

## REFUGEES, ASYLUM SEEKERS AND POLICY IN OECD COUNTRIES

By Timothy J. Hatton (University of Essex and Australian National University)<sup>1</sup>

### ABSTRACT

Refugees and asylum seekers are only a small proportion of the 60 million forcibly displaced persons. But those seeking asylum in the developed world have received much of the attention as western governments have struggled to develop a policy response. An analysis of asylum applications by origin and destination indicates that these flows are largely driven by political terror and human rights abuses. Poor economic conditions in origin countries and tough asylum policies in destination countries matter too. In the light of the findings I suggest that greater coordination among OECD countries could improve the lot of those fleeing from persecution but even this would make only modest inroads into the sum of human misery that displaced people exemplify.

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.

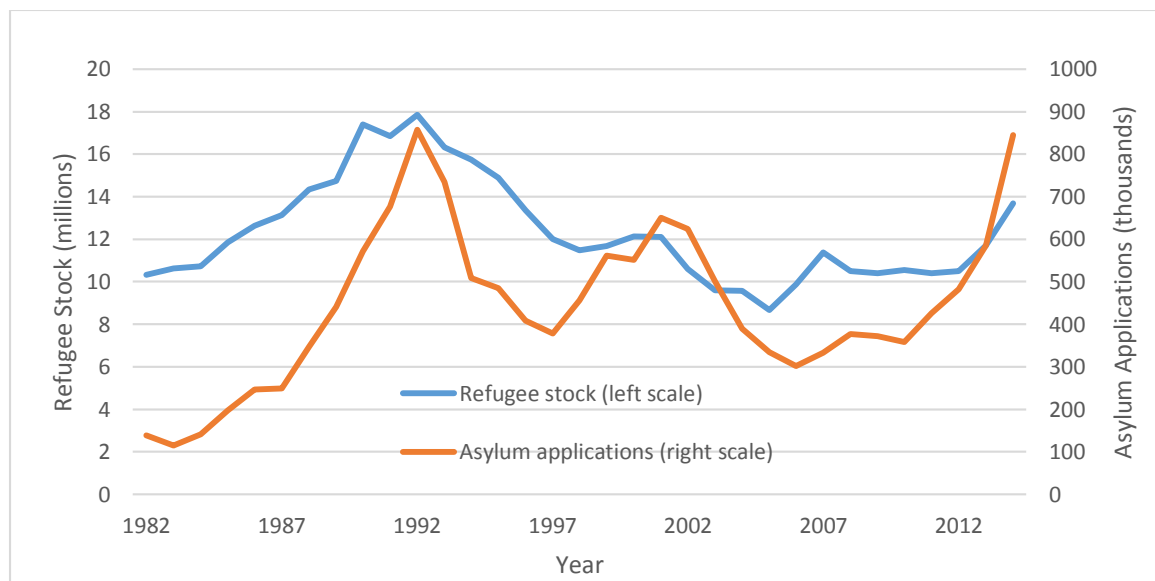
On a different definition, those enumerated as “of concern” to UNHCR, numbered 54.9 million at the end of 2014. This total includes asylum seekers, stateless persons, returned

---

<sup>1</sup> Department of Economics, University of Essex, Colchester CO4 3SQ, UK. Email: [hatton@essex.ac.uk](mailto:hatton@essex.ac.uk); Tel: +4412062182. I am grateful for financial support from the Collaborative Research Programme on Irregular Migration between the Australian Department of Immigration and Border Control and the Australian National University.

refugees, and above all, those who are internally displaced within the borders of their home country (but not those outside the UNHCR’s mandate). Only a fraction of them are refugees, traditionally defined as those who have been displaced outside their origin country owing to a “well-founded fear of persecution”. Most of these (about 80 percent) are located in less developed countries, often in squalid camps with little security. Figure 1 shows that the worldwide 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 the numbers have not yet reached the peak of 1992.

**Figure 1: Refugees and Asylum Seekers, 1982-2014**



Sources: UNHCR, “Total Refugee Population” and UNCHR, “Asylum Trends,” various issues.

