

60 MILLION REFUGEES[‡]

Refugees, Asylum Seekers, and Policy in OECD Countries[†]

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One hardly needs reminding that there is a refugee crisis. The war in Syria and Iraq, the huddled masses in refugee camps in Turkey, Lebanon, Iran, and Jordan, and the reports of migrants drowning in the Mediterranean and Aegean seas are reminder enough. According to the United Nations High Commissioner for Refugees (UNHCR) “We are witnessing a paradigm change, an unchecked slide into an era in which the scale of global forced displacement as well as the response required is now clearly dwarfing anything seen before” (UNHCR 2015a, p. 3). The UNHCR’s estimate of the number of forcibly displaced people worldwide reached 59.5 million by the end of 2014, up from 51.2 million in 2013 and from 37.5 million a decade ago.

This total includes asylum seekers, stateless persons, returned refugees, and above all, 38.2 million people who are internally displaced within the borders of their home country. Only a fraction of the 60 million are refugees, defined by the Refugee Convention as those who have been displaced outside their origin country owing to a “well-founded fear of persecution” (United Nations 1951). Most of these (86 percent in 2014) are located in less developed countries, often in squalid camps with little security. Figure 1 shows the trends in the worldwide

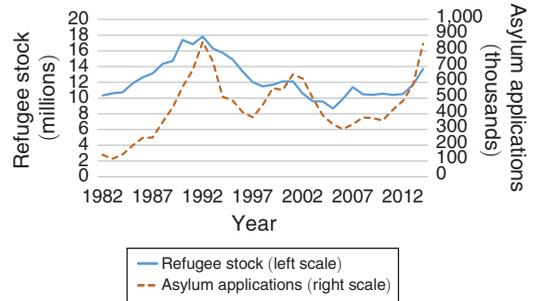


FIGURE 1. REFUGEES AND ASYLUM SEEKERS, 1982–2014

Sources: UNHCR (2015b) and UNHCR (various years).

stock of refugees (excluding Palestinians who fall outside the UNHCR’s mandate). The stock of refugees rose to a peak of 18 million in 1992, then declined until 2005. Since then there has been an increasingly steep resurgence although by 2014 the numbers had not yet reached the peak of 1992.

Figure 1 also plots the annual flow of applicants for asylum in 38 “industrialized” countries. This is a minority of all asylum applications worldwide, but it is the flow that has consistently grabbed the headlines. Asylum applications ascended to a peak in 1992 following the fall of the Berlin Wall and the dissolution of the Soviet Union, with another surge in the early 2000s, and a steep increase since 2010. Although there is no clear trend over the last quarter of a century, there was a sharp upward step in the 1980s, which was only partially reversed. The last few years up to 2014 show a similar increase (but from a higher base) and the numbers are set to surpass the 1992 peak by a wide margin. While the recent surge of asylum seekers, accompanied by a partial collapse of border controls, invites comparison with the run-up to 1992, it is not

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yet clear whether this is a shift to a permanently higher level of asylum applications.

I. Determinants of Asylum Applications

Recent experience in the Mediterranean and the Aegean has rekindled the debate over whether those claiming asylum in the West are genuine refugees or simply “economic migrants” from poor countries seeking a better life. On one hand, it is argued that most applicants are from countries embroiled in civil wars and human rights abuse. On the other hand, it is pointed out that less than half of all applicants are recognized as refugees (as defined in the 1951 Refugee Convention) or otherwise accepted on humanitarian grounds as in need of protection. Several studies have estimated the determinants of worldwide refugee stocks and asylum flows. Focusing on origin countries, Davenport, Moore, and Poe (2003) found that the stock of displaced persons could be explained mainly by genocide, civil war, dissident conflicts, and political regime transitions. Moore and Shellman (2007) obtained similar results in a study of bilateral refugee movements, also finding effects of conflict in border countries and of migration costs for movements further afield. GDP per capita in the origin country had a negative effect on refugee displacements and also on asylum flows to the developed world (Hatton 2009), so economic conditions in origin countries do seem to matter.

A second set of issues is destination country “pull” effects, such as high incomes and the prospects of employment. But above all, the debate has been about the ever tougher asylum policies that have been implemented in the developed world. Some argue that, in the face of persecution, genuine refugees will migrate no matter what the risks and hardships. Tougher policies simply make life harder for them while doing little to stem the flow. Others (including most governments) evidently believe that relaxing asylum policies would open the floodgates to mass influx. As several studies have shown, the truth lies somewhere in between: policies have some deterrent effects but war, violence, human rights abuse, and economic conditions in origin countries matter even more (Hatton 2009; Neumayer 2004; Thielemann 2006).

