationals Living Abroad, which was chaired by the Prime Minister, and a Coordinating Committee for Nationals Living Abroad, which included representatives of Turkish citizens in twelve foreign countries, were established in order to give state support to Turkish emigrants and facilitate their integration into the countries of immigration.

While establishing mechanisms for integration abroad, Turkey also tried to engage herself with her emigrants in political and economic fields. Thus, Turkey’s sixth Five-Year Development Plan emphasized the importance of the country’s relations with her emigrants in order to attract more investments to the country, to motivate migrants to lobby for the Turkey's EU accession, and to defend Turkey's national interests within the countries of immigration through the migrants who have acquired the right of citizenship. Furthermore, the seventh Five-Year Development Plan of Turkey suggested intense cooperation of the Turkish employers abroad to create a common trade platform and to support each other against any difficulty.

In the case of Morocco, an integration oriented strategy began with the accession of King Mohammed VI to the throne. The new king's strategy was to combine economic liberalization, democratization and efforts to reduce poverty to international migration (Cherkaoui and Ben Ali, 2007). The King attempted to transform subjects into citizens and to replace a culture of personal allegiance with a culture of civic responsibility (Denoeux, 2001). This transition also affected the monarchy's attitude towards Moroccan emigrants. Integration discouraging strategies exercised by the monarchy towards Moroccan emigrants since the establishment of the country in 1956 evolved into integration encouraging policies in the 1990s and 2000s. As in the case of Turkey, Moroccan authorities also tried to strenghten the linkages between the country and her emigrants while encouraging integration. In order to serve this purpose, in 1990, the Moroccan government established the Foundation Hassan II pour les Marocains Résidant à l'Étranger. The aim of the foundation was to foster and reinforce the links between Moroccan migrants and Morocco through assisting them in Europe and during their summer holidays in Morocco, and to inform and guide migrants on investment opportunities (de Haas, 2003). Again, in 1990, a minister with responsibility for

Moroccans abroad was appointed for the first time. This Ministry for Moroccans Resident Abroad had the role to promote social, cultural and education programmes for emigrants, to safeguard emigrants' interests, to understand the migration trajectories, to participate in international and regional conferences on the issue of Moroccans abroad, and to provide the instruments for the reintegration of the migrants upon their return. As a result of these initiatives for integration, from 1991 to 2000 almost 400,000 Moroccans were granted the nationality of an EU member state, larger than any other migrant group in Europe (SOPEMI, 2003).

Profound changes regarding the two countries' political and economic agendas started in 1999 with the announcement of Turkey's candidacy for the full membership to the EU and with the accession of Mohammed VI, who has been a strong supporter of liberal reforms and of integration of Moroccan migrants into receiving societies, to the throne in Morocco. While Turkey became a member of the Customs Union in 1996, Morocco signed a free trade agreement with the EU in the same year. However, these agreements per se failed to provide the necessary incentives to induce a major transformation in domestic politics and economies of the two countries (Öniş, 2003). The most important advantage coming with the agreements was the rising FDI inflows to Morocco and Turkey. These agreements could also be seen as the commitments to accelerate the pace of liberalisation. Morocco had adopted a relatively liberalised investment code, which simplified the administrative procedure governing the approval of FDI, in 1988. With this new code Moroccan emigrants became eligible for the investment rights granted to non-resident foreigners. The code was replaced in October

1995 with a single document called the Investment Charter. Through this Charter, more and easier investment opportunities were made available to emigrants. Thus, remittances increased considerably in 1989 and have continued to rise at high levels since 1995 in Morocco (World Bank, 2008).[40] Finally, at the end of the 1990s, a Moroccan television watched by Moroccans throughout Europe started regular broadcasts on investment opportunities for emigrants (de Haas, 2003).

Similar to the economic hardships in Morocco, Turkey had very high inflation rates throughout the 1990s partially due to losses caused by state enterprises and deficits in the social security system. These deficits were financed by internal and external borrowing, which increased real interest rates and devaluated the Turkish Lira. The trade deficit, which was USD 10 billion in 1999, was financed by the surplus in tourism, contracting and remittances (Martin et al. 2001). During the late 1990s, the eleven million Turks employed in agriculture, which was still a huge sector in spite of the industrialisation and liberalisation attempts within the country, had lower wages than the average. The official unemployment rate was seven percent and another seven percent of the Turkish labour force was considered underemployed. Furthermore, unemployment insurance enacted in 1998 covered only the half of the labour force in the formal sector (Martin and Taylor, 2001). There were 3,5 million Turkish citizens abroad in 1998 equivalent to five percent of population in Turkey, and 1,3 million Turkish labourers abroad in 1998 equivalent to six percent of labourers in Turkey (Martin et al. 2001). As

[40] The amount of workers' remittances, compensation of employees, and migrant transfers increased to USD 2,006 million in 1989 from USD 1,337 million in 1988, and finally in 2008 the amount reached to USD 6,730 million.

long as the broad picture of employment conditions is unfavourable in Turkey and other developing countries such as Morocco, their citizens would consider emigration to relatively developed countries as one of the best choices to secure their livelihoods. Moreover, the migrant labourers of the 1960s and 1970s are seen as economic successes by potential migrants in Morocco and Turkey since they return at least with cars and money for better housing. These signs of social upward mobility of emigrants also contribute to the rise of potential emigrants within the countries.

Employment in developed areas of the world had exposed emigrants to modern economic, social and political proccesses. Migration had enabled them to expand their knowledge about these processes through first-hand experience in advanced, post-industrialized countries. A notable aspect of migration-induced social change concerned the attainment of *upward social mobility* by the migrants in their home societies (Sayari, 1986). Thus, emigration was still a favourable choice in the developing, traditional labour exporting countries. However, traditional destinations of labour emigration, the EU member countries, rised their concern on their immigration policies since the mid-1970s and increased this concern in the 1990s and 2000s due to security considerations and called for more strict regulations (Guaridon and Joppke, 2001). Thus, Moroccan and Turkish people preferred to migrate illegaly with the hope of acquiring legal status upon their arrival. While there was little opportunity to migrate for employment to Europe legally, Moroccan and Turkish people migrated to the Middle East and Russia (a favourable destination for Turkish labour migrants) for employment.[41] The rising number of asylum applications to Europe was also a result of these strict immigration policies. Moroccan and Turkish citizens that could not enter their destination countries by stating their primary reason for emigration (usually economic, for employment) tried to secure refugee status from these countries to achieve their ultimate goals.

Emigration to Middle East from Morocco and Turkey had gained impetus in the 1970s after the oil price shock.[42] However, since the mid-1990s, this pattern of emigration has decreased because of the completion of most of the infrastructure building projects in Middle East and consequent unemployment of migrant labourers. In addition to decreasing demand for migrant labourers in the Arab countries, the negative impact of the Gulf Crisis on the economies of the Middle Eastern countries made potential emigrants to consider other countries with higher demand for migrant labourers as their new destinations. This search of the potential emigrants matched with the demands for labourers to work for the infrastructure projects in the post-Soviet states (Gökdere, 1994). Thus, from 1990 to 2005, approximately 150,000 Turkish citizens migrated to the Commonwealth of Independent States (CIS) (İçduygu, 2009). Furthermore, as a result of Turkey's EU accession process and political reforms implemented in the country, applications for asylum to Europe from Turkey have declined considerably in the 2000s (İçduygu, 2006b). Prior to the 2000s, the number of Turkish citizens acquired refugee

[41] In 1998, some 600,000 Turkish citizens were on waiting lists maintained by the TES for overseas jobs. The TES sent 17,000 workers abroad in 1999, 26,000 in 1998, and 33,000 in 1997, down sharply from 60,000 a year in 1994 and 1995. The drop was due to the decline in the number of migrants sent to the ex-USSR – 42,000 sent in 1994 and 7,000 in 1999. Most importantly, in 1998, for the first time, the number of foreign workers officially entering Turkey was the same as the number of Turkish citizens going abroad for employment, about 25,000 (Martin et al. 2001).

[42] In 1992, 120,000 Moroccans were working in Libya and an approximate 15,000 in Saudi Arabia.

status in Western Europe was 15,000 in the 1980s and 45,000 in the 1990s (İçduygu, 2006b). This decline in the number of the applications could be attributed to the considerable political liberalisation accelerated with the EU reforms and subsequent decrease in the terrorist activities.

