

Asylum Policies in Europe and the Refugee Crisis

Final report

December 2019

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Asylum Policies in Europe and the Refugee Crisis

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Published: 17 December 2019

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Acknowledgements

This report summarizes the output of a two-year research project on “Asylum Policies in Europe and the Refugee Crisis” that has been supported by a generous grant from the **Nuffield Foundation** (<https://www.nuffieldfoundation.org/refugee-crisis-and-european-asylum-policies>). We are extremely indebted to the Nuffield Foundation for their continuous economic and non-economic support that has made this research project possible. The Nuffield Foundation (www.nuffieldfoundation.org) is an independent charitable trust with a mission to advance social well-being. It funds research that informs social policy, primarily in Education, Welfare, and Justice. It also funds student programmes that provide opportunities for young people to develop skills in quantitative and scientific methods. The Nuffield Foundation is the founder and co-funder of the Nuffield Council on Bioethics and the Ada Lovelace Institute. The Foundation has funded this project, but the views expressed in this report are our own views and not necessarily those of the Foundation. Additional special thanks go to **Alex Beer (Nuffield Foundation)** for her help throughout this project and for providing great feedback on an earlier version of this paper.

We are also extremely grateful to the members of our **Advisory Board** – **Theresa Beltramo** (UNHCR), **Marta Foresti** (ODI), Peter Grady (UNHCR), **Tim Hatton** (University of Essex), **Roy Millard** (SESMP), **Jackie Wahba** (University of Southampton), **Maurice Wren** (Refugee Council) and **Roger Zetter** (University of Oxford) – for providing great feedback and invaluable policy insight on our research (including on this report) and for taking part in the conference on “Forced Displacement, Asylum Seekers and Refugees: Economics Aspects and Policy Issues” that was held in March 2019 at QMUL in London (see conference programme in Appendix section 8.1 and further information at: <https://sites.google.com/site/apeurc/conference>).

Throughout the project, we have collaborated with **Isabel Ruiz** and **Carlos Vargas-Silva** from COMPAS and Oxford University, who led a parallel research project on refugee integration in the UK labour market that was also funded by the Nuffield Foundation. It has been a real pleasure to work with them on the organization of the Advisory Board meetings and on the final conference.

We also thank the **admin staff at the School of Economics and Finance at QMUL** for helping us with the management of the grant and the organization of the final conference.

Finally, we would like to thank **all participants to seminars and conferences** where we presented our research papers for their comments, suggestions and encouragement.

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Executive Summary

Introduction

Recent years have witnessed a strong increase in the size of refugee migration worldwide: the global population of forcibly displaced people reached a record high in 2018 with 70.8 million individuals. The arrival of refugees and other migrants in Europe peaked in 2015 – the year of the so called “European refugee crisis” – and triggered a variety of uncoordinated policy reactions across European countries: from increased securitization of the borders, to the design of refugee relocation schemes across EU countries, to changes in national asylum systems. Additionally, the increased salience of migration as a policy issue has had, and is still having, political and electoral consequences across several EU countries.

Our research project

This report presents the main findings of a two-year research project on “**Asylum Policies and the Refugee Crisis in Europe**”, funded by a grant of the Nuffield Foundation. Using multiple data sets from across Europe this project investigates three specific aspects of the interplay between asylum policies and refugees’ outcomes:

1. The influence of border control policies on the composition, size and direction of migrant and refugee flows, and the impact on migration-related hazards during migrants’ journeys (**Theme 1**).
2. The impact of different asylum and refugee policies on refugees’ socio-economic integration in the host countries (**Theme 2**).
3. The feedback into policy-making through the effect of refugee flows on host country nationals’ voting behaviour (**Theme 3**).

The project assesses the effectiveness of asylum policies in reaching their stated objectives, but also examines other unintended, but potentially relevant, longer term consequences. The combined findings provide timely policy-relevant evidence on the role of asylum policies.

Theme 1. Border Enforcement in Europe and Unauthorized Migration Flows.

Despite its policy relevance, very little research has been conducted to assess the effectiveness of border enforcement policies and to understand all their potential effects. We contribute to this scarce literature by: 1) producing the first comprehensive analysis of the effects of border enforcement policies at the external EU borders on the size and composition of flows of

undocumented migrants and refugees; 2) focusing on the Central Mediterranean Sea and studying the impact of naval Search and Rescue operation on migrants' perilous journeys.

In the first part of the project, we focused on the effect of border enforcement policies on the size, direction and composition of undocumented migration flows at the external EU borders. In order to do so, we investigated whether more Frontex-coordinated enforcement operations on a migratory route led to a change in the number of migrants using that route to illegally cross the European borders. Further, we studied whether these effects differed on land and sea routes and whether individuals coming from war-torn countries reacted differently compared to citizens of countries that were not experiencing a major conflict. Finally, we analysed the political economy determinants of border enforcement.

In the second part, we assessed the effects of border enforcement operations on the welfare of refugees. More specifically, we investigated the extent to which enforcement policies at sea borders (i.e. naval operations) contributed to changing patterns of migration-related incidents (and risk of death) in the central Mediterranean. We addressed this empirical question by developing a spatial analysis based on two main data sources: 1) the number of dead or missing migrants (MM) originating from the IOM's Missing Migrants Project; 2) the number of migrant ships in distress (from the National Geospatial-Intelligence Agency).

Our main findings:

- We find evidence that political events (i.e. rotation of the EU presidency and incoming elections in destination countries) affect the level of enforcement at external EU borders.
- Enforcement on one route leads to a reduction in illegal crossings on the same route.
- When distinguishing land and sea routes, we find clear evidence of “deterrence effects” (i.e. illegal crossings decrease in response to increased enforcement) on the former while we can rule out any “attraction effects” (i.e. illegal crossing increase in response to naval operations) on the latter ones.
- Citizens coming from countries that are experiencing major conflict, violence and terror are less responsive than other migrants to changes in enforcement.
- A sizeable part of the effect of border enforcement could be due to “*diversion*” (i.e. migrant flows are re-directed towards alternative routes by the increase in enforcement on a given route) rather than “*deterrence*” of migration flows.
- The risk of a migration-related accident in the Central Mediterranean is reduced by some naval operations (but not all).

- Higher political instability in Libya is associated with increased migration-related accidents in the Central Mediterranean.
- Inland violence leads to more casualties at sea.

Theme 2. Refugee Integration in European Labour Markets.

The sudden and unprecedented increase in asylum seekers entering Europe in the last few years brought concerns about the successful integration of refugees to the very centre of the economic and policy debate. Asylum policies certainly play an important role in shaping future integration paths of asylum seekers. Nevertheless, we know hardly anything about how refugees' outcomes react to the implementation of alternative asylum policy interventions.

Our work on this theme has focused: 1) on documenting and quantifying the gaps in employment and other labour market outcomes between refugees and host country nationals or immigrants with similar characteristics in different European countries; 2) on investigating whether the presence of employment bans for asylum seekers in receiving countries has detrimental and persistent effects on their future labour market integration.

We analysed data from the European Labour Force Survey (EULFS), a large household survey that collects information on individual characteristics and labour market status. Specifically, we used the two ad hoc modules on migrant labour market outcomes that were collected in 2008 and 2014, which contain additional questions on migrants' experience in the host country and allowed us to identify forced migrants. For the second part of the project, we combined the EULFS data with original information on employment bans for asylum seekers across European countries that we specifically collected for this project.

Our main findings:

- Immigrants show a weaker labour market performance than host country nationals: the smallest gaps are observed for EU-immigrants and the largest ones for refugees.
- Refugees display a considerable gap in employment (and other labour market outcomes) relative to immigrants with similar individual characteristics.
- The "refugee gap" with respect to immigrants is persistent over time, approaching zero only after 10-15 years of residence in the host country.
- Gender dimension: gaps are smaller for women than for men (but their average outcomes are also lower).
- There is substantial heterogeneity in the refugee gap across areas of origin.

- *Dispersal policies* – i.e. the centralized assignment of asylum seekers to specific areas of the host country – contribute to widening the refugee gap.
- Being exposed to an *employment ban* at arrival reduces refugees' employment probability in the medium-run by 15%. Their labour market participation decreases by 13% while there is no effect on unemployment.
- The negative impact on employment primarily comes from reduced participation, suggesting that employment bans may persistently push refugees out of the labour market (and possibly into welfare).
- These effects are persistent over time, fading away only after about 10 years since arrival
- The negative effect of the employment ban we estimate is equivalent to delaying the economic integration of refugees by approximately 4 years.
- The detrimental effect of the bans primarily comes from the presence of the ban itself (extensive margin) rather than from its duration (intensive margin) – suggesting that even short-lived bans may have lasting consequences on labour market integration.

Theme 3. Refugees and Political Outcomes in Hosting Societies.

How refugees are perceived by the citizens of receiving countries has direct and important consequences for the type of asylum policies that will be put in place and, ultimately, for their socio-economic integration and overall welfare. It is theoretically unclear whether the average attitudes towards refugees should resemble those towards migrants. If predominantly perceived as a fiscal burden by hosting populations, refugees can potentially trigger more hostility than economic migrants. Nevertheless, refugees can also attract more solidarity than other groups of immigrants and voters may reward politicians who actively welcome them. Our work on this theme has focused on the UK setting, where a dispersal policy of arrived asylum seekers has been in place since 2000. Using data on asylum seekers provided by the UK Home Office together with data on electoral results in the UK, we investigate two parallel but distinct empirical questions: 1) the impact of the allocation of asylum seekers on voting behaviour in local areas; 2) the existence of political considerations in deciding that allocation.