Figure 1 also plots the flow of applicants for asylum in 38 ‘industrialized’ countries—those that have 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 2007. 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 show a similar increase (but from a higher base)

and the numbers are set to surpass the 1992 peak, probably 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 yet clear whether this is a shift to a permanently higher level of asylum applications.

### **1. 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 recognised 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 refugee stocks and asylum flows. Focusing on origin countries, Davenport et al. (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 effects 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 and economic conditions in origin countries matter even more (Hatton 2009; Neumayer 2004; Theilemann 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 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 fifteen components, each of which increases by one unit when policy becomes tougher. These capture changes in a country's laws, regulation 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).

## 2. 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 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 ten percent increase in GDP per capita reduces applications by around five 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 four percentage point fall in unemployment leads to a one percent increase in asylum claims.

**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)			-0.788** (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** (4.12)	-0.110** (3.19)
Policy on processing			-0.100** (6.45)	-0.103** (6.78)
Policy on welfare			0.049* (1.76)	0.034 (1.20)
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 <sup>2</sup> Within	0.40	0.12	0.13	0.40
No of Obs.	9610	9610	9610	9610

Note: 'z' statistics are in parentheses; significance at 5 and 10 percent denoted by \*\* and \* respectively. Constant terms and coefficients on year and destination dummies are not reported.

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.

### **3. 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 col. (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 ten 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 organisations 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 col. (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.

There is also a strong argument for deeper cooperation between destination countries. Most people would wish to see refugees given a safe haven 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 (CEAS) has focused on reinforcing the external border and harmonising policies within it. But 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 (Hatton 2015). 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. While public opinion is surprisingly favourable towards supra-national asylum policies it is very negative towards illegal 'economic migrants'.

The EU's policies have been tested recently by the crisis in the Mediterranean, and have been found wanting. This has led to the establishment, in the face of opposition, of policies to redistribute a fixed number of 120,000 asylum seekers across the EU according to a distribution key. Other initiatives include measures to reinforce border controls and to combat people-smuggling in North African transit countries. The results presented here suggest that such policies would need to be draconian (as in Australia, see Hatton and Moloney, 2015) to make a significant dent in the numbers attempting the hazardous sea crossing. Such policies need to be complemented with measures such as setting up reception centres in transit countries that would provide a safe channel for the resettlement of genuine refugees while filtering out those less deserving.

Enhancing 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 offshore processing are three of the key elements to 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.

## **References**

Davenport, Christina A., Moore, Will H. and Poe, Steven C. (2003), "Sometimes You Just Have to Leave: Domestic Threats and Forced Migration, 1964–1989," *International Interactions*, 29, pp. 27–55.

Hatton, Timothy J. (2009), "The Rise and Fall of Asylum: What Happened and Why?" *Economic Journal*, 119, pp. F183–F213.

Hatton, Timothy J. (2015), "Asylum Policy in the EU: The Case for Deeper Integration," *CESifo Economic Studies*, 61, pp. 605-637.

Hatton, Timothy J. and Moloney, Joe (2015), "The Determinants of Applications for Asylum: Modelling Asylum Claims by Origin and Destination" London: CEPR Discussion Paper 10678.

Moore, Will H. and Shellman Stephen. M. (2007), "Whither Will They Go? A Global Study of Refugees' Destinations, 1965–1995," *International Studies Quarterly*, 51, pp. 811–834.

Neumayer, Eric (2004), "Asylum Destination Choice: What Makes some West European Countries More Attractive than Others?" *European Union Politics*, 5, pp. 155–80.

Thielemann, Eiko (2006), "The Effectiveness of Governments' Attempts to Control Unwanted Migration," in Craig A. Parsons and Timothy M. Smeeding (eds), *Immigration and the Transformation of Europe*, Cambridge: Cambridge University Press, pp. 442-472.

UNHCR (2015a), *Global Trends: Forced Displacement in 2014*, at: <http://www.unhcr.org/556725e69.html>.

UNHCR (2015b), "Total Refugee Population by Country of Asylum, 1960-2013 & Total Refugee Population by Origin, 1960-2013," at: <http://www.unhcr.org/pages/4a013eb06.html>.

UNHCR (Various Issues), "Asylum Trends: Levels and Trends in Industrialized Countries," Geneva: United Nations High Commissioner for Refugees.