In the 2000s, irregular migration has become more an issue of security and development especially in the countries of immigration. Morocco and Turkey are started to be considered among the countries that have to regulate their migration policies in accordance with the policies of the countries of immigration. Since both countries are sources of irregular migration and in favour of developing close relations with the EU, as Morocco trying to be a special partner and Turkey seeking to be a full member, the issue of irregular migration has drawn great attention.[43] While an increasing number of Moroccan irregular migrants enter Europe via Tunisia and then Southern Italy, which is called the soft underbelly of Europe, a great majority of irregular migrants from Turkey enter Europe via Greece (Fadloullah et al. 2000). One important difference between the two cases is that Morocco still signs bilateral recruitment agreements with few European countries like Spain and Italy whereas Turkey does not have an effective bilateral recruitment agreement with any of the EU member states. Spain, for example, signed a bilateral recruitment agreement governing agricultural work with Morocco in 1999 and a more far reaching one in 2001 (Collyer, 2004).

[43] In 2006, the EU commissioner for external relations, Benita Ferrero-Waldner declared that "we [EU] already have a very, very close relationship with Morocco, and we're studying giving them even more advanced status" (Vencat, 2006).

Since the EU prioritized the issues of migration, Morocco has become one of the five countries that would participate in an Action Plan initiated by the High Level Working Group on Immigration and Asylum in 1999. The bulk of expenditure in the 2002-2006 MEDA programme has been directed towards projects related to migration. The Council communication on migration and development listed nine budget lines related to migration in Morocco covering over 120 million Euro worth of expenditure (EC, 1999, 2003 in Collyer, 2004). Moreover, the Euro-Mediterranean free trade area agreement with the objective of integrating the European Free Trade Association at the horizons of 2012 was signed also with Morocco. The two sides have recently announced plans to extend their Free Trade Agreement to cover not only goods but also all agriculture and services by 2010, giving Morocco almost the same deal with Europe as member states have among each other. Those agreements were parts of the Euro-Med Partnership signed in Barcelona in 1995. Morocco and the EU have also signed an open-skies agreement, which came into force on summer 2006 and was Europe’s first ever outside its borders.

Euro-Mediterranean Partnership have become an important element of the Morocco-EU relations with its main targets on migration, civil society, investment for human development, capacity building, and reduced costs of remittance transfers. This partnership seems to be more beyond the times that the EU decided to build an eight-kilometer defensive wall around Ceuta, the Spanish enclave in Northern Morocco, consisting of two parallel huge wire fences and a line of sensors between the wires in 1993 in order to cease irregular migration to Europe. Far from acting unilaterally, this partnership also shows not only the EU's but also Morocco's desire to colloborate on the issues of regional and global concern such as migration and trade. Last but not least, Morocco's engegament with the EU has also brought European values to the country transforming the nature of political and economic structures in line with a more liberal logic.

On the case of Turkey, the strong prospect for the EU membership after the Helsinki Summit of European Council on 12 December 1999 led to rethinking of official shortcomings related to the handling of both regular and irregular international migration. Turkey's restrictions on the 1951 Geneva Convention Relating to the Status of Refugees have been among the hotly debated issues of the membership negotiations around the Turkey's unwillingness of signing the readmission agreement with the EU. The negotiation chapter on the freedom of movement for labourers has not been opened yet, although the screening process has already been completed on 20 December 2005. However, close cooperation on migration issues have been intensified among the sides due to Turkey's being an Eastern neighbour of the EU since 1981 following the accession of Grecee to the Community, and to Turkish emigrants' being one of the largest migrant networks within the EU territory.

To sum up, the very late 20th century and early 21st century Moroccan and Turkish states' emigration and development experinces were shaped around the international dynamics of globalisation, transnationalism and the regional power of the EU, each of which have added new dimensions to the state perceptions of emigration and its developmental impact on socities. Both Morocco and Turkey entered into an era of political liberalization as a result of their close interactions with the EU, besides the ongoing impact of global neo-liberal waves on their economies. This last phase of emigration has brought about great numbers of refugees and huge amounts of irregular mobility. Since the traditional destinations of emigration from both Morocco and Turkey started to implement strict immigration policies and border controls, new countries of immigration emerged diversifying the destinations and directions of emigration. Finally, the three great phenomenon of the new century, namely globalisation, transnationalism and regionalism (strenghten with the EU), have had similar consequences on Morocco and Turkey regarding their evolution of migration patterns.

3.6 Conclusion

Morocco and Turkey were among the countries that benefitted from emigration of their labourers especially in the 1960s and 1970s. The process of labour emigration has started in the colonial times; however, emigration of the colonial times could not be categorized within the officially regulated emigration practices. Semi-colonial structure of the Ottoman Empire towards the demise of the state and protectorate regime in Morocco led to practices of labour emigration in small numbers. The boom of labour emigration started in the mid-1960s and lasted until the oil price shock of 1973. This officially regulated labour emigration was the first of the three phases of Moroccan and Turkish emigration history. The second phase started with the cease of Western European countries' official labour recruitment through bilateral agreements. Both Morocco and Turkey developed strategies for socio-economic growth around emigration. While interventionist economic policies were on stage in the 1960s and early 1970s, the global wave of neo-liberalism have influenced Moroccan and Turkish policies on the migration and development nexus since the 1980s. Although Morocco and Turkey have followed a similar pattern of migration and development throughout these two periods, the new century brought about differences between these two states especially regarding their relations with the EU and handling of emigration and remittances within the EU context. The last phase of emigration history of the two countries were also shaped by the dynamics of globalisation and transnationalism besides the countries' relations with the EU.

This chapter has evaluated emigration and emigration-related development strategies of Morocco and Turkey from a comparative perspective in order to draw a broad picture of political and economic conditions within which domestic workers decide to migrate and later to invest their savings in the countries of origin. This picture is essential to make detailed analysis on remittance-led growth strategies of Moroccan and Turkish state. Having explained the emigration and development linkage through analysis of previous studies in the second chapter and presented the evolution of this linkage in development strategies of Morocco and Turkey in the third chapter, I will analyse the changing role of remittances within the development strategies of the two countries throughout the outlined phases of labour emigration in the following chapter.

CHAPTER 4

THE ROLE ATTRIBUTED TO REMITTANCES

4.1 Introduction

Remitted earnings constitute the most visible consequences of labour migration for sending countries. The most recent World Bank statistics on migrants' monetary transfers reveal the fact that remittance flows are the second-largest source of external funding for developing countries, behind foreign direct investment. In 2008, workers' remittance receipts of developing countries stood at USD 282,783 million or two percent of their combined gross domestic product, much higher than total official flows and private non-FDI flows. Receipts of sending countries from remittances are usually larger than those of offical development assistance (ODA) and have exceeded ODA since 1995. Two of the most important characteristics of remittances are their stability and reliability as a source of income for countries of emigration in face of economic instabilities (Ratha, 2003: 160). In contrast to FDI and portfolio investments that fell sharply world-wide in recent years due to the world-wide economic recession, international migrant remittances grew further, amounting to USD 375,015 million in 2008, as a sign of their anti-cyclical character.

In addition to direct impacts of remittances on migrant sending economies, i.e. poverty reduction, offset of balance of payments deficits, reducing of foreign exchange shortages, productive investments, etc., these private capital flows also have positive indirect effects on growth. As indicated in the second chapter of the thesis during the discussion on the NELM approach to emigration and development linkage, these indirect positive effects are the easing of capital and risk constraints, the release of other resources for investment and the generation of multiplier effects of comsumption spending.

Due to the presence and extensive use of informal channels for remittance transfers, it is difficult to calculate the exact amount of remittance receipts of countries. In order to capture the extent of migrant remittances in a better way than the data reported under the heading of “workers’ remittances” alone, scholars use different calculation methods. According to the World Bank’s and IMF’s method of calculation, compensation of employees and migrants’ transfers should also be added to workers’ remittances in order to better grasp the amount of capital flows sent by emigrants to home countries.[44] For the time being, this method of the World Bank is the most efficient way of calculating remittances at least received through the formal channels. Though the data related to the flows of remittances are poor, the estimations of the broader, social and economic impact of these flows suggest that they exert a mild positive impact on long-term patterns of growth, while evidence on their impact on the distribution of poverty is

[44] Compensations of employees are the gross earnings of workers residing abroad for less than twelve months, including the value of in-kind benefits. Workers’ remittances are the value of monetary transfers sent home from workers residing abroad for more than one year. Migrants’ transfers represent the net wealth of migrants who move from one country of employment to another.

mixed. Therefore, recognition of mixed and diverse consequences of emigration and remittances on development is important.