Our main findings:

- We find evidence that strategic political considerations – such as the alignment of the local government with the central one or the voting behaviour of residents in local elections – influence the allocation of asylum seekers.
- Citizens react to the allocation of asylum seekers by changing their voting behaviour and punishing the political party currently in power.

Conclusions

Our research project has investigated three distinct but intertwined areas of the current debate on migration and asylum in Europe: i) border enforcement; ii) labour market integration of refugees; and iii) political consequences of refugee migration in hosting societies. The body of evidence we have built over these two years opens up important policy questions. In particular, our findings typically highlight the trade-offs involved by alternative policy choices and stress the importance of taking into account medium- and long-run consequences (including unexpected ones) when making policy decisions.

For instance, imposing employment bans on asylum seekers is often seen by policy-makers as a potential way of reducing future inflows. Our research questions that assumption and points instead to the existence of a sizeable and persistent detrimental effect on the labour market integration of refugees. In a country such as the UK – where asylum seekers have to wait for twelve months before being entitled to apply for permission to work – this effect cannot be further overlooked.

We believe that the studies and findings we summarize in this report head in the right direction of providing policy-makers with solid empirical evidence that should inform the difficult decisions they need to make. However, much more needs to be done. The final challenging objective is then to translate good research into good policies, i.e. to design interventions that can finally – and significantly – improve the welfare of the subjects we study: the refugees themselves.

1 Introduction

Recent years have witnessed a **sudden increase in the size of refugee migration worldwide and in Europe**. The fact that the vast majority of asylum seekers have to physically reach a EU country to file an asylum application has meant that such a surge has been coupled with a **similarly sustained increase of irregular migration at the European borders**. These flows reached an unprecedented peak in 2015 – the year of the so called “European refugee crisis” – and they triggered a variety of uncoordinated policy reactions across European countries: from increased securitization of the borders, to the design of refugee relocation schemes across EU countries, to changes in national asylum systems. Additionally, the increased saliency of migration as a policy issue has had, and is still having, political and electoral consequences across several EU countries.

This report presents the main findings of a two-year research project on “**Asylum Policies and the Refugee Crisis in Europe**”, funded by a grant of the Nuffield Foundation. Using multiple data sets from across Europe this projects investigates three specific aspects of the interplay between asylum policies and refugees’ outcomes:

1. The influence of border control policies on the composition, size and direction of migrant and refugee flows, and the impact on migration-related hazards during migrants’ journeys (Theme 1).
2. The impact of different asylum and refugee policies on refugees’ socio-economic integration in the host countries (Theme 2).
3. The feedback into policy-making through the effect of refugee flows on host country nationals’ voting behaviour (Theme 3).

The project assesses the effectiveness of asylum policies in reaching their stated objectives, but also examines other unintended, but potentially relevant, longer term consequences. The combined findings provide timely policy-relevant evidence on the role of asylum policies.

The research project has led to the production of the following **five research papers**:

1. Theme 1: Border Enforcement in Europe and Migration Flows
 - 1.1. *Border Policies and Unauthorized Flows: Evidence from the Refugee Crisis in Europe* (authors: F. Fasani and T. Frattini)
 - 1.2. *Gunboat Asylum Policy - Migration-Related Incidents and Naval Operations in the Central Mediterranean Sea* (authors: F. Fasani and R. Weisser).
2. Theme 2: Refugee Integration in the Labour Market

- 2.1. *(The Struggle for) Refugee Integration into the Labour Market: Evidence from Europe* (authors: F. Fasani, T. Frattini and L. Minale)
- 2.2. *Lift the Ban? Labour Market Restrictions and Refugees' Employment in Europe* (authors: F. Fasani, T. Frattini and L. Minale)
3. Theme 3: Refugees and Political Outcomes
 - 3.1. *The Politics of Asylum Seeker Allocation? Evidence from the UK* (authors: F. Fasani and E. Pasini)

Preliminary findings from our research project were presented during a two-day academic conference on forced displacement that we organized at Queen Mary University London on the 18th and 19th of March, 2019. During the event, approximately forty economists and political scientists presented and discussed their work on refugee migration and asylum policies. The conference ended with a policy panel discussion with Marta Foresti (ODI - Director of Human Mobility Initiative; Visiting Senior Fellow, LSE-IGA), Rossella Pagliuchior, (UNHCR - Representative to the United Kingdom), Imogen Sudbury (International Rescue Committee - Director of Policy & Advocacy), Jackie Wahba, (Professor - University of Southampton; Member of Migration Advisory Committee) and Maurice Wren (Refugee Council - Chief Executive). See Appendix section 8.1 for the full programme of the conference.

In this report, we present a non-technical overview of the content of each project, of its main results and policy implications. We keep the discussion of technical aspects to a minimum, providing more details on the empirical strategies adopted in an appendix.

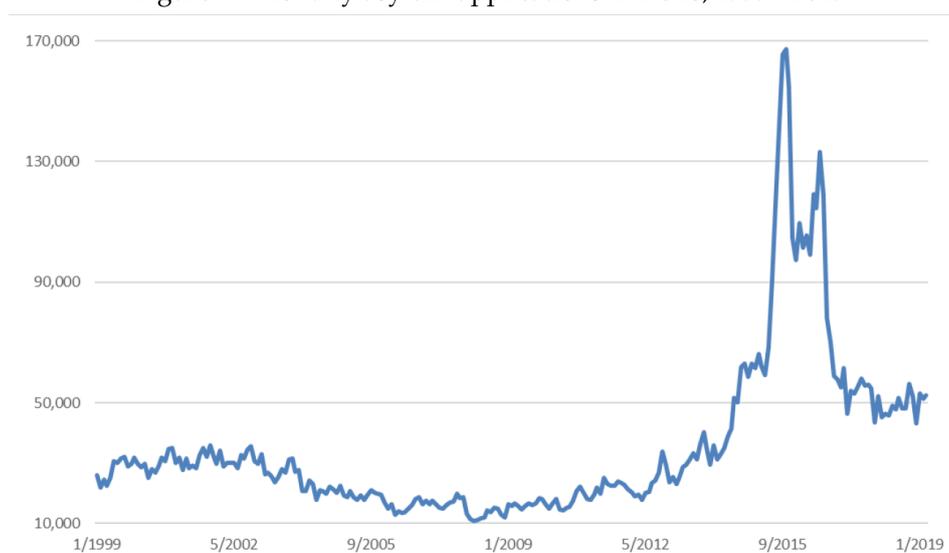
This report is organised as follows: In section 2, we first present stylised facts regarding asylum-seekers and asylum related policies in the European Union. In section 3 to 5, we describe, for each of our three themes, our respective research agenda, introduce the analytical setting and highlight our main findings. Our overall conclusions, drawing upon all project parts, are synthesised in section 6.

2 Background: The Refugee Crisis in Europe

The **global population of forcibly displaced people** has grown substantially in the last ten years, reaching a record high in 2018 with **70.8 million individuals**, up from 43.3 million in 2009 (UNHCR, 2019). This population of concern for UNHCR comprises 41.3 internally displaced people, 25.9 million refugees and 3.5 million asylum seekers.

Although its figures are relatively small when compared to these global trends, **Europe has recently experienced a major “refugee crisis”**. The total **number of individuals with recognized refugee status** who reside in the European Union **increased from 1.1 million in 2014 to almost 2.3 million in 2017**. As Figure 1 shows, whereas between 2009 and 2013 EU countries received on average less than 23 thousand asylum applications per month, this number has more than tripled to 71 thousand between 2014 and 2018. All in all, **over the last ten years, 5.5 million asylum applications were filed in the EU28**.

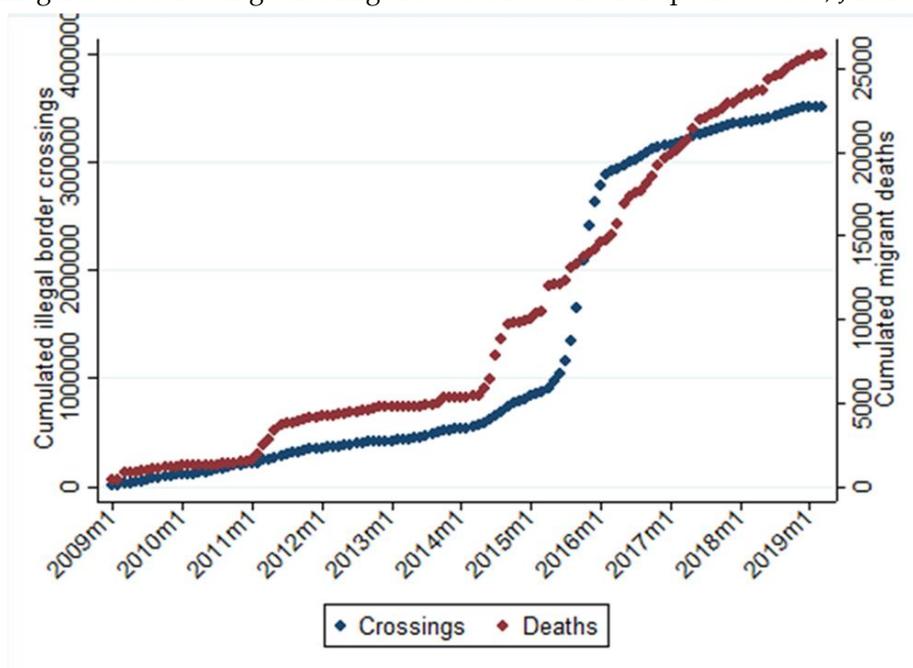
Figure 1 - Monthly asylum applications in EU28, 1999 - 2019



Notes: Own representation, based on UNHCR data.