Here I examine a database of asylum applications to 19 OECD destinations from 48 origin

countries over the years 1997–2012. These are generally first instance applications made at or within destination country borders, as reported by governments to the UNHCR. The origin countries account for 86 percent of all applications to the 19 destinations. Out of a possible 912 origin/destination dyads I select 626 for which the number of applications over the 16 years exceeds 300. War, terror, and oppression in origin countries are measured by the Uppsala Conflict Data Program’s index of civil war combat deaths, the Political Terror Scale, and the Freedom House indices of civil liberties and political rights. Real GDP per capita is taken from the Penn World Tables. Dyadic variables are the stock of adult migrants from the origin residing at the destination in 2001/1 and the distance between origin and destination country capital cities.

The attractiveness of the destination country is represented by real GDP per capita and the unemployment rate. I also include an index of the toughness of asylum policies. This index comprises 15 components, each of which increases by one unit when policy becomes tougher. These capture changes in a country’s laws, regulations, or practice and they are intended to represent major changes in policy that, one way or another, disadvantage asylum seekers. They are subdivided into three groups: policies that limit access to the territory, those that relate to the procedure to determine whether an applicant qualifies for refugee status, and those that represent welfare conditions during and immediately after processing (all of these variables are described in more detail in Hatton and Moloney 2015).

II. Econometric Results

Table 1 presents fixed effects regressions, with standard errors clustered by origin country, where the dependent variable is the log of applications per capita of the origin country population. The first column includes fixed effects by origin country with dummies for destination and year (not reported). One of the strongest origin country effects comes from the Political Terror Scale where a one point increase in terror (on the scale of 1 to 5) increases applications by around 20 percent. Lack of civil liberties (on a scale of 1 to 7, where higher values mean less freedom) also has a substantial positive effect, whereas

TABLE 1—DETERMINANTS OF ASYLUM APPLICATIONS
DEPENDENT VARIABLE LOG (*Asylum Applications/Population*)

	(1)	(2)	(3)	(4)
Political terror scale	0.214** (4.48)	0.221** (4.53)	0.221** (4.57)	
Civil liberties (Freedom House index)	0.285** (4.93)	0.289** (4.74)	0.292** (4.80)	
Political rights (Freedom House index)	-0.044 (1.06)	-0.050 (1.21)	-0.049 (1.19)	
Civil war battle deaths (000s)	0.012 (0.76)	0.010 (0.62)	0.010 (0.64)	
log origin country real GDP per capita	-0.517** (2.35)	-0.533** (2.26)	-0.542** (2.32)	
log migrant stock in 2000/1 from origin at destination	0.226** (8.54)			0.226** (8.59)
log distance from origin to destination	-0.777** (4.07)			-0.768** (4.00)
log destination country GDP per capita	0.178 (0.35)	0.066 (0.12)	-0.122 (0.23)	0.043 (0.09)
Unemployment rate at destination	-0.025** (2.22)	-0.024** (2.14)	-0.024** (2.19)	-0.029** (2.60)
Asylum policy index overall		-0.046** (4.03)		
Policy on access			-0.115** (3.08)	-0.110** (3.19)
Policy on processing			-0.100** (6.45)	-0.103** (6.78)
Policy on welfare			0.049* (1.76)	0.034 (1.21)
Fixed effects (number of FE)	Origin (48)	Origin × Dest (626)	Origin × Dest (626)	Origin × Year (765)
Destination dummies	Yes	No	No	Yes
Year dummies	Yes	Yes	Yes	No
R ² within	0.40	0.12	0.13	0.41
Observations	9,610	9,610	9,610	9,610

Notes: z statistics in parentheses. Constant terms and coefficients on year and destination dummies are not reported.

**Significant at the 5 percent level.

*Significant at the 10 percent level.

lack of political rights evidently does not. While political oppression may increase the incentive to flee, it may also reduce the ability to leave the country. Civil war deaths is not significant, largely because its effects are dominated by the other variables that capture governance failures and a wide range of human rights abuses.

The coefficient on origin country GDP per capita offers some support for the view that adverse economic conditions at home spur asylum migration, even though poverty may also

constrain the ability to migrate. A 10 percent increase in GDP per capita reduces applications by around 5 percent. Not surprisingly the migrant stock captures the well-known “friends and relatives effect,” and this goes a considerable way to explaining cross-sectional differences in the scale of bilateral migration streams. But even in the presence of the migrant stock, which captures past migration flows, distance still matters. The elasticity implies that the volume of applications declines steeply with

distance, and this probably reflects the costs and risks of irregular migration. The attractiveness of destination countries is reflected in unemployment rates rather than in GDP per capita. But the unemployment effect is small: a 4 percentage point fall in unemployment leads to a 1 percent increase in asylum claims.

The regression in column 2 includes fixed effects for origin-destination dyads and so the migrant stock and distance drop out. It also includes the combined policy index, and the negative coefficient shows that tougher asylum policy does have a significant deterrent effect. In column 3 the policy index is disaggregated into its three component parts. Policy on access to the territory and on the processing of asylum claims both give strong negative coefficients while the coefficient on welfare conditions is positive and marginally significant. In column 4 the dyad fixed effects are replaced by origin-country-by-year effects. This is an important test because it absorbs all the idiosyncratic origin-country effects, which may be inadequately captured by crude indicators of political conditions. Nevertheless, in this specification the coefficients on bilateral and destination country variables, including the three components of policy, are little changed.