Prior to the analyses on the role of remittances in socio-economic growth of Morocco and Turkey, this chapter gives answers to the questions why emigrants transfer their savings to the countries of origin, here Morocco and Turkey, and which transfer channels are commonly used by Moroccan and Turkish emigrants. Finally, the chapter focuses on the use of remittances, in particular in the field of investment and their subsequent effects on development.

4.2 Determinants of Remittances

Regarding the issue of determinants of the flows of remittances, the literature distinguishes between pure altruism, pure self-interest, informal agreements with family members left behind, and portfolio management decisions (Straubhaar and Vadean, 2005). As Stark (1991) and Lucas (2005, 2004) point out, the studies that analyse the determinants of remittances provide useful descriptive evidence and results from empirical research, but they only explain it partly, and are characterised by certain geographical, socio-cultural and temporal limitations. Both the models of pure altruism, the emigrants' concern about relatives left behind, and pure-self interest, the migrants' aspiration to inherit or to invest in the home country for asset accumulation, are two extreme explanations since household arrangements are more complex and balanced to be explained by these two approaches. Thus, Lucas and Stark (1988) explained the motivations to remit by a more eclectic model labelled tempered alturism and enlightened self-interest.

This notion of implicit co-insurance agreement between emigrants and relatives left behind constituted one of the underlying principles on which NELM was developed in the 1990s. According to this model, initially, an emigrant is financed by the family to pay costs of the migration process until the migrant has a secure employment and high enough earnings to save money. In turn, the migrant is expected to remit in order to spread the risk of economic downturns, improve living standards of the family by financing extra consumption. In addition, the family is expected to undertake investment projects including much more risk and thus reach a higher level of utility.

Apart from these three models influenced mostly by individual motivations and family ties, there is another model explaining determinants of remittances by referring to the macroeconomic factors, i.e. interest rates, exchange rates, inflation, and relative rates of return on different financial and real assests both in the receiving and sending countries. Relying on this assumption of migrants' portfolio management decisions, governments of migrant sending countries, specificly Morocco and Turkey for this study, implement incentive schemes such as premium exchange rates and foreign exchange deposits with higher returns.[45]

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[45] These two countries' incentives for attracting more remittances as development finance have been discussed in the third chapter while presenting a historical review of the emigration processes of the two cases.

It should be pointed out that these approaches trying to explain migrants' motivations behind their decisions to remit are not mutually exclusive. Indeed, it may be the case that remittances are driven by all of these motives, each one explaining a part of the remittance amount or period of the practice. Having presented the main characteristics of remittances in relation to other capital flows and main approaches to determinants of the decision to remit in general, the chapter will continue by discussing the transfer channels of remittances to Morocco and Turkey.

4.3 Transferring Remittances to Morocco and Turkey

Migrants use a wide array of informal and formal mechanisms to remit money, ranging from hand deliveries by the migrants themselves or by a third party, or less regulated mechanisms such as "hawala", to electronic transfers through postal services, banks, credit unions, and money transfer companies. In this section, the most commonly used formal channels will be presented.

Most remittances to Morocco flow through either the commercial banking sector or social networks. The expansion of the national banking system is thought to have effectively increased official remittance flows (Leichtman, 2002: 116). More than 62 percent of migrants transfer their funds through the Moroccan banks, compared with only 4.4 percent for foreign banks (Hamdouch, 2005: 70). The post office comes in second position with 16 percent. Private intermediaries are used very little (3.4 percent). The importance of the Moroccan banks is explained by the development of their services not only in Morocco, but also in the principle immigration countries. La Banque Populaire, being the first to take an interest in remittances of Moroccans residing abroad, had the privilege of opening cash-counters in the Moroccan embassies abroad. In 2004, the bank still held about 60 percent of the accounts of residents abroad (Amorosso, 2004). The focus of the bank on emigrants is revealed by the low commission for the money transfer and access to normal bank credit with favourable interest rates. The bank charges about half of that charged by money transfer companies like Western Union and Money Gram. In addition, the account holders have insurance that in case of death, the bank provides the repatriation of the body in Morocco. The fact that the Bank is present in consulates and embassies gives it a big advantage in comparison to other commercial banks. In order to promote investment projects initiated by the Moroccans residing abroad, two institutions were created in 1989. It concerns Bank Al-Amal (The Migrants Bank), which is charged, in particular, with granting participative loans or subordinated loans, and Dar Ad-Damane, which aims to guarantee, inter alia, the loans authorized by the first entity. Bank Al-Amal was established by the government to attrack remittances to the country and to channel them towards productive investments. Investments have been made mostly in vans, taxis, small tea and coffee shops, restaurants and hotels (in service sector), which is also a similar case for Turkey.

As in the case of Morocco, the Turkish banks are the major remittance channels which transfer remittances to Turkey (İçduygu, 2005). The Isbank and Ziraat Bank are the most preferred commercial banks among Turkish emigrants. More than half of remittance transfers to Turkey are conducted by these two banks because of their offer of lower transfer fees to migrants.[46] In addition to the Turkish commercial banks, the *Central Bank of Turkey* plays an important role in transferring migrants' savings to the country. "Foreign currency deposit accounts with credit letter" and "super foreign exchange accounts" are the two specific accounts that are provided by the Bank to Turkish emigrants. The practice of foreign currency deposit accounts with credit letter dates back to 1976 when Turkey was in severe shortage of foreign currency. However, the objective of attracting foreign currency into the accounts of the Central Bank lost its importance towards the end of the 1980s with the liberalisation of capital movements. The Super FX account is the second type of deposit account offered by the Bank and was introduced in 1994 offering more attractive interest rates than the former. Through these accounts, the Bank has aimed to channel remittances into savings and investment in Turkey. Due to the attractiveness of Super FX accounts, the Central Bank is a major player in the remittance transfers but it is not necessarily viewed as a competitor by other Turkish banks. The reason is that the Bank has a rather long-term focus whereas the commercial banks have short-term projects regarding remittances (Köksal and Liebig, 2005).

Apart from the Central Bank of Turkey, most of the Turkish emigrants like their Moroccan counterparts prefer sending their financial savings through the national commercial banks. Besides these formal channels, informal transfers of remittances have always been regarded as profitable ways of transfer by the emigrants, contributing to the unrecorded side of the economies. Prior to the analysis of emigration-development

[46] Currently, the fees charged to the sender at Isbank are EUR 5,50 for transfers under EUR 5,000, EUR 8 for transfers between EUR 5,001 and 9,999, and EUR 13 for transfers above EUR 10,000.

linkage with special reference to the role of remittances, the country profiles of Morocco and Turkey are presented in the following section.

4.4 Morocco and Turkey at a Glance

TABLE 1: Country Profıles

Year: 2007	**Morocco**	**Turkey**
External Debt Stocks (% of GNI)	27.3	38.8
GDP (current USD, billions)	75,1	655,9
GDP growth (annual %)	2.7	4.6
GNI per capita (current USD)	2,290	8,030
Time required to start a business (days)	12	6
Life Expectancy at birth, total years	71	72
Population (total, millions)	30,9	73,9
Population growth (annual, %)	1.2	1.2
Population, urban (% of total) (2005)	58.7	67.3
Population living below the national poverty line (%) (1990-2004)	19	27
Adult literacy rate (% aged 15 and older) (1995-2005)	52.3	87.4
School enrollment, primary (% net)	88.8	91.4
Ratio of girls to boys in primary and secondary education (%)	87	89
Public expenditure on education (% of GDP) (2002-2005)	6,7	3,7
Public expenditure on health (% of GDP) (2004)	1,7	5,2
Surface area (sq.km.) (thousands)	446,6	783,6
Energy use (kg of oil equivalent per capita)	458	1.288
Electric power consumption (kWh per capita)	685	2.053
Internet users (per 100 person)	21,4	16,5
High-technology exports (% of manufactured exports)	9	0
Human Development Report Rank	126	84

Source: UNDP Human Development Report, 2007/2008 and World Bank, world development indicators database, April 2009.