At the same time, between 2009 and 2019, Frontex (the European Border and Coast Guard Agency) detected 3.5 million undocumented migration attempts, and the IOM Missing Migrants Project recorded 25.7 thousand migrant deaths at external EU borders (Figure 2).

Figure 2 - Illegal border crossings and migrants' deaths at the European borders, Jan 2009 - Feb 2019

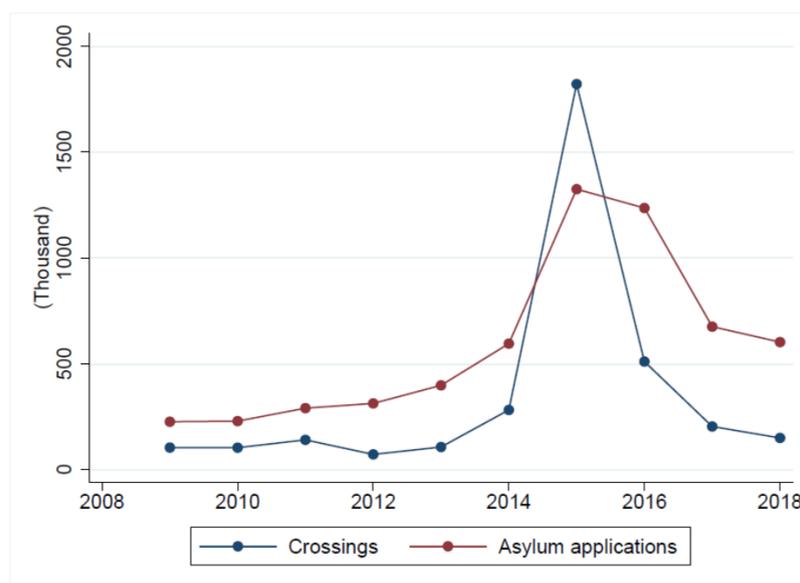


Notes: Illegal border crossings (left axis) are based on Frontex data. Migrant deaths (right axis) are obtained from the IOM's Missing Migrants Project.

As clearly shown by Figure 3 - which reports first time asylum applications and illegal crossings in the European Union between 2009 and 2018 - **undocumented migration flows into Europe are tightly linked to asylum applications**. The two lines move together over the years and are also quite similar in magnitude, with the number of applications being systematically above the number of detected crossing (but for year 2015, at the very peak of the refugee crisis).

These similarities in the time series of undocumented flows and asylum applications strongly suggest that the two phenomena - undocumented migration and refugee migration - are deeply intertwined in the European context. This happens for at least two main reasons. First, since direct re-settlement of refugees from source areas is very limited in EU countries, the vast majority of asylum seekers must physically arrive in the territory of the host country in order to claim refugee status. This implies that asylum seekers generally arrive to Europe as undocumented migrants, and the flows of asylum seekers and undocumented economic migrants into Europe are therefore mixed. Second, since many EU countries have virtually no legal channels of entry for non-European economic migrants, many potential migrants file an asylum application upon arrival in the EU, even if they are not entitled to refugee status.

Figure 3 - First time asylum applications and illegal crossings in the EU (2009-2018)



Notes: Reported numbers are in thousands. Illegal border crossings are based on Frontex data. Asylum applications are retrieved from UNHCR.

This is evident when looking at the list of top 15 countries of origin of undocumented migrants arriving in Europe between 2009 and 2018 (Table 1), which includes countries torn by conflicts and oppressed by non-democratic governments, such as Syria, Afghanistan, Iraq, Eritrea and Somalia, as well as other relatively more stable countries such as Albania, Tunisia, Algeria and Morocco.

Table 1 - Top 15 countries of origin, 2009-2018

Syria	1,022,810
Afghanistan	711,708
Iraq	211,520
Pakistan	160,384
Albania	131,809
Eritrea	129,807
Nigeria	110,050
Somalia	71,182
Kosovo	70,062
Bangladesh	65,446
Morocco	61,275
Algeria	56,978
Tunisia	52,324
State of Palestine	49,328
Mali	48,860
Total	2,953,543

3 Border Enforcement in Europe and Unauthorized Migration Flows (Theme 1)

3.1 Introduction and Related Literature

The increase in the number of undocumented migration attempts at the EU borders, coupled with the apparent lack of adequate responses of European authorities and the increasing attention on the security-related aspects of migration policy, has driven **border enforcement policies at the centre of the European migration discourse**. A similar debate is also present in the US policy discourse, with an ongoing (and heated) discussion on the opportunity of expanding the wall at the frontier with Mexico. Border enforcement is an **area of public policy that absorbs vast financial resources**: according to an estimate of the Overseas Development Institute (ODI), EUR 17 billion were spent in Europe on enforcement policies between 2014-2016 (Cosgrave et al., 2016). Yet, to which extent are tougher border policies effective in stemming unauthorized inflows of immigrants?

Despite its policy relevance, **very little research has been conducted to assess the effectiveness of border enforcement policies and to understand all their potential effects**. Some papers have analysed the determinants of illegal border crossings at the US and Mexico border, and the consequences of different border enforcement policies on their size, geographical distribution and riskiness. Most of these studies (recently summarised by Orrenius, 2014) provide evidence that the deterrence effect of the dramatic increase in border controls between Mexico and the United States appears to be small. Donato et al. (1992), Kossoudji (1992), Espenshade (1994), Massey and Singer (1995), as well as Hanson and Spilimbergo (1999) all find little evidence of deterrence. More recently, Allen et al. (2019) estimate a significant but small deterrence effect of building a wall along the US-Mexico border. The behavioural response of unauthorized migrants may explain this apparent lack of effectiveness. Deciding not to migrate, or opting for an alternative destination, are just two of the possible reactions that stricter controls can generate. Unauthorized migrants can also decide to invest more to pay for smugglers and/or for better smugglers. In addition, they can change their crossing points, choosing areas, methods and routes where patrolling is more difficult or more costly for police forces in destination countries (Gathman, 2008; Bohn and Pugatch, 2015). Almost no evidence is available for other geographical contexts. Partial exceptions are Carling (2007), who analyses the effect of migration control on fatalities at the Spanish-African border, and Friebel et al. (2018) who show that the sudden opening of the

Central Mediterranean migration route, following the fall of Gaddafi's regime in 2011, resulted in the immediate expansion of the global smuggling network.

As we explain in the following section, our research aims at providing a first set of rigorous empirical evidence on the effects of border enforcement policies in the European context.

3.2 Our Research

We contribute to this scarce literature by producing the first comprehensive analysis of the effects of border enforcement policies at the external EU borders on the size and composition of flows of undocumented migrants and refugees (section 3.2.1). Further, we focus on the Central Mediterranean Sea and study the impact of naval Search and Rescue operation on migrants' perilous journeys (section 3.2.2).

3.2.1 Border Enforcement and Flows of Asylum Seekers and Undocumented Immigrants¹

3.2.1.1 Empirical Question, Data and Methodology

Empirical Question

In this part of the project, we focus on the effect of border enforcement policies on the size, direction and composition of undocumented migration flows at the external EU borders. Specifically, we investigate whether more Frontex-coordinated enforcement operations on a migratory route lead to a change in the number of migrants using that route to cross the European borders. Further, we study whether these effects differ on land and sea routes and whether individuals coming from war-torn countries react differently compared to citizens of countries that are not experiencing a major conflict. Finally, in order to better understand the determinants of border enforcement efforts on a specific route, we analyse the political economy determinants of border enforcement.

