

Immigration from a terror-prone nation: destination nation's optimal immigration and counterterrorism policies

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Introduction

- **Two-country theoretical model**
 - Destination country, H , chooses its immigration quota, I , and its proactive counterterrorism effort, E , in **Stage 1**. Other country, S , is the source country, whose radicalization matters.
 - Atomistic immigrants choose to work in the productive sector or to engage in terrorist acts in destination country in **Stage 2**, given the policy choices in Stage 1.
- **Account for the critical interdependency of the two policies. The two policies may be complementary (i.e., reduced immigration quota and reduced proaction) or substitutable.**
- **The labor market-clearing condition indicates the equilibrium wage rate, w , which then fixes the level of produced goods, Q , in the destination country and the amount of terrorism in Stage 2, based on Stage 1 policy choices.**
- **Novel features – interdependency of policies while accounting for radicalization in source country and equilibrium labor market. Mixed game and nongame model, explain.**

Introduction 2

- The host country's government chooses its optimal immigration quota and proactive measure while mindful of the competitive labor market equilibrium, which fixes the wage rate.
- An increase in the immigration quota augments the destination country's labor supply, thus **lowering wages**. Its enhanced proactive effort limits terrorism and raises labor supply in H *and further lowers wages*.
- Increased radicalization in the source country of immigrants makes for more potential immigrant-induced terrorism in H .
- We account for the utility cost of proactive measures' tradeoff between compromising rights/freedoms for reducing terrorist attacks.
- Countries valuing rights institute smaller immigration quotas to limit the need for proactive policies.

Literature review

- **Except for one article, the literature is empirical with some basic messages:**
 - **General immigration doesn't imply more terrorism (Helbling and Meierrieks 2020, 2022; Dreher, Gassebner, and Schaudt 2020).**
 - **Migrants from terror-prone source countries pose a risk to the destination country (Bove and Böhmelt 2016; Dreher, Gassebner, and Schaudt 2020); however, once population scale is adjusted, the transnational terrorism risk is no different than the domestic terrorism risk from citizens.**
 - **Böhmelt, Bove, and Nussio (2020) immigrant-tied terrorist attacks in Europe raised terrorism fear among Eurobarometer respondents.**
- **Bandyopadhyay and Sandler (2014) is a theoretical article with differences from the current exercise:**
 - ❖ **Terror attacks directed from the source country through the group's draw of skilled versus unskilled labor**
 - ❖ **Relative needed stringency of unskilled and skilled immigration quotas**

Base model description

- Destination country has superior production technology and higher wages than source nation
- H has competitive firms and neoclassical production function $Q = Q(K, L)$
- Labor in destination country $L = (N + I^P)$
- A gamma fraction of S 's population is sympathetic to resident terrorists. This radicalization parameter helps to allow us to determine the share of immigrants doing productive work and the share engaging in terrorism in the destination country.
- We account for the probability distribution of radicalized immigrants.

Base model 2

- The labor market-clearing condition indicates equilibrium wage where labor demand = labor supply, the latter includes citizens and immigrants working accounting for capture risk of immigrants. Labor demand equates wage and MP of labor. More of the labor supply lowers the wage and results in a larger GDP.
- Stage 2 optimization. Immigrants exercises their optimizing choice between working and engaging in terrorism, while accounting for Stage 1' immigration quota and proactive effort. This gives wages as dependent on $w = w(I, E)$ where both I and E reduces the wage rate.
- Stage 1 government optimization of its social welfare U , which equals total Q produced minus payment to immigrant labor (valued at the w from Stage 2) minus proactive cost minus assimilation cost minus terrorist destruction plus rights minus proactive-induced lost rights.
- Take partials of U with respect to I and E to solve Stage 1 policy choices.

Comparative Statics

- We must use the first-order conditions for Stage 1 (conditional on Stage 2 optimizing choice of the immigrants) when determining the effects of changes in the marginal disutility lost freedoms from proactive measures on the government's choice of I and E . In so doing, we use Cramer's Rule.
- Proposition 1: A rise in this marginal disutility leads to
 - Reduction in optimal proactive effort.
 - Reduction in the optimal immigrant quota if labor demand is linear with a large elasticity or responsiveness to wages and a uniform distribution of terrorist gains.
- By reducing immigrant quota, there is less need for proactive policy.
- More democratic countries place a greater disutility on lost freedom or rights, which by Prop 1 should negatively correlate with immigration flows indicating smaller immigration quotas – negative relationship between democracy and immigration restrictions.