As it is evident from the table above that at current figures, in socio-economic terms, Turkey is a much more developed country than Morocco. Although both countries have similar rates of life expectancy at birth and annual population growth, all the other economic and social indicators illustrate the poorer performance of Morocco. In the Estes' index of social progress which analyses the period between 1970 and 1986, Turkey ranked 57,5 while Morocco was considered to be at 73,3 (Estes, 1986 in Sullivan, 1991). Moreover, Turkey ranked 84th out of 177 countries with the point of 0,775 in the Human Development Index (HDI) while Morocco ranked 126th with her HDI point of 0,646 in 2005.

TABLE 2: Human Development Index, Trends

	1975	**1980**	**1985**	**1990**	**1995**	**2000**	**2005**
Morocco	0,435	0,483	0,519	0,551	0,581	0,613	0,646
Turkey	0,594	0,615	0,651	0,683	0,717	0,753	0,775

Source: UNDP Human Development Reports.

However, in technological development, compared to Turkey, Morocco's use and export of high-technology are at higher levels. Internet is more extensively used in Morocco and 9 percent of Morocco's manufactured exports are classified as high-technology goods while Turkey's share of high-technology goods within overall exports is at negligible levels.

According to the World Bank's classification of countries regarding their income levels, both Morocco and Turkey are members of the group of middle income countries which are eligible for assistanceship (lending) from the International Bank for Reconstruction and Development (IBRD). While Morocco is a lower-middle-income country with a GDP at purchasing power parity (PPP) per capita of USD 4.349, Turkey is among the economies of upper-middle-income with a GDP (PPP) per capita of USD 13.138 in 2008.[47] In addition to this different income levels, each has its own characteristics with regard to their use of human capital and financial sources for social and economic development, leading to different levels of efficiency in growth.

TABLE 3: Gross Domestic Product of Morocco and Turkey, and Their Annual Growth Rates

	GDP (millions of USD)		**GDP growth (annual %)**	
	Morocco	**Turkey**	**Morocco**	**Turkey**
YEAR				
2007	75.118	655.881	3	5
2006	65.637	529.931	8	7
2005	59.523	483.992	3	8
2004	56.948	393.037	5	9
2003	49.822	304.594	6	5
2002	40.416	232.744	3	6
2001	37.724	196.035	8	-6
2000	37.020	267.208	2	7
1999	39.734	248.960	1	-3
1998	40.021	269.008	8	2
1997	33.414	266.958	-2	8
1996	36.638	249.135	12	7
1995	32.986	244.946	-7	8
1994	30.351	184.057	10	-5
1993	26.801	256.617	-1	8
1992	28.450	226.070	-4	5
1991	27.836	215.787	7	1
1990	25.820	212.609	4	9
1989	22.847	146.784	2	0
1988	22.198	124.348	10	2

[47] World Economic Outlook Database-April 2009, International Monetary Fund. Accessed on April 22, 2009.

Table 3 (cont'd),

	GDP (millions of USD)		**GDP growth (annual %)**	
	Morocco	**Turkey**	**Morocco**	**Turkey**
YEAR				
1987	18.745	122.312	-3	9
1986	16.994	76.237	8	7
1985	12.869	67.491	6	4
1984	12.751	61.103	4	7
1983	13.941	63.208	-1	5
1982	15.423	65.576	10	4
1981	15.280	71.827	-3	5
1980	18.820	65.382	4	-2
1979	15.912	92.601	5	-1
1978	13.236	79.097	2	2
1977	11.049	52.814	6	3
1976	9.584	41.160	11	10
1975	8.984	64.455	8	7
1974	7.675	49.576	6	6
1973	6.242	36.397	4	3
1972	5.074	28.912	2	7
1971	4.356	24.251	6	6
1970	3.956	19.651	5	3
1969	3.651	17.519	8	4
1968	3.271	15.747	10	
1967	3.046		10	
1966	2.876		-1	
1965	2.948		2	
1964	2.798		1	
1963	2.657		5	
1962	2.379		13	
1961	2.025		-2	
1960	2.037			

Source: World Bank, world development indicators database.

The growth rate of Morocco’s GDP fell from an annual average of 4.1 percent during 1986-91 to 1.9 percent during 1991-99, and finally, increased to 3 percent in 2007.

Periodic droughts could be identified as the main reason for these fluctuations in annual growth rates of GDP. Most of the gains of the late 1980s were lost in the 1990s, with rising urban unemployment, to 22 percent of the urban labor force, and a growing incidence of poverty, from 13 to 19 percent of the population. Twenty-seven percent of rural households are poor, compared to 12 percent in urban areas. Export growth has fallen below 5 percent per year, compared to 14 percent during the second half of the 1980s, due in large part to a steep decline in manufactured exports. Competitiveness has deteriorated, as reflected in the appreciation of the real effective exchange rate by around 19 percent between 1990 and 1999. However, the economy in the 2000s is performing much better than the previous decade with the effect of rising amounts of remittances, FDI and tourism revenues. In the context of the current fixed exchange rate regime, large inflows of remittances have contributed to balance of payments surpluses, the accumulation of foreign exchange reserves and excess liquidity generating more investments and consumption which leads to the multiplier effect within the economy.

TABLE 4: Capital Inflows to Morocco

	Morocco						
(millions of USD)	Remittances	Official Development Assistance and Official Aid	FDI	FDI Stock	Tourism and Travel Proceeds	Private Investment and Loans	Balance of Trade
YEAR							
2007	6.730	1.089	2.806	32.516	7.290	5.141	-16.818
2006	5.451	1.044	2.366	29.939	6.521	3.721	-12.210
2005	4.590	693	1.619	20.752	5.090	3.591	-10.543
2004	4.221	707	787	19.883	4.323	1.949	-8.674
2003	3.614	538	2.312	17.106	3.837	2.969	-6.464
2002	2.877	486	79	12.131	3.623	846	-5.452
2001	3.261	518	143	11.649	3.626	4.132	-5.456

Table 4 (cont'd),

	Morocco						
(millions of USD)	Remittances	Official Development Assistance	FDI	FDI Stock	Tourism and Travel Proceeds	Private Investment	Balance of Trade
2000	**2.161**	**418**	**220**	**8.842**	**2.691**	**1.570**	**-5.413**
1999	1.938	678	2	8.419	2.374	2.293	-4.002
1998	2.011	528	11	7.056	2.080	676	-3.724
1997	1.893	463	3	6.655			-2.091
1996	2.165	647	76	5.448			-2.456
1995	1.970	492	92	5.126			-2.309
1994	1.827	629	551	4.794			-1.821
1993	1.959	711	491	4.243			-1.608
1992	2.170	945	422	3.752			-1.707
1991	1.990	1.231	317	3.328			-1.391
1990	**2.006**	**1.047**	**165**	**3.011**			**-1.549**
1989	1.337	448	167	2.846			-685
1988	1.307	455	84	2.679			0
1987	1.589	420	59	2.594			-562
1986	1.400	376	0,5	2.535			-1019
1985	973	765	19	2.534			-1029
1984	874	339	46	2.514			-1.275
1983	917	394	46	2.467			-1.115
1982	850	373	79	2.421			-2.004
1981	1.014	1.031	58	2.342			-1.986
1980	**1.054**	**898**	**89**	**2.283**			**-1.882**
1979	948	475	7				-2.068
1978	763	428	11				-1.853
1977	590	566	7				-1.916
1976	547	213	38				-1.820
1975	533	242	5				-988

Source: Data related to remittance and FDI flows is taken from the World Bank statistics; FDI stock from UNCTAD; private investment and loans, balance of trade, and tourism and travel proceeds from Office des Changes, Rabat.

After a brief introduction to the country facts of Morocco, it is now Turkey's turn to be presented by referring to recent statistical data. According to the numbers taken from the 2008 Census, the population of Turkey stood at 71,5 million with a growth rate of 1.31 percent per annum.[48] It has an average population density of 92 persons per km². The proportion of the population residing in urban areas is 70.5 percent. People within the 15-64 age group constitute 66.5 percent of the total population indicating a potential of labour force, the 0-14 age group corresponds 26.4 percent of the population, while 65 years and higher of age correspond to 7.1 percent of the total population. According to the CIA Factbook, life expectancy stands at 70,67 years for men and 75,73 years for women, with an overall average of 73,14 years for the populace as a whole. Education is compulsory and free from ages 6 to 15. The literacy rate is 95.3 percent for men and 79.6 percent for women, with an overall average of 87.4 percent.