After discussing deterrence effects, we focus on a potential diversion of flows. Closing the borders in one area/country will probably deter some potential migrants from attempting an illegal entry but may also deflect flows toward neighbouring areas and countries. From the point of view of a single destination country, diversion of flows towards alternative destinations may be equally desirable as tout-court deterrence of new inflows. From the point of view of an international institution such as the European Union, however, diversion of flows from one member country to the other is not a desirable outcome. The negative

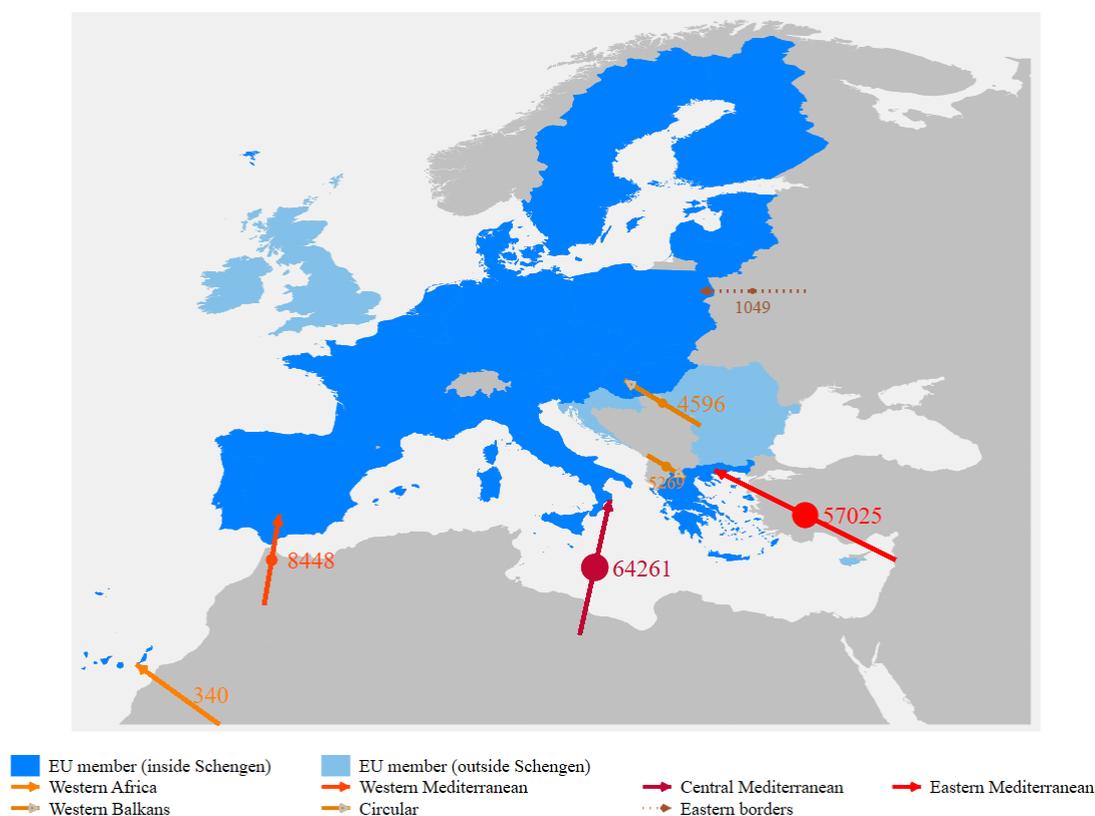
¹ This section is based on the research paper "Border policies and unauthorized flows: Evidence from the refugee crisis in Europe", authored by Francesco Fasani and Tommaso Frattini.

externality produced by diversion can potentially trigger a race to-the bottom in the generosity of asylum policies and an arms race in border enforcement. We investigate this issue by focusing on the EU-Turkey deal of March 2016 and studying the direct impact on the Eastern Mediterranean route as well as potential diversion effects on the Central Mediterranean route.²

Data

The analysis is based on quarterly aggregate data on illegal border crossings by entry route and country of origin, for each quarter since Q1 2009 until Q4 2015.

Figure 4 - Map of routes of entry into Europe (crossings in year 2011)



Notes: Own representation, based on Frontex data. For the Eastern and Western Mediterranean routes, both sea and land crossings are aggregated. In case of the former, land crossings refer to detections at the Spanish enclaves in Northern Africa; for the latter, they indicate detections at the land border between Turkey and Greece.

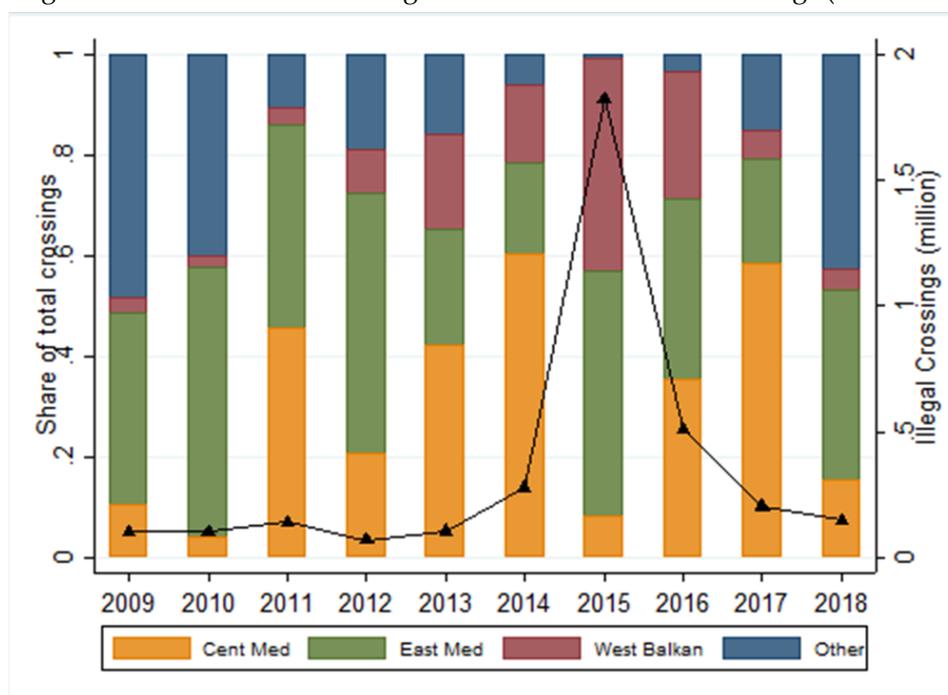
Illegal crossings are defined by Frontex as “the number of third-country nationals detected by Member State authorities when entering or attempting to enter illegally the territory between border crossing points at external borders”. The dataset distinguishes between the following

² On 18 March 2016, following months of intense migratory pressure on the Eastern Mediterranean route, the European Union and Turkey adopted the EU-Turkey Statement, commonly referred to as the “EU-Turkey deal”, designed with the purpose of deterring asylum seekers and other migrants from arriving to Europe. See: <https://www.consilium.europa.eu/en/press/press-releases/2016/03/18/eu-turkey-statement/>.

nine undocumented migration routes: Central Mediterranean, Circular (Albania to Greece), Eastern Borders, Eastern Mediterranean (sea and land), Western African, Western Mediterranean (sea and land), Western Balkan (see Figure 4 and Appendix Table A. 1).

Over the period we study, we observe substantial variation in both the size of flows and the main routes of entry into the European Union. The continuous black line in Figure 5 reports the total number of recorded crossings between 2009 and 2018, showing a sudden and large increase corresponding to the peak of the refugee crisis in year 2015 (see section 2). In addition, Figure 5 displays the share of crossings recorded on the Central Mediterranean (orange bars), East Mediterranean (green bars), Western Balkan route (red bars) and all other routes (blue bars). In most years, these three routes accounted for more than 80% of the total crossings, although we can observe large yearly fluctuations in the relative importance of each route. The observed changes in the share of crossings recorded on different routes responds to variation in the main countries of origin of migrants, as well as in the conditions in transit countries, and, possibly, in the amount of border enforcement deployed at the European borders.

Figure 5 - Distribution of crossings across routes and total crossings (2009-2018)



Notes: Illustration based on Frontex data. The black line indicates the yearly overall number of detected illegal border crossings (right axis). Relative importance, i.e. the share of major routes of entry (left axis) is depicted in the bar graphs.

We merge the data on border crossings with a dataset reporting all joint border enforcement operations approved and implemented by Frontex between January 2009 and December 2015. For each operation, we collected information on duration, budget, participating countries, and

route on which it is implemented. Using this information, we construct alternative indicators of enforcement that measure the EU border control effort along each route and at each point in time (number of active operations, total budget spent for operations, and total number of days of active operations).

After merging data on crossings with data on enforcement, we obtain a quarterly longitudinal dataset (by route of entry and country or origin) that we use to develop our empirical analysis.

Methodology

In our empirical strategy, we regress the number of quarterly route- and nationality-specific border crossings on the amount of border enforcement effort deployed on the same route-quarter. We include dyadic (origin country – route) fixed effects to capture any time invariant preference of migrants from a country for a specific route (due e.g. to geographical distance, colonial past, language similarity, etc.). We capture overall time trends and seasonality in flows through year and quarter dummies. Additionally, source- and route specific year fixed effects account for most country-specific push factors or route-specific pull factors apart from border enforcement that may affect migration.

Our estimation of the impact of enforcement on crossings is complicated by the fact that enforcement decisions are endogenously taken by border authorities in response to expected flows of migrants. In other words, we would expect that routes where authorities expect more migratory pressure will also receive more border enforcement resources. This fact leads to a positive correlation between border enforcement and undocumented crossings (i.e. more crossings associated with more enforcement) which cannot be interpreted as evidence of a causal link and, actually, makes it harder to observe any deterrence effects of enforcements on crossings (i.e. fewer crossings associated with more enforcement). In order to correct for this positive bias, we rely on variation in border enforcement across routes that is not correlated with expected crossings, using an *instrumental variable strategy* (see Appendix section 8.3). One such source of variation is provided by the political determinants of border enforcement. Specifically, we show that enforcement is increased on routes that are closer to countries that currently hold the EU presidency and/or have upcoming national elections. In fact, countries that hold the EU presidency may be better able to influence Frontex enforcement decision processes in their own favour, shifting resources towards routes that are more relevant for them. At the same time, it may be in the interest of the European Union to avoid that a “refugee/migrant shock” (i.e. a sudden increase in arrivals) hits a EU member country while it has an incoming national election, since that may fuel votes for euro-sceptic populist parties. Since both the EU presidency rotation mechanisms and the date of national elections are pre-determined, they are independent from contemporary migratory pressure. After showing

evidence of political cycles in enforcement, we rely on this variation to recover causal estimates of the elasticity of undocumented crossings to border controls.