Tables 1 and 2 support for Proposition 1

- **Table 1 shows that alternative measures – four in total – of democracy have less open immigration policies consistent with Prop 1. However, more democratic countries offer more immigrant rights.**
- **As democracy extent increases, the state's nationality and quota policies become more restrictive.**
- **Table 2 democracies display smaller average immigration policy scores. Neither democracies nor non-democracies are associated with encouraging immigration; however, democracies are less open than non-democracies.**

Table 1. Correlation between democracy and immigration policy

	<i>Electoral</i>	<i>Liberal</i>	<i>Participatory</i>	<i>Polity 2</i>
<i>1970-2013</i>				
Immigration Policy	-0.37	-0.40	-0.39	-0.33
Nationality	-0.28	-0.33	-0.31	-0.24
Quota	-0.18	-0.20	-0.19	-0.16
Immigrant Rights	0.41	0.38	0.40	0.38
<i>1970-1989</i>				
Immigration Policy	-0.28	-0.30	-0.31	-0.26
Nationality	-0.26	-0.29	-0.27	-0.24
Quota	-0.07	-0.08	-0.09	-0.06
Immigrant Rights	0.33	0.32	0.31	0.29
<i>1990-2000</i>				
Immigration Policy	-0.47	-0.53	-0.47	-0.40
Nationality	-0.36	-0.44	-0.42	-0.28
Quota	-0.32	-0.37	-0.32	-0.27
Immigrant Rights	0.57	0.53	0.56	0.57
<i>2001-2013</i>				
Immigration Policy	-0.41	-0.45	-0.38	-0.39
Nationality	-0.29	-0.35	-0.33	-0.21
Quota	-0.26	-0.29	-0.22	-0.24
Immigrant Rights	0.41	0.34	0.41	0.39

Table 2. Average immigration policy score by regime type

<i>Regime type</i>	<i>Average Immigration Policy score</i>			
	<i>1970-2013</i>	<i>1970-1989</i>	<i>1990-2000</i>	<i>2001-2013</i>
Democracy	-1.02	-0.91	-1.07	-1.15
Non-democracy	-0.48	-0.50	-0.34	-0.52
p-value (diff)	0.00	0.00	0.00	0.00

Effects of an increase in radicalization proposition in source country

- **Proposition 2: A sufficient, but not necessary, set of conditions for a rise in radicalization to reduce optimal immigration level is that payoffs of the radicalized are uniformly distributed and that the own negative effect of this increased radicalization dominates a potentially opposing positive cross effect . Optimal proaction may rise or fall.**
- **To test the hypothesized negative relationship between source country increased radicalization and immigration, we track changes in immigration policies of 27 migrants' destination countries in response to greater terrorism rates in the source countries for 1990-2010.**
- **The destination country's overall immigration score and its component quota represent immigration orientation.**
- **TICO/TT is independent variable where higher ratio indicates greater indigenous terrorism. Greater terrorism in the source country results in tighter immigration quotas.**

Table 3. Terrorism in migrants' countries of origin and destination countries' immigration policies

	All source countries of migrants				Major source countries of migrants			
	Immigration Policy		Quota		Immigration Policy		Quota	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
<i>TICO/TT</i>	-0.595***	-0.596***	-0.704**	-0.681**	-0.964***	-0.987***	-2.259***	-2.320***
	(0.119)	(0.125)	(0.284)	(0.294)	(0.158)	(0.158)	(0.352)	(0.362)
Time Effects	No	Yes	No	Yes	No	Yes	No	Yes
N	567	567	567	567	567	567	567	567

Notes: Significance levels: *** is <.01, ** is <.05, and * is <.10. Robust standard errors are in parentheses. *TICO/TT* is the ratio of the total terrorist attacks in migrants' source countries to the total terrorist attacks in the world. Major source countries of migrants include countries whose nationals constitute at least 1% of total migrants in a destination country in a given year.

Extensions

- **Defensive counterterrorism and Proactive counterterrorism measures**
- **Destination country radicalization along with source country radicalization**