Despite the series of economic recessions Turkey had experienced in 1994, 1999 and 2001, in recent years the Turkish economy has expanded strongly registering growth rates of 9.4 percent and 8.4 percent for the 2004 and 2005 fiscal years, respectively. Moreover, in 2005 the country could manage to generate nearly three times higher GNP (USD 363 million) than the amount in 2001 (USD 144 million). The GDP growth rate from 2002 to 2007 averaged 7.4 percent, which made Turkey one of the fastest growing economies in the world during that period. The GDP annual growth rate for Turkey in 2007 was 5 percent (Table 3).

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[48] In Table 1, population of Turkey is presented as 73,9 million because the table consisted of data taken from the World Bank (estimates).

Turkey's economy like the Moroccan one is no longer dominated by traditional agricultural activities in the rural areas, but more so by a highly dynamic industrial complex in the major cities, mostly concentrated in the western provinces of the country, along with a developed services sector. In 2007, the agricultural sector accounted for 9 percent of the GDP, while the industrial sector accounted for 28 percent and the services sector accounted for 63 percent. Turkey has taken advantage of a customs union with the European Union, signed in 1995, to increase its industrial production destined for exports, while at the same time benefiting from EU-origin foreign investment into the country.

TABLE 5: GDP by Sectors in Morocco and Turkey

	Agriculture, value added (% of GDP)		Industry, value added (% of GDP)		Services, value added (% of GDP)	
	Morocco	**Turkey**	**Morocco**	**Turkey**	**Morocco**	**Turkey**
YEAR						
2007	14	9	27	28	59	63
2006	17	10	27	29	56	62
2005	15	11	28	29	57	61
2004	16	11	29	29	55	61
2003	17	11	28	29	55	60
2002	17	12	27	29	56	60
2001	17	10	28	30	56	60
2000	15	11	29	31	56	57
1999	17	12	28	33	54	55
1998	20	14	28	36	52	51
1997	16	11	34	22	50	67
1996	20	13	32	23	49	65
1995	15	11	34	23	51	66
1994	19	11	32	23	49	66
1993	15	11	34	21	51	67
1992	16	11	34	23	50	67
1991	21	11	32	23	47	66
1990	18	13	33	23	48	65
1989	18	12	34	25	48	63
1988	18	13	35	24	48	63

Table 5 (cont'd),

	Agriculture, value added (% of GDP)		Industry, value added (% of GDP)		Services, value added (% of GDP)	
	Morocco	**Turkey**	**Morocco**	**Turkey**	**Morocco**	**Turkey**
YEAR						
1987	16	13	34	23	50	64
1986	19	20	33	32	48	48
1985	16	20	33	27	50	53
1984	15	22	33	26	52	52
1983	15	21	34	27	51	51
1982	15	23	32	28	52	49
1981	13	25	34	27	53	48
1980	18	27	31	24	50	50
1979		29		26		45
1978		33		24		44
1977		32		24		43
1976		34		25		42
1975		37		23		40
1974		37		23		40
1973		35		24		41
1972		35		24		40
1971		38		23		38
1970		40		23		37
1969		42		23		35
1968		43		22		35

Source: World Bank, world development indicators database.

In 2005, exports amounted to USD 73.5 billion while the imports stood at USD 116,8 billion, with increases of 16.3 percent and 19.7 percent compared to 2004, respectively. For 2006, the exports amounted to USD 85,8 billion, representing an increase of 16.8 percent over 2005. In 2007, the exports reached USD 115,3 billion. However, larger imports which amounted to USD 162,1 billion in 2007 threatened the balance of trade. Turkey’s exports amounted to USD 141,8 billion in 2008, while imports amounted to USD 204,8 billion, making a trade deficit of USD 57 billion.

After years of low levels of FDI, Turkey succeeded in attracting USD 21,9 billion in FDI in 2007 and is expected to attract a higher figure in following years. A series of large privatizations, the stability fostered by the start of Turkey's EU accession negotiations, strong and stable growth, and structural changes in the banking, retail, and telecommunications sectors have all contributed to a rise in foreign investment. Besides the high levels of foreign investment, the tourism sector has also experienced rapid growth in the last twenty years, and constitutes an important part of the economy. In 2008, there were 30,929,192 visitors to the country, who contributed USD 21,9 billion to Turkey's revenues. Therefore, unlike the Moroccan case, the role of remittances in the recent years' economic efficiency of the country is not that much outstanding due to the high flows of FDI and tourism revenues that Turkey has been receiving. However, it was in the 1960s, 1970s and 1980s when Turkey was severely in need of foreign currency that remittances had undeniable contribution to the country to overcome its shortages of foreign currency.

In order to illustrate the relative importance of remittances to other capital inflows, we could simply compare the values in 1970, 1980, 1990, 2000 and 2006. The reason why we begin the comparison of the capital flows to Turkey from the year of 1970 is that Turkey became one of the largest suppliers of workers to various labour importing countries in 1970 although the country had concluded its first bilateral recruitment agreement with Germany in 1961 (İçduygu, 1991; Paine, 1974). Initially, Turkish labourers did not favour emigration; however, with the capitalist transformation of the production systems in the country, they started to apply to the Turkish Employment

Service with the intention of being one of the temporary emigrants for employment abroad (Akgündüz, 2008). Therefore, after 1965, a surge in the number of Turkish migrants occurred. Because these were intended to be temporary immigrants in the receiving developed countries, they remitted huge amounts of their savings as expected by the government officials of the sending country. The table below demonstrates different types of financial flows to Turkey. It is also obvious from the table that the relative importance of remittances for the Turkish economy has changed over time.

TABLE 6: Capital Inflows to Turkey

	Turkey					
(millions of USD)	Remittances	Official Development Assistance and Official Aid	FDI	FDI Stock	Tourism	Balance of Trade
YEAR						
2007	1.209	797	21.900	147.556		-60.450
2006	1.111	569	16.789	88.309	16.851	-39.934
2005	851	458	8.210	71.297	18.152	-33.516
2004	804	285	1.191	38.522	15.888	-23.878
2003	729	164	737	33.537	13.203	-14.010
2002	1.936	410	617	18.785	8.479	-7.283
2001	2.786	168	3.352	19.677	8.090	-3.733
2000	**4.560**	**326**	**982**	**19.209**	**7.636**	**-21.959**
1999	4.529	10	783	18.227	5.203	-10.185
1998	5.356	28	940	17.444	7.177	-14.052
1997	4.197	6	805	16.504	7.002	-15.048
1996	3.542	245	722	15.699	5.650	-10.264
1995	3.327	312	885	14.977	4.957	-13.152
1994	2.627	147	608	14.092	4.321	-4.167
1993	2.919	393	636	13.484	3.959	-14.081
1992	3.008	256	844	12.848	3.639	-8.076
1991	2.819	1.610	810	12.004	2.654	-7.290
1990	**3.246**	**1.202**	**684**	**11.194**	**3.225**	**-9.576**
1989	3.063	140	663	10.510	2.557	-4.298
1988	1.776	268	354	9.847	2.355	-1.883

Table 6 (cont'd),

	Turkey					
(millions of USD)	Remittances	Official Development Assistance and Official Aid	FDI	FDI Stock	Tourism	Balance of Trade
YEAR						
1987	2.021	378	115	9.493	1.476	-3.273
1986	1.634	339	125	9.378	950	-3.102
1985	1.714	180	99	9.253	1.094	-3.044
1984	1.807	240	113	9.154	548	-3.004
1983	2.513	355	46	9.041	411	-2.990
1982	2.140	647	55	8.995	370	-2.628
1981	2.490	727	95	8.940	381	-3.864
1980	**2.071**	**952**	**18**	**8.845**	**326**	**-4.603**
1979	1.694	583	75		280	-2.554
1978	983	175	34		230	-2.081
1977	982	93	27		204	-3.753
1976	982	126	10		180	-2.912
1975	1.312	58	114		200	-3.101
1974	1.426	50	64		193	-2.246
1973	1.183	82	79		171	-769
1972	740	232	43		103	-678
1971	471	203	45		62	-494
1970	**273**	**175**	**58**		**52**	**-360**
1969	140	172			36	-264
1968	107	174			24	-268
1967	93	197			13	-162
1966	115	202			12	-228
1965	69	189			13	-108
1964	8	162			8	-126
1963		222			8	-320
1962		229				-241
1961		188				-163
1960		**137**	**24**			**-147**

Source: Data related to remittance and FDI flows is taken from the World Bank statistics; FDI stock from UNCTAD; tourism and balance of trade from the State Planning Organization of Turkey.