In order to investigate the extend of potential diversion effects, we then study the effects of the “EU-Turkey deal” on illegal crossings on both the East Mediterranean route (which was the main target of this deal) and the Central Mediterranean route. The latter route is the closest alternative to the former and, therefore, is the route on which we may be able to observe evidence of increased crossings due to diversion.

3.2.1.2 Main Findings

i. Evidence of political cycle in the enforcement at the external EU borders.

We find that the intensity of enforcement operations is influenced by political factors at both the EU and the national level. In particular, we show that enforcement increases on routes that are closer to countries currently holding the EU presidency or with upcoming national elections.

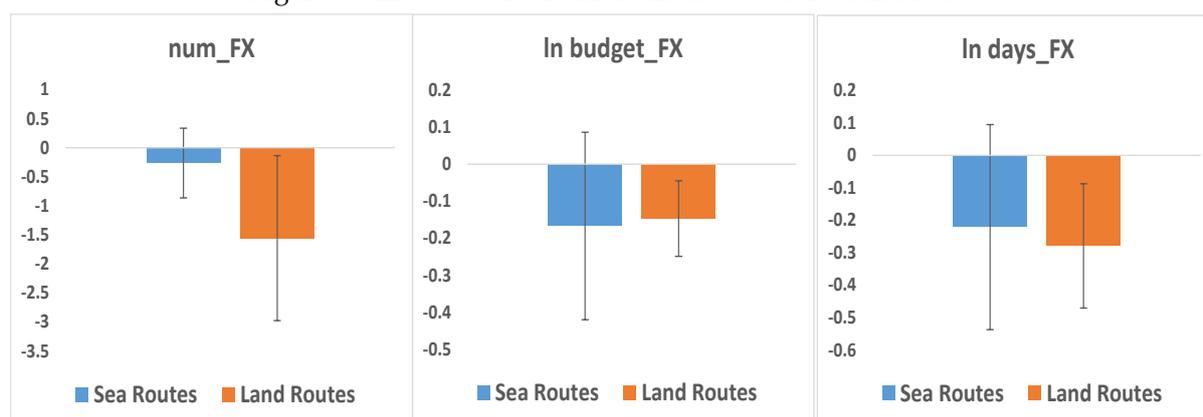
ii. Enforcement leads to a reduction in illegal crossings on the same route.

The effect of enforcement on crossings is sizeable, although not large. According to our estimates, doubling the yearly enforcement effort that was implemented between 2009 and 2015, would have led to a reduction in illegal crossings by 15-30 percent (with respect to their mean).

iii. When distinguishing land and sea routes, we find clear evidence of “deterrence effects” on the former while we can rule out any “attraction effects” on the latter ones.

Figure 6 reports our estimates of the impact of enforcement on sea (blue bars) and land routes (orange bars). We measure enforcement using three alternative indicators: number of active operations (num_FX), (log of) total budget spent ($\ln budget_FX$) and (log of) number of days of active operations ($\ln days_FX$). All bars are negative, thus suggesting that higher enforcement on one route leads to a reduced number of crossings (for both land and sea routes).

Figure 6 - Effect of border enforcement on sea and land routes



Notes: The graph reports estimation results for three alternative measures of border enforcement in an instrumental variable (IV) estimation, controlling for general confounding route-specific effects. We also report 90 percent confidence intervals based on clustered standard errors.

As the reported confidence intervals show, the effect is statistically significant for land routes while it is imprecisely estimated on sea routes. Based on these results, we can conclude that border controls deter crossings on land routes. As far as sea routes are concerned, our results allow us to rule out any “attraction effect” (i.e. more sea operations leading to more crossings), although we cannot conclusively establish whether sea operations produce a deterrence effect or no effect at all.

- iv. Citizens coming from countries that are experiencing major conflict, violence and terror are less responsive than other migrants to changes in enforcement.

We find that refugees (defined as immigrants coming from countries in conflict) reduce less their attempts to illegally cross the external EU borders in response to an increase in enforcement than economic migrants (defined as immigrants coming from countries that are not experiencing major violence). This finding suggests that increased enforcement fails to discourage individuals who have an extreme push factor justifying their migration decisions.

- v. Much of the effect of border enforcement could be due to “diversion” rather than “deterrence” of migration flows.

We observe a substantial increase in crossings through the Central Mediterranean route in the six months following the “EU-Turkey deal” of March 2016, which closed the Eastern Mediterranean route. This finding suggests the presence of a sizeable *diversion effect* (i.e. migrants choose alternative entry routes in response to stronger border controls), even in the very short run.

3.2.2 Naval Operations and Migration-related Incidents in the Central Mediterranean Sea³

3.2.2.1 Empirical Question, Data and Methodology

Empirical Question

In this second project, we assess the effects of border enforcement operations on the welfare of refugees. More specifically, we investigate to which extent enforcement policies at sea borders (i.e. naval operations) contributed to changing patterns of migration-related incidents (and risk of death) in the central Mediterranean over the years 2012 to 2017. During this period, a number of naval operations has been implemented in the Mediterranean Sea, some of these interventions were coordinated at the EU level while others were led by the initiative of individual member countries. Typically, these operations varied in their operational objectives, area and number of deployed military or patrol vessels. Although these operations were often relatively resource intensive and frequently debated in politics and the media (e.g. House of Lords, 2016), there has not yet been a rigorous empirical evaluation of their effectiveness.

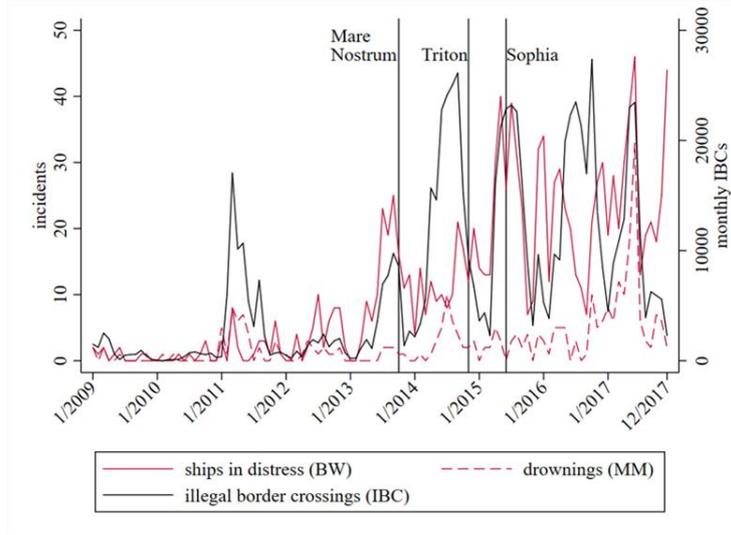
Furthermore, we examine how additional external policies (targeting main countries of departure: Turkey and Libya) together with ongoing conflicts in transit countries influence migration flows and hazards to migrants during their journey. This interrelation of border-related or external policies and incidents of migrants at risk is examined in a spatial analysis.

Data

Our analysis is based on monthly data, covering the years 2012 to 2017. We draw upon two alternative main data sources to investigate the dynamics of migration-related incidents: 1) the number of dead or missing migrants (MM) originating from the IOM's Missing Migrants Project (IOM, 2018); 2) the number of migrant ships in distress (National Geospatial-Intelligence Agency, 2018). The time series of these two variables for the period 2009-2017 – together with the number of illegal crossing recorded on the Central Mediterranean route – are plotted in Figure 7. The records of both ships in distress and missing migrants are geo-located, allowing us to map all incidents, as illustrated in Figure 8.