III. So What? Implications for Policy

What do these results imply for the ups and downs of asylum applications and for policy? For the 48 origin countries, the effects of political terror and lack of civil liberties (based on column 3 of Table 1) was to reduce applications by 14 percent between 2000 and 2006. However there is considerable diversity, with predicted declines of 44 percent from Afghanistan and around 25 percent from Iraq, Lebanon, and Syria, while there are substantial increases from Côte d'Ivoire, Eritrea, and Zimbabwe. Similarly from 2006 to 2012 the overall predicted increase in applications is just 3 percent but with increases of 50 percent from Eritrea and Nigeria and 108 percent from Syria. These results illustrate that political terror and human rights abuse are at the heart of refugee flights. But addressing such issues is more easily said than done. Improving economic conditions in origin and transit countries would help but, as noted above, a 10 percent increase in origin-country GDP per capita would reduce asylum applications by only about

5 percent. In this light, the EU's recent offer to African and Middle Eastern Countries of 1.8 billion euros is a small drop in a very large bucket.

It is hardly surprising, therefore, that humanitarian organizations have focused their effort on improving living conditions for those trapped, often for protracted periods, in refugee camps located in countries that have limited capacity to host large numbers of refugees. As of December 2014, Turkey, Pakistan, and Lebanon were each hosting more than a million refugees while Iran, Ethiopia, and Jordan each had more than half a million. Devoting considerably more resources to the support, rehabilitation, and safe return of refugees would provide greater benefit than poorly targeted developmental aid. Humanitarian assistance to the even greater number of internally displaced persons is just as pressing but even more difficult to deliver.

What about domestic policies within the western world? Asylum policies have become increasingly tough over time with the intention of deterring asylum applicants. For the 19 destination countries together, the effect of tougher policies on access and processing between 2000 and 2012 (based on column 3 of Table 1) was to reduce annual asylum applications by 21 percent. Welfare policies have little deterrent effect because the fundamental motive driving asylum seekers is to gain permanent settlement at almost any cost. One implication is that destination countries could improve the conditions faced by asylum seekers during processing and strengthen their refugee integration policies without fear of increasing the number that apply.

European policies have been severely tested by the crisis in the Mediterranean, and have been found wanting. For some years the EU has been building a Common European Asylum System, but it needs to go much further, focusing on three policy areas. First, existing measures to reinforce border controls and to combat people-smuggling need to be greatly strengthened. The results presented here suggest that such policies would need to be draconian, as illustrated by Australia in 2001 and 2013 (Hatton and Moloney 2015), in order to substantially reduce the numbers attempting the hazardous sea crossing. Such policies would reduce the incentive for illegal migration and help to prevent people from drowning at sea. As public opinion is strongly against illegal immigration, such measures would help to restore public confidence in the

asylum system. It also would reduce the number of asylum applicants that fail to gain refugee status, many of whom melt into the underground economy. But it would screen out genuine refugees as well as economic migrants.

Second, in addition to providing more support for refugees hosted in poor countries, the EU should develop a substantial program of resettlement of refugees from the refugee camps close to the sources of violence. A vastly increased resettlement scheme would focus on refugees whose claims were assessed before being transferred, thus providing a safe channel for genuine refugees while filtering out those less deserving. That way, protection would be targeted to those most in need of it rather than those with the energy, enterprise, or resources to risk the boat trip to Europe. The evidence suggests that public opinion is increasingly favorable toward genuine refugees and so that too would help to restore and retain support for the refugee regime.

Third, increase the overall capacity of developed countries to host refugees. There is a strong argument for deeper cooperation between destination countries, for which there is considerable public support (Hatton 2015). Most people would wish to see refugees given a safe haven somewhere but are reluctant for their own country to bear the economic and social cost. Refugees can therefore be seen as a locally provided public good, which in the absence of cooperation, will be under-provided. The EU's Common European Asylum System has focused on reinforcing the external border and harmonizing policies within it, but not, until very recently, on burden-sharing. The distribution of asylum claims per capita is very unequal and policy has tended to be driven by the countries on the EU's border that face the most pressure. The recent agreement to redistribute 120,000 refugees across the EU provides a precedent to build upon. Creating a more even distribution among developed countries, and especially within the EU, could provide more help for refugees by easing the overall policy constraint.

Expanding the capacity to host refugees by distributing them more widely, maintaining public support for asylum policies with tight border controls, and providing safe channels through a large-scale resettlement program for those most in need of protection are three of the key elements for expanding the capacity of developed countries (especially the EU) to

help genuine refugees seeking a safe haven in the Western world. But in light of the vast numbers of displaced people in need of durable solutions, such policies can never address more than a modest part of a much larger problem.

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