According to the figures of the World Bank, over USD 80 billion remitted to Turkey from 1964 to 2007, making up an average annual figure of USD 1,9 billion. The average annual figure of the flow of remittances in the 1960s was around USD 89 million. This figure rose to USD 1,5 billion in the 1970s, to USD 2,3 billion in the 1980s, to USD 3,3 billion in the 1990s, and finally, decreased to USD 2,7 billion annual average from 2000 to 2003.[49] On the other side, Moroccan figures related to the remittance flows demonstrate a steady increase. From 1975 to 2007, remittance inflows to Morocco amounted over USD 65 billion. The average annual figure of these private capital flows to Morocco was USD 0,6 billion in the 1970s. This figure rose to an average of USD 1,1 billion in the 1980s, to USD 1,9 billion in the 1990s, and finally, to USD 4,1 billion from 2000 to 2007.[50]

As a result of a sudden surge of remittance inflows to Morocco in 2001 and a trend of a steady increase in remittances since then, their share within the country's GDP rose to 9 percent in 2007 while Turkey's figures demonstrated a share of 0.2 percent within the GDP. The structural solidity of remittances flowing into Morocco is explained by the unforeseen persistence of migration to northwestern Europe, new labour migration towards southern Europe; and durability of transnational links between migrants and stay behinds (de Haas and Plug, 2006). As illustrated in the Table 7 below, Morocco has always been a country of emigration whereas Turkey, in line with the predictions of the

[49] The remittance inflows since 2004 are not included in calculating the annual averages of the last decade due to the change in the method of accounting of the remittances. From 2003 on, spending by migrants during their visits as tourists to Turkey are entered under the heading "tourism" in the balance of payments.
[50] Morocco's annual average figure of remittances from 2000 to 2003 was USD 2,9 billion while Turkey's figure was USD 2,7 billion during the same years.

migration hump theory (discussed in the Chapter 2), transformed into a country of immigration after 1980.

TABLE 7: Net Migration Flows of Morocco and Turkey

	Morocco	**Turkey**
YEAR		
2005	-550000	-30000
2000	-500000	99594
1995	-450000	109316
1990	-250000	174943
1985	-50000	187610
1980	-171621	-129454
1975	-442972	-87331
1970	-217775	-342563
1965	-205359	-379506
1960	-12967	-138101

Source: World Bank, development indicators database

Inspite of the decline, remittances' contribution to the Turkish economy for the last four decades can not be denied. It could only be argued that their relative contribution to the economy has been in decline specificly since 2004 when the inflows of remittances decreased, and inflows of FDI and revenues from tourism nearly doubled with respect to the amounts in 2003 (İçduygu, 2005). Although the decrease of the remittance flows to Turkey is not a very recent phenomenon, studies on this declining trend rose in number only after relatively high decline of the remittances in the 2000s. While in the 1980s, remittances accounted for over 65 percent of the trade deficit on average and for over 2.5 percent of GNP in Turkey, these figures decreased to 40 percent and 2 percent respectively in the 1990s.

As the migration hump theory predicts, Morocco's inflow of remittances will also enter into a declining trend after they reach a peak point. Prior to this peak point, however, the amounts of remittance inflows to Morocco will be rising steadily. According to the model, Morocco is in the initial stage with its rising levels of remittances while Turkey has entered into the last stage where remittances decline steadily. The reasons of such declines are generally explained through the integration levels of the next generation emigrants to their countries of immigration. The theory predicts that remittances start to decline when the emigrants' connection to their countries of origin weakens either by emigrants' decision of permanent stay and integration in the countries of immigration or by the practice of family reunification in the receiving countries (Fokkema and Groenewold, 2003). Another reason of such constant declines in remittances could be the migrants' decision to return to the countries of origin and their being not replaced by new migrants.

Since the comparisons on Moroccan and Turkish migration practices (in Chapter 3) reveal very similar patterns of emigration of the labourers from the two countries, and since Moroccan and Turkish governments have lately started to implement similar strategies concerning their migrants abroad, it seems very likely that once again Morocco will pass through a way that is very similar to the Turkish one, regarding her inflows of remittances. It should also be noted here that since 2003 Morocco has been receiving higher and higher amounts of tourism revenues and FDI. Although these two alternative sources of development finance have not reached to the annual levels of remittances yet, they are increasing steadily and have the potential to rise further, even to the levels higher than the remittance flows. If this would be the case, like in Turkey, remittances would lost their priority and share in financing the country's balance of payments deficits. As a result, the government would shift its policies to the ones for attracting more FDI and tourists instead of relying heavily on remittances and migrants.

4.5 Development through Emigration: Socio-economic Consequences

Regarding the countries with considerable amounts of emigrant population living abroad, emigration and remittances are argued to be important factors in socio-economic development processes. While the Moroccan migrants living abroad is estimated to be at some 3 million, that is, 10 percent of the total population of Morocco (30,9 million), Turkey's number of emigrants is estimated to be over 3,2 million, that is, nearly 4.1 percent of the total population of Turkey. Thus, undeniable impact of emigration on social and economic development in these two sending countries is an inevitable outcome of these substantial numbers of emigrants.

In line with the NELM approach, which is discussed in Chapter 2 while reviewing the literature of the 21st century on emigration and development linkage, emigration could not only be perceived as a livelihood strategy serving to diversify households' income portfolio, to increase and secure income, as well as to improve living conditions, but also be evaluated as a means to overcome capital constraints on investments in the economies of the sending countries, Morocco and Turkey. The relatively high, stable, and secure nature of remittance income enables households to make various investments in housing, agriculture, private enterprises, and education, allowing them to further improve and secure their livelihoods and also enhance the countries' social and economic well-being as a whole. Besides direct effects of remittances on the households, the economies of the sending countries as a whole do also indirectly *benefit* from emigration through multiplier effects of migrants' and their relatives' (receiving remittances) consumption and investments. The remittance-related investments and consumption have contributed to the further creation of employment, urbanization of regional economies, and diversification within the economies. Remittance-receiving households in Morocco accelerated the development of modern irrigated agriculture and industry similar to the case of Turkey in the 1960s and 1970s.

Socially, international migration has been a means to break away from inferior socio-ethnic positions for traditionally subordinate groups (especially in Morocco) such as smallholding peasants, for whom emigration has been a way for upwards socio-economic and cultural mobility. In addition to the increase in the number of people attending primary schools in the rural areas, the number of educated women has also increased both in Morocco and Turkey with the help of the extra income enabled through remittances sent back to rural areas. Moreover, migration enabled many women to participate in labour force for the first time in their lives, or took them from agricultural sector to manufacturing and service sectors (Day and İçduygu, 1997). Therefore, social status of women has entered into a positive change. According to İçduygu (2009), emigration affected women's role in Turkey through urbanization, the adoptation of a nuclear family pattern, entry into the labour market, and increasing media exposure bringing about changes in life styles.

TABLE 8: Rate of Urbanization and Illiteracy

	Urban Population (% of total)		Life expectancy at birth, total (years)		Adult illiteracy (% of population)		Adult illiteracy, females (% of population)	
	Morocco	**Turkey**	**Morocco**	**Turkey**	**Morocco**	**Turkey**	**Morocco**	**Turkey**
YEAR								
2007			71	72				
2006				71				
2005	58.8	67.3	71	71				
2003				71	48.3	13.5	60.6	21.4
2002			70	71				
2000	55.5	64.7	69	70	51.2	15.0	63.9	23.5
1997			68	69				
1995			67	68	56.1	18.2	69.5	28.1
1992			65	67				
1990	48.4	59.2	64	66	61.3	22.1	75.0	33.6
1987			63	64				
1985			62	63	66.5	26.1	80.0	39.4
1982			60	62				
1980	41.3	43.8	58	61	71.4	31.6	84.5	46.2
1977			56	60				
1975			55	59				
1972			53	58				
1970	34.6	38.4	52	57				
1967			50	55				
1965			49	54				
1962			48	52				
1960	29.2	29.7	47	50				

Source: United Nations Population Division

Similar arguments have been put forward by de Haas (2003) and many other scholars concerning the social change and women's status in Morocco. Moreover, emigration could also be valued as an important factor in socio-political changes, such as respect for human rights and democracy through the impact of return migrants on society (Martin, 1991). The idea of dual citizenship has been accepted and encouraged by both Moroccan (though more recently) and Turkish governments. Furthermore, emigration has almost certainly contributed to a decrease in absolute poverty within the countries. Teto (2001) projected that 1,17 million out of 30 million Moroccans would fall back to absolute poverty without remittance income, and the portion living below the poverty line would increase from 19 to 23.2 percent (if remittances flowing through unofficial channels could also be added to the study, the number of people that could escape from absolute poverty would considerably be higher).