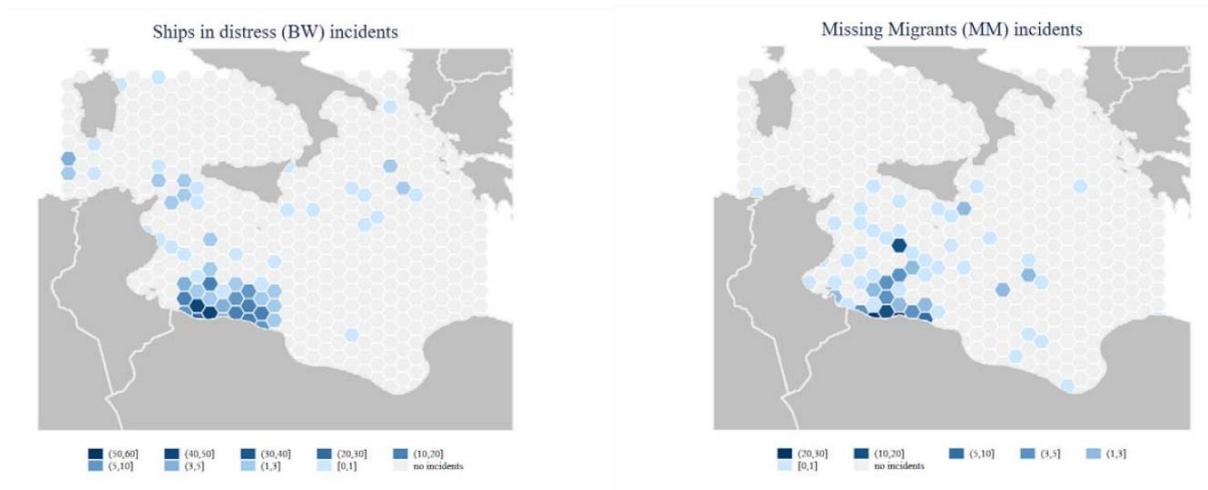
³ This section is based on the paper “*Gunboat Asylum Policy - Migration-Related Incidents and Naval Operations in the Central Mediterranean Sea*”, authored by Francesco Fasani and Reinhard Weisser.

Figure 7 - Migration-related incidents in the central Mediterranean



Notes: Monthly incidents of missing migrants (MM) and ship in distress broadcast warnings (BW) refer to the left axis. Illegal border crossings (IBC; Frontex, 2018) refer to the right axis. The vertical lines indicate the start month of three major naval operations in the central Mediterranean.

Figure 8 – Distribution of migrant ships in distress (BW) and missing migrants (MM) incidents in 2017



Note: Illustrations depict yearly and cell-specific incident aggregates, based on a 0.5 degree of hexagonal grid cells.

We link the monthly geo-referenced incident data with information on the timing and extension of naval operations (Aeneas, Hermes, Mare Nostrum, etc.) that we collected from a variety of officially released and leaked documents. In addition, we include the information on other external policies, such as the EU-Turkey deal and the capacity building (training) of the Libyan coast guard. Finally, we gather and organize records from a number of additional data sources: oceanographic conditions (ECMWF 2018), ACLED data on conflict (Raleigh et al. 2010), and IOM records on internally displaced people, etc.

Methodology

Our empirical analysis draws upon the variation of operations over time and space to explain changing migration-related incident likelihoods in a specific area of the Mediterranean Sea. After dividing the Central Mediterranean Sea in a large set of small hexagonal areas, we constructed a balanced panel of cell-month-specific incident likelihoods and operational activity patterns (see Figure 8). We estimate the effect of naval operations on the likelihood of observing an incident in any given cell, controlling for a vast set of fixed effects (that will take into account any potentially unobserved confounding factors on the cell and month level) and for local sea conditions. Moreover, we isolate the effect of naval operations from location-specific effects of additional intervening policies, such as the EU training mission for the Libyan coast guard or the EU-Turkey deal. This is important since the effectiveness of naval operations in areas close to Libyan territorial waters or the coastline might be affected by how these intervening policies shift migration trajectories.

3.2.2.2 Main Findings (preliminary)

- i. The risk of a migration-related accident in the Central Mediterranean is reduced by some naval operations (but not all).

For operations Mare Nostrum and Triton, we observe a reduction in the monthly number of boats in distress in a cell if the operation was active in that cell and month. In particular, we document a 0.58 percentage point decline of the incident likelihood for operation Triton. For operation Mare Nostrum the effect is twice this size, however, the effect declines over time and vanishes after about 8 months.

Turning to missing migrant incidents, we estimate a significant effect only for Mare Nostrum operation, which suggests that this operation was effective in reducing migrants' risk of death. We do not find significant effects of the other operations we consider. These findings are compatible with the fact that, compared to other operations, Mare Nostrum placed a more distinct emphasis on search and rescue activities rather than on protecting territorial waters.⁴

- ii. Higher political instability in Libya is associated with increased migration-related accidents in the Central Mediterranean.

With respect to the central Mediterranean route, Libya is by far the most important country of departure. During 2012 to 2017, the institutional setting in Libya has been in constant, often

⁴ Indeed, the Mare Nostrum operation was launched by the Italian government after a dramatic shipwreck off the Italian island of Lampedusa took place on the 3rd of October 2013 and led to the death of at least 360 migrants. The explicit aim of the operation was to prevent similar tragedies from occurring again.

dramatic evolution, experiencing political fractionalisation and changing territorial control by different governments and armed groups. All these events can potentially impact on migration streams originating from the Libyan coast. We find indeed evidence that this sort of political upheaval is associated to an increased hazard to migrants. Migrant ships in distress incident likelihood is diminished by around 1-4 percentage points in territorial waters during times when Libya has a stable, respectively undisputed central government.⁵ The incident likelihood in coastal sectors which are disputed amongst several factions, however, is notably higher (5-6 percentage points). These general patterns are replicated in case of missing migrant incidents.

iii. Inland violence leads to more casualties at sea.

Migrants' exposure to conflict and violence while travelling towards their departure point in Northern Africa might constitute an important push factor. Using geo-referenced data on incidences of conflict in the hinterlands of departure countries, we observe a higher probability of incidents and casualties in those areas in the Mediterranean which are closer to regions experiencing more conflict. The reaction is stronger in case of violence against civilians. These findings suggest that violence in transit countries - although not being responsible for the initial migration of the subjects affected - may well determine the decision to take the final step of their migrant journey, namely the dangerous crossing of the Central Mediterranean Sea. If migrants make this last move to escape violence, we can expect them to be forced to pay even higher prices and to accept even riskier conditions (e.g. worse meteorological conditions and/or less reliable boats), increasing their chances of dying in the attempt.

⁵ Typically, the effect of the institutional setting is estimated as a differential effect between coastal / territorial waters and off-shore areas.

4 Refugee Integration in European Labour Markets (Theme 2)

4.1 Introduction and Related Literature

The sudden and unprecedented increase in asylum seekers entering Europe in the last few years (see section 2) brought **concerns about the successful integration of refugees** to the very centre of the current economic and policy debate.

Starting with the seminal contributions by Chiswick (1978) and Borjas (1985), a large economic literature has analysed the socio-economic integration of immigrants in several host countries (see OECD/European Union (2015) for a recent overview). The impact of refugees on labour market in host societies has also been widely studied (e.g. Card, 1990; Hunt, 1992; Friedberg, 2001; Angrist and Kugler, 2003; Peri and Yasenov, 2019; Borjas and Monras, 2017; Clemens and Hunt, 2017). Despite its policy relevance, however, the **existing evidence on refugee integration is still relatively limited**. Issues of access to data, sample size, and lack of information on asylum seeker/refugee status can partially explain why this literature has only partially developed. Existing studies from both North America and selected European countries (see, among others: Cortes 2004; Bevelander and Pendakur 2014; Bratsberg et al. 2014; Dustmann et al. 2017, Ruiz and Vargas-Silva, 2017; Sarvimäki, 2017; Dagnelie et al., 2019) typically find a **large initial labour market disadvantage for refugees** (relative to both migrants and host country nationals), albeit one that tends to shrink over time.

Many factors can contribute to generating this refugee gap in socio-economic integration. These difficulties can be partially explained by refugees having lived through traumatizing events (with persistent repercussion on their health and mental health) and with the fact that their migration was typically neither wanted nor planned (often leading, for instance, to scarce, or even zero, knowledge of the native language in the host country on arrival). Beyond factors that are intrinsic to the (dramatic) refugee experience, there are variables that can be controlled by hosting governments. **Asylum policies**, for instance, **probably play a major role in shaping future integration paths of asylum seekers**. Unfortunately, we still do not know enough about how refugees' outcomes react to the implementation of alternative asylum policies. Only a handful of papers have directly studied the impact of asylum-related policies on refugee integration, focusing in particular on dispersal policies (Edin et al., 2003; Damm, 2009), waiting times for the refugee status recognition process (Hainmueller et al., 2016; Hvidtfeldt et al., 2018), job search assistance for asylum seekers (Battisti et al., 2018) and employment bans (Marbach et al., 2018).

Hosting countries may have little **incentive to invest in integration** of their refugee population for two reasons. First, they may want not to be perceived as “too generous” with asylum seekers and refugees, a reputation that may lead to larger inflows in the future. Second, countries may aim at hosting refugees for the shortest possible period of time, hoping to persuade them to return to their origin countries as soon as the emergency has ceased. Both targets clearly conflict with an early and substantial investment in refugees’ integration. More generally, governments face important trade-offs when deciding upon their migration and asylum policies, and often they are not necessarily fully aware of them. In particular, whenever they aim at reducing future inflows by making their policies more restrictive and their countries less attractive for prospective immigrants, they also tend to affect existing stocks of immigrants and/or refugees, potentially harming their prospects and speed of integration in the host country. **Better understanding the size and duration of the effects of restrictive policies on future integration outcomes**, may (hopefully) help politicians in making more informed and balanced decisions. In the following sections, we explain how our research may contribute to this policy debate.

4.2 Our Research

Our work on this theme has focused, first, on documenting and quantifying the gaps in employment and other labour market outcomes between refugees and host country nationals or immigrants with similar characteristics in different European countries (see section 4.2.1). We then investigate whether the presence of employment bans for asylum seekers in receiving countries has detrimental and persistent effects on their future labour market integration (see section 4.2.2).