However, feelings of relative deprivation and generally rising aspirations caused by higher levels of education, influence of the media, exposure to migrants' wealth, and extensive culture of migration seem to have further increased many people's aspirations and propensity to migrate. Thus, the emigration of skilled workers has raised the risk of deprivation of valuable human capital in the countries of origin. Another negative impact on socio-economic development of sending countries is the rising levels of inequality between remittance-receiving and non-remittance-receiving households. Though both benefit from the remittances flowing into the economy, their levels of utilization differ in line with their social status. The middle and higher income classes profit relatively more from remittances than the lowest income groups because migration itself is a selective process, and most emigrants do not belong to the poorest group in the society (Schiff, 1994).

To illustrate, in the 1960s and 1970s, Turkish labour emigration started from less-developed cities of the developed regions and gradually spread to other regions; however, the poorest cities in less-developed regions never become significant areas of migration

(Ayhan et al. 2000). This selectivity of international migration rising inequalities is explained by Day and İçduygu (1997) by referring to a bell shaped relationship between socio-economic development and emigration. According to their explanation, emigration increases while the regions get poorer until a certain low level of socio-economic development. After the level of development in the region reaches this certain low point, the rate of emigration starts to fall. Consequently, as has been the case for Morocco, different regions of Turkey have been affected by emigration at different levels. In addition to the rising levels of inequalities between regions, disparities between urban and rural areas within the regions tend to increase as a result of emigration because urban areas have always been more attractive for migrants who inclined to invest in their countries of origin (İçduygu, 2009).

The extent to which the development potential of emigration is realized strongly depends on the general development context at both the receiving and sending ends, which determines households' propensity to return as well as the level and spatial allocation of consumption and investments. Acknowledgement of the fundamental role of emigration in the national development processes does not necessarily mean that remittances automatically lead to positive developmental outcomes. Structural factors at micro and macro levels play important roles in determining the answers to the questions to what extent and in which economic sectors migrant and non-migrant households are inclined to invest. For instance, Amorosso (2004) stated that some of the Moroccan emigrants found it difficult and unattractive to make investments in Morocco because of a slow bureaucratic system and widespread lack of transparency. Moreover, the role of the banks in providing information was said to be weak and ineffective even in 2004, four decades after the start of state-regulated labour migration. Although the time required for the bureaucratic process to start a business in Turkey is half of the time required in Morocco (6 days for Turkey, 12 days for Morocco in 2007), the slowness of the process continues to be a problem for both countries in attracting remittances.[51]

Despite the active engagement of the Moroccan and Turkish governments in the emigration processes of their nationals and the initiatives set for attracting more remittances and increasing migrant investments in the sectors that would function in line with the countries' development strategies, the outcomes of these initiatives have stayed far behind the government expectations. As predicted and intended, in the 1960s and 1970s, emigration could decrease the unemployment pressures on the labour markets in the both countries by sending the surplus labour force abroad, and remittances could relieve the stress on the economies occurred by the shortages of foreign currency and external finance.

However, emigrants' actual contribution to development has remained well below their potential in both Morocco and Turkey. As discussed in Chapter 3, the state support given through the establishment of Workers' Joint Stock Companies, Village Development Cooperatives, and State Industry and Workers' Investment Bank to migrants' investments could not achive the intended outcomes in Turkey. The main motive of the Turkish state underlying the support given to these establishments was to

[51] Information about the required days to start a business in Morocco and Turkey is accessed from the World Bank's world development indicators database in April 2009.

increase the levels of rural development and increase the pace of development in the less-developed regions of the country besides creating a new source of foreign exchange. This inefficiency could partially be attributed to the poor conditions of infrastructure in the country (especially in rural areas). Furthermore, particularly since the 1980s, besides the issue of brain gain as a result of the return migration, there occurred a trend of brain-drain and many university graduates have migrated to developed countries of the West and settled there, depriving Turkey from her skilled labourers needed for sustainable development (Akçapar, 2009 in Içduygu, 2009).

Likewise, Morocco's attempts to attract migrants' savings into the country for development projects and to increase productive investments have remained limited until the 2000s, when a new liberal king achieved political stability in Morocco. Besides economic returns, migrants do also concern about the political stability within the country prior to their engagement in investments. Despite the fact that Moroccan authorities have created various mechanisms for receiving more remittance inflows, such as Hassan II Foundation to discourage emigrants' integration into the countries of immigration or special facilities for transferring migrants' savings at very low costs, these inflows could not be totally directed into productive investments due to remittance-receiving households' initial concern about their primary needs. Furthermore, the Moroccan strategy of opposing integration of emigrants turned out to be a wrong one. It is understood that more integration at least economically had a positive impact on the levels of remittances. Therefore, the latest King introduced a strategy that supports the integration of emigrants into the countries of immigration. Finally, when the levels of remittances rise due to political stability, the levels of productive investments relative to consumptive ones have also rised creating more employment opportunities for also non-migrant households. Although the increase in the number of productive investments is very important for the economies of the countries of emigration, consumptive investments' contribution to these economies through their *multiplier effects* should not be ignored since a very big part of the positive developmental impact of remittances in the countries of emigration are materialized through these so-called consumptive investments.

Though the contribution of emigration and remittances to socio-economic development in Morocco and Turkey has remained under their potential due to structural constraints and political instabilities in certain periods, they have been strong players in transforming the societies and enhancing social and economic growth in the countries of emigration. Although the relative importance of financial remittances as development finance has been declining for over a decade in Turkey, the impact of social remittances on the development of the Turkish society has been increasing especially through the exposure to the wealth and transformed cultural understanding of the return migrants. On the other hand, in the case of Morocco, both the financial and social impact of remittances on socio-economic development of the country remains at very high levels. In contrast to the Turkish case, Moroccan governments still try to actively engage in labour migration and their integration processes in the countries of immigration. The Moroccan government has recently concluded two bi-lateral labour migration agreements with Spain and Italy. The foundations working for emigrants still try to link the

Moroccan emigrants to their countries of origin in order to facilitate from those emigrants politically, economically and socially.

4.6 Conclusion

Remittances have been an important source of capital for Morocco and Turkey for over four decades. In Morocco, the role of remittances in socio-economic development especially in the 2000s is considered to be more important than its role in Turkey because the remittances were the main source of foreign currency at about 9 percent of the GDP in 2007 in Morocco while it was about 0.2 percent of the GDP in Turkey. In this study, however, in line with the migration hump theory, it is argued that the current importance of remittances is likely to decrease in the upcoming decades, as in the Turkish case, with the rising amounts of FDI and tourism revenues and increasing integration of Moroccan emigrants to the countries of immigration.

The mostly used formal transfer channels of remittances and their relative advantages to other transfer mechanisms have been discussed in this fourth chapter. Besides the presence and importance of commercial banks in the remittance business, the Central Bank of Turkey also provides special accounts for the Turkish nationals living abroad in order to channel migrants' savings into profitable investments for creation of more employment opportunities and for social and economic development in the long-term. One important difference between the strategies of commercial banks and the Central Bank of Turkey is their perception of remittances. While commercial banks intend to attract remittances for short-term considerations, the Central Bank considers the long-term use of these private capital flows. Finally, in 1989, besides La Banque Populaire, which functions effectively since the 1970s for channelling migrants' savings to Morocco, the Moroccan government created a bank named Bank Al-Amal, which had given very similar responsibilities with State Industry and Workers' Investment Bank, which was created by the Turkish government in 1975.