4.2.1 New Evidence on Labour Market Integration of Refugees in European Countries⁶

4.2.1.1 Empirical Question, Data and Methodology

Empirical question

Using the most recent micro-data available for a large set of European countries, we study the labour market integration of refugees in Europe and their relative performance with respect to both host country nationals and other non-refugee migrants with similar individual characteristics.

⁶ This section is based on the research paper “*The Struggle for) Refugee Integration into the Labour Market: Evidence from Europe*”, authored by Francesco Fasani, Tommaso Frattini and Luigi Minale.

Data

Our analysis is based on data from the European Labour Force Survey (EULFS), a large household survey of people aged 15 and over that collects information on individual characteristics and labour market status (see Appendix 8.2). Specifically, we use the two *ad hoc* modules on migrant labour market outcomes that were collected in 2008 and 2014, which contain additional questions on migrants' experience in the host country.

In our sample, we define as immigrants all individuals who are "foreign born". Moreover, a question on the *main reason for migration* (employment, study, international protection or family reunification) allows us to distinguish *refugees* from *other migrants*. In particular, we designate all respondents who selected 'international protection' as *refugees* and all those choosing another reason as (*other*) *migrants*. Combining the questions on country of birth and on reason for migration we can distinguish three main groups of immigrants: i) EU immigrants, ii) non-EU immigrants and iii) refugees.

To measure labour market integration, we focus on four main labour market outcomes. Namely, the probability of being: i) employed, ii) unemployed, iii) actively participating in the labour market and iv) employed in a high skilled occupation.⁷ Following standard definitions of employment, unemployment and participation rates, the probability of being employed (i) and actively participating (iii) are computed for the entire population of workers, while we restrict the sample to active workers (i.e. the so called "labour force") when analysing the probability of being unemployed (ii). Finally, to measure the quality of occupation (through the probability of having a high skilled occupation (iv)), we exclusively consider employed workers. Further, we study two additional outcomes relative to income, namely the probability of being in the lowest and in the highest decile of the income distribution.

Our total sample includes all individuals of working age (25-64) who are not in full-time education or military service and have no missing information on immigrant status, education, age or origin area, for a total of approximately 980 thousand observations distributed over 20 European countries. Migrants represent approximately 12.4 percent of the observations, with EU immigrants accounting for 3.9 percent, non-EU immigrants for about 7.8 percent and refugees for the remaining 0.6 percent. Hence, refugees account for slightly over 5 percent of the overall immigrant population in the EULFS sample. When we restrict our focus exclusively to immigrants from countries that are a source of both refugees and

⁷ Being employed in a skilled occupation is defined as belonging to one of the three major ISCO-08 groups: Group 1: managers; Group 2: professionals; Group 3: technicians and associate professionals.

other immigrants (i.e. we retain non-EU15 immigrants/refugees), we have an estimation sample of almost 70 thousand individuals, 5,236 (7.6 percent) of them refugees.

Native citizens and different migrant groups in our sample show considerable differences in their characteristics. First, 60 percent of the refugees in the sample are men, whereas the gender mix is more balanced among native citizens and other migrants. On the other hand, whereas migrants, regardless of their origin, tend to be younger than native citizens, the age distribution of refugees more closely resembles that of the native population. Refugees are also generally less educated than native citizens and EU migrants, with educational qualifications closer to those of immigrants from outside the EU. Refugees do, however, have on average longer residence spells in host countries than other migrants.

Methodology

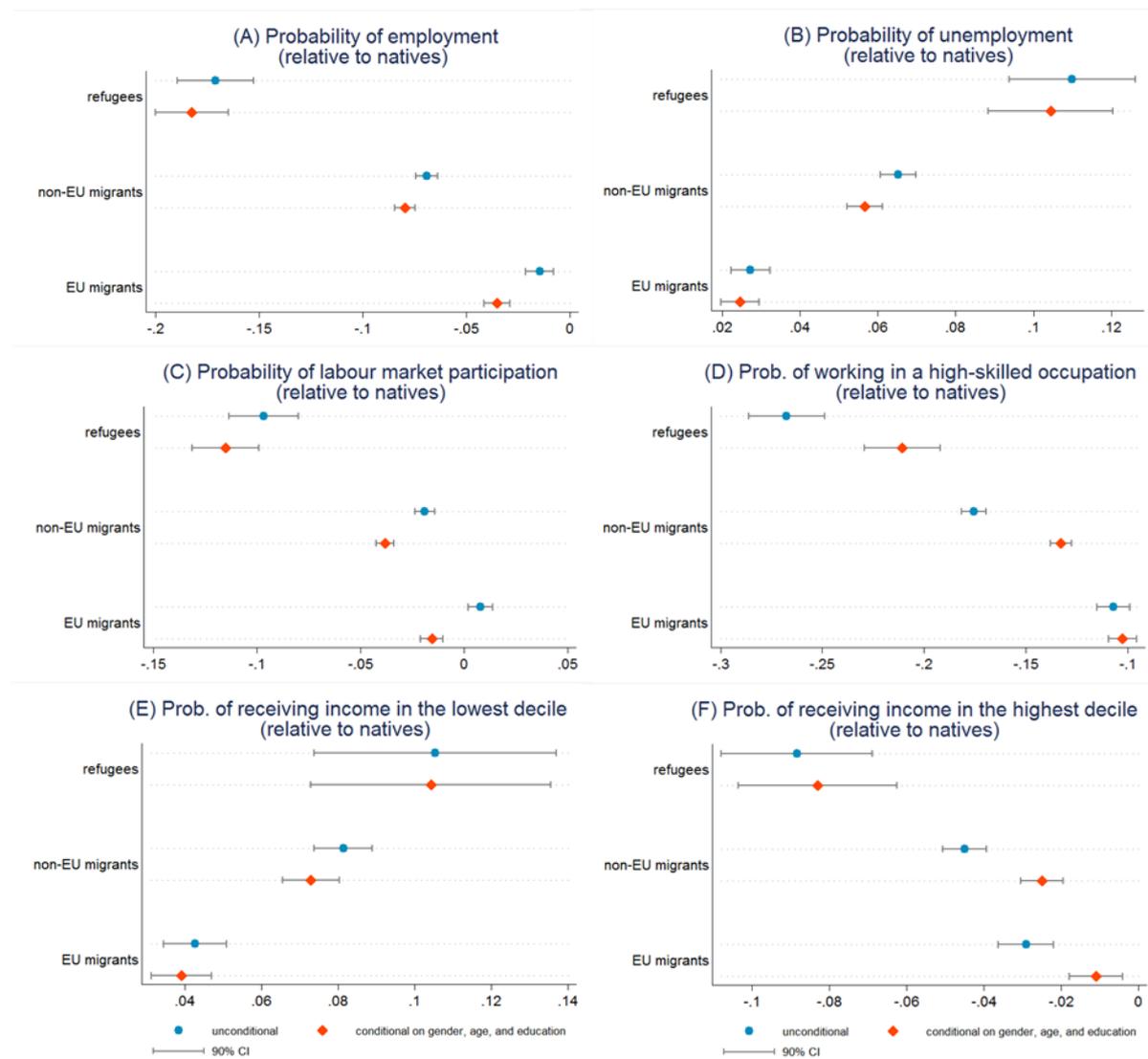
We provide the first comprehensive analysis of the labour market performance of refugees vis-à-vis comparable migrants across different EU countries and over time. In making this comparison, we not only employ very recently released repeated cross-sectional survey data but condition on both observable personal characteristics and unobservable factors (captured by a rich set of fixed effects) common to individuals migrating from the same area, belonging to the same arrival cohort and choosing the same destination country. In particular, the repeated cross-sectional nature of the data allows us to observe different random samples of the same immigrant cohorts at two different points in time, thereby expanding the existing knowledge on refugee integration dynamics. This data feature also enables us to credibly reconstruct refugee assimilation profiles and assess whether they converge to the levels of comparable economic migrants, and if so, after how many years. Finally, we rely on information on the year of arrival in host countries to match each migrant with conditions at entry, such as the economic cycle (e.g. recession indicator) or the asylum policy (e.g. dispersal policy), and study whether these initial conditions had lasting effects on their future economic integration.

4.2.1.2 Main Findings

- i. Immigrants show a weaker labour market performance than host country nationals: the smallest gaps are observed for EU-immigrants and the largest ones for refugees.

As a starting point, we study differentials in labour market outcomes for three groups of immigrants (EU immigrants, non-EU immigrants and refugees) versus comparable groups of native workers.

Figure 9 - Refugee and immigrant gaps relative to host country nationals in labour market outcomes



Notes: The dependent variable is, alternatively, a dummy for whether the individual is employed (A); job hunting versus being in employment (B); employed or job hunting versus being out of the labour force (C); employed in a high skilled occupation versus being employed in other occupations (D); in the bottom decile of the national income distribution (E); or in the top decile of the national income distribution (F). We also report 90 percent confidence intervals based on robust standard errors.

Figure 9 outlines unconditional (blue dots) and conditional (red dots) percentage point differences between host country nationals and each of the three immigrant groups for the following outcomes: employment, unemployment, labour force participation, high skilled occupation and being in the lowest or highest decile of the income distribution. Unconditional estimates are obtained from linear probability regressions that include destination country–observation year interaction dummies. Conditional gaps further control for gender, age and education. The sample comprises individuals aged 25–64 surveyed in 2008 or 2014.

Figure 9 shows that immigrants across Europe tend to have worse labour market performance than host country nationals along all dimensions. The gaps are negative in panels A, C, D and F, implying that migrants are less likely to be employed, to be active in the labour market, to

work in a high skilled occupation and to be in the top part of the income distribution than native citizens with similar characteristics. The positive gaps in panels B and E, instead, suggest that immigrants are more likely to be unemployed and to be in the lower part of the income distribution.

Notably, the size of the gaps varies widely across the three immigrant groups. Gaps are typically small for EU migrants, they widen for non-EU immigrants and become even larger for refugees. As regards unconditional employment probability, for instance, EU migrants are 1.5 percentage points (about 2 percent relative to the native population mean) less likely than native citizens to be employed, whereas the gap increases to 6.9 percentage points (9 percent) for non-EU migrants and to 17.1 percentage points (24 percent) for refugees (see blue dots in Figure 9A). When we condition out intergroup differences in age, gender and education, the gaps with native citizens (red dots) tend to increase because immigrants are on average younger and better educated than host country nationals. This relative increase in the gap is especially sizeable for EU migrants.

The weaker labour market performance of refugees - relative to both other immigrant groups and host country nationals - is confirmed when looking at the other outcomes. Refugees' unconditional and conditional unemployment rates are 11 (157 percent) and 10.4 (148 percent) percentage points higher than those for host country nationals (Figure 9B). Conversely, they have a 9.7 percentage point (12 percent) lower unconditional and 11.5 percentage point (15 percent) lower conditional probability of labour market participation than host country nationals (Figure 9C). Further, refugees' conditional gap in the probability of being employed in a high-skilled occupation is 21 percentage points (almost 50 percent; see Figure 9D). Finally, refugees are also considerably less (more) likely than host country nationals to be in the top (bottom) decile of the national income distribution (Figure 9E and Figure 9F).

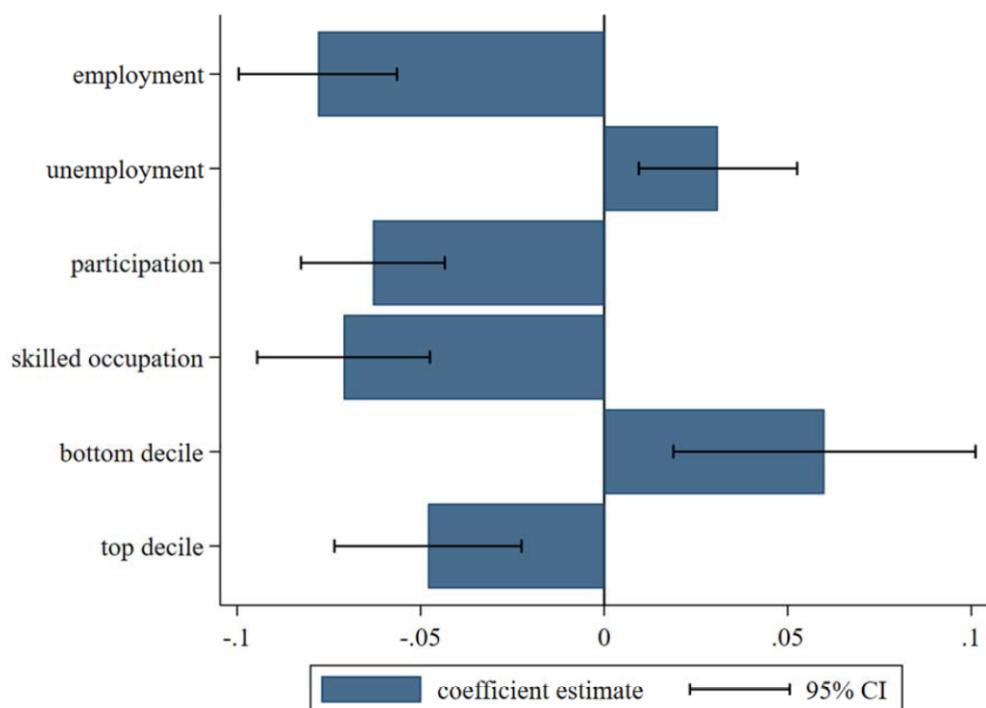
- ii. Refugees display a considerable gap in employment (and other labour market outcomes) relative to immigrants with similar individual characteristics.

Having demonstrated the existence of labour market outcome gaps of immigrants relative to host country nationals, we then analyse gaps of refugees relative to other migrants. The latter might be a more appropriate control group to fully understand the challenges to labour market integration faced by refugees.

We find a large and significant negative labour market gap between refugees and comparable migrants. Indeed, whereas immigrant performance in European labour markets is generally worse than that of native citizens along many dimensions, the outcomes for refugees are consistently worse than those for either EU or non-EU other migrants. Refugees are 8

percentage points (11.6 percent) less likely to have a job and 3 percentage points (22.1 percent) more likely to be unemployed than other migrants with similar characteristics. Moreover, their income, occupational quality and labour market participation are also relatively weaker. Not only does this refugee-immigrant labour market gap not seem motivated by the different observable individual characteristics, but 60–80 percent of the “refugee gap” conditional on age, gender and education remains unexplained even when we control for unobservables using origin area, entry cohort and destination country fixed effects, and the interactions between them.

Figure 10 - Refugee-migrant gaps for different labour market outcomes

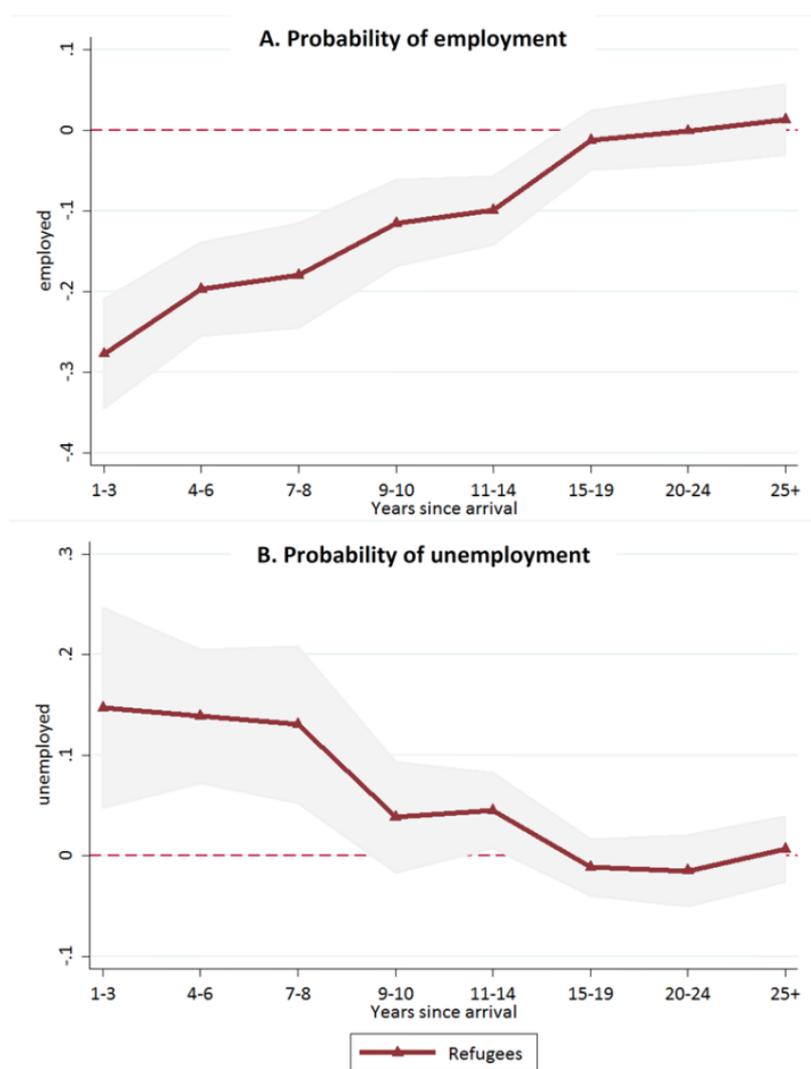


Notes: All coefficient estimates result from specifications that control for gender, age, education, host country*year FE, host country*entry cohort FE and source area*entry cohort FE. Sample size varies between 13,847 (earnings deciles) and 69,128 observations (employment and participation).

- iii. The “refugee gap” with respect to immigrants is persistent over time, approaching zero only after 10-15 years of residence in the host country.

The refugee gap is also relatively persistent over time. Figure 11 shows that upon arrival in the host country, the employment probability gap is minus 30 percentage points, with a corresponding unemployment gap of 15 percentage points. Although this gap becomes progressively narrower with years of residence in the host country, the difference approaches zero only after 15 years for employment (panel A) and 10 years for unemployment (panel B).

Figure 11 - Refugee-immigrant employment and unemployment gaps over time