Finally, the social and economic impact of emigration on Moroccan and Turkish state and society has been explained. In line with the NELM theory, which is a pluralist approach to the migration and development linkage, while recognizing the developmental potential of emigration and remittances on social, economic, cultural and political grounds, the study has also pointed out the negative side effects of the emigration process such as rising inequalities between regions, rural and urban areas, and between remittance-receiving and non-remittance-receiving households. It is also argued that every single currency spent in the economies of the migrant-sending countries through remittances is important at least for economic growth due to their multiplier effects. Therefore, the classification of migrants' remittance investments as productive and consumptive does not mean that consumptive investments are waste of migrants' savings in terms of socio-economic development. Indeed, they are also productive in many ways.

To sum up, the general idea that has been tried to be supported throughout this chapter is that remittances in both financial and social forms have huge potential of positive contribution to the social, economic, cultural and political processes in Morocco and Turkey if they are successfully administered by the state through implementing effective policies and introducing attractive initiatives.

CHAPTER 5

CONCLUSION

This study's initial aim is to analyse the impact of emigration and its foremost consequence remittances on social and economic development of two sending countries, Morocco and Turkey. While analysing the emigration processes/experiences of these two countries and their socio-economic impact, the study elaborates on the changing paradigm of emigration and development linkage throughout the last four decades. Among the emigration countries of the developing world, Turkey and Morocco are two cases officially regulating and benefitting from the international migration of their domestic labour force since the early 1960s, beginning with the first bilateral recruitment agreements. Despite a wide range of differences, the two countries choose to follow similar development strategies by integrating international migration into social and economic growth. However, since 2000, Turkey has experienced a sharp decline in its inward flows of remittances while Morocco has succeeded to sustain huge flows of foreign currency into the country through remittances. Thus, another important point which is investigated in this study is the reasons why remittances have recently experienced a relative decline in their importance for the Turkish government as development finance while the role of remittances within the development strategies of Morocco continuously increasing.

Analogous to what Stiglitz (2002:20) argued on the issue of globalization, migration which is a constituent part of that general process is neither absolutely good nor completely bad for development. It has the potential to significantly contribute to development in the countries of emigration. However, the extent to which this potential is realized depends on the broader development context within the countries of emigration. In the migration research, therefore, there is a need to shift from a determinist to a more pluralist view, recognizing that various development responses to migration are possible. Therefore, Taylor's (1999) suggestion of analysing the factors which explains why migration has positive development outcomes in some migrant sending areas and negative outcomes in others seems to be a valuable contribution to the migration research. Structural constraints and unsuccesful government policies are among the factors that prevent migrants from taking the risk to invest in the countries of origin. There is no automatic mechanism through which migration leads to development.

This thesis frames emigrants and remittance-receiving households to be agents of social and economic change within the countries of emigration. Their impact on development is analysed through studying the evolution of the emigration flows from the 1960s to the 2000s and their behaviour to remit. The meaning of development is constructed through Sen's (1999) understanding of development that is concerned not only with economic growth within itself but also with its social implications.

In order to fulfill the proposed aims, first of all, the literature on emigration and development is discussed in Chapter 2 by focusing mainly on the development and remittance linkage. It is found that the literature on the socio-economic impact of remittances evolves from rigid positive views of the 1950s and 1960s, which are closely connected to the modernization theories of the developmentalists, to rigid negative approaches of the 1970s and 1980s, which are related to the neo-Marxist way of thinking. In the 1990s and 2000s, pluralist approaches started to dominate the literature and in this study, they are viewed as the best approaches for research on migration-development interaction.

These changing approaches to emigration-development nexus affected the way the countries of emigration and immigration handle the issue of migration and vice versa. This recursive interaction is presented in Chapter 3, specificly by referring to the cases of Morocco and Turkey. These two countries' attempts to benefit from their emigrants are discussed in three periods. The first period, from signing of the first bilateral recruitment agreements to the oil price shock in 1973, could be named as the developmentalist era when both countries' expectations from emigration were very high. The second is the period of family reunification and integration to the countries of immigration from 1975 to the end of the 1980s. The final section is about the impact of transnationalism and globalization on Moroccan and Turkish perceptions of emigration and development linkage in the 1990s and 2000s. Overall, in Chapter 3, the evolution of the state's perceptions of emigration and their consequences are discussed. Although both Moroccan and Turkish states had benefited from their emigration flows by designing similar development strategies until the 1980s, Turkey's view of emigration and remittaces as development finance has changed after 1980s with the rising waves of neo-liberalism. The opening of relatively closed economies in the 1980s rose FDI and tourism revenues decreasing the importance attributed to the role of remittances as a channel for acquiring foreign currency in Turkey.

In order to justify the argument above, in Chapter 4, the relation between FDI, ODA, tourism revenues and remittances are elaborated after the discussion on the importance of remittances, the motive behind them, and the official transfer channels used by the emigrants. Analysing remittances in relation to other capital inflows showed the place of emigrants' savings within the economies of the countries of emigration. Finally, the socio-economic effects of remittances in Morocco and Turkey are discussed from a pluralist point of view. The chapter is concluded mainly by arguing that the development potential of emigration and remittances is primarily context-sensitive and if proper policies are implemented and necessary infrastructure projects are completed, the high positive development potential of emigration could be realized otherwise the consequences could be negative for socio-economic development. However, it is observed that in both Morocco and Turkey, the countribution of remittances has remained under their potential.

The very conclusion that could be drawn from this thesis by combining the discussions in the three main chapters is that the emigration-development paradigm has transformed through three phases since the World War Two basicly in the countries of emigration, Morocco and Turkey for this study, in line with their emigration and development experiences and perceptions. Each phase is deeply influenced by the international political-economic context of their decades. In the time of the signing of bilateral recruitment agreements, relatively closed economies were on the stage of the international arena. Therefore, remittances were the most favourable way of acquiring foreign currency. From the developmentalist views of the 1950s and 1960s, the approaches concerning emigration and development have transformed into the ones expecting negative developmental outcomes such as rising inequalities and lack of human capital in the countries of emigration. Due to the implementation of strict immigration policies and the end of bilateral agreements in the mid-1970s, Morocco and Turkey started to search for alternative sources of development while trying to find ways to sustain their inflows of remittances. The neo-liberal wave of the 1980s led to important changes in development strategies especially in Turkey. The 1980s marked the divergence of development strategies of Turkey from the Moroccan one. Since the 1980s, liberal changes in Turkish economy and society have steadily increased the flows of tourism and FDI while changing the role attributed to remittances in state development strategies. Such a change took place also in Morocco only after the strong influence of globalisation and transnationalism on the country in the 2000s.

The foremost strength of this thesis is its original scope and selected cases. This is the first study that analyses emigration-development linkage with regards to the states' development strategies built on emigration in two important countries of emigration that have never been studied in a comparitive sense before. Thus, for the first time in this study, structural evolution of emigration from Morocco and Turkey and its impact on socio-economic development in these two countries are analysed in a comparative way with a pluralist view and with special reference to remittances and other flows of development finance. By scrutinizing the well-established literature on emigration, remittances and development, this thesis strongly supports the importance of pluralist views while explaining the developmental impact of emigration. The explanations on the impact of remittances are built not only on remittance-receiving households but also taking into consideration the remaining part of the societies by discussing the importance of remittances' multiplier effects.

Inspite of these strengths of the research, there are still missing parts within the analysis. As mentioned in the introductory chapter of the thesis, this study is mostly concerned with the socio-economic impact of monetary remittances. However, in the literature, there are two kinds of remittances; social remittances and monetary (financial) remittances. Each influence societies in different ways and the potential social remittances have in transforming societies is at the levels that could not be ignored. Though I have referred to social remittances while explaining the developmental impact of the financial ones, I could not include much of the impact of social remittances on development in the countries of emigration due to newly developing literature on the issue. Secondly, this research could have been more influential if the necessary data on Morocco could have been found more easily (or on-line) like the statistics on Turkey. Therefore, in some parts of the analysis, the statistics on Morocco is missing. I tried to overcome this weakness of the research by referring to the previous studies and the statistics used in them. However, I would prefer to have the original statistics to work on. Consequently, the findings of this research could be extended in the upcoming studies by including in the literature on social remittances and analyses on the developmental impact of this second kind of remittances. Besides the extension of the literature and related analysis, I would strongly recommend to make use of the field research and survey methods while developing the methodologies of the upcoming researchs in order to create new sets of data especially on the social impact of the migration process in the areas of emigration. Finally, this comparative study is the first attempt in the field of migration and development by building its analysis solely on Morocco and Turkey and comparing their use of emigration as a development strategy for over four decades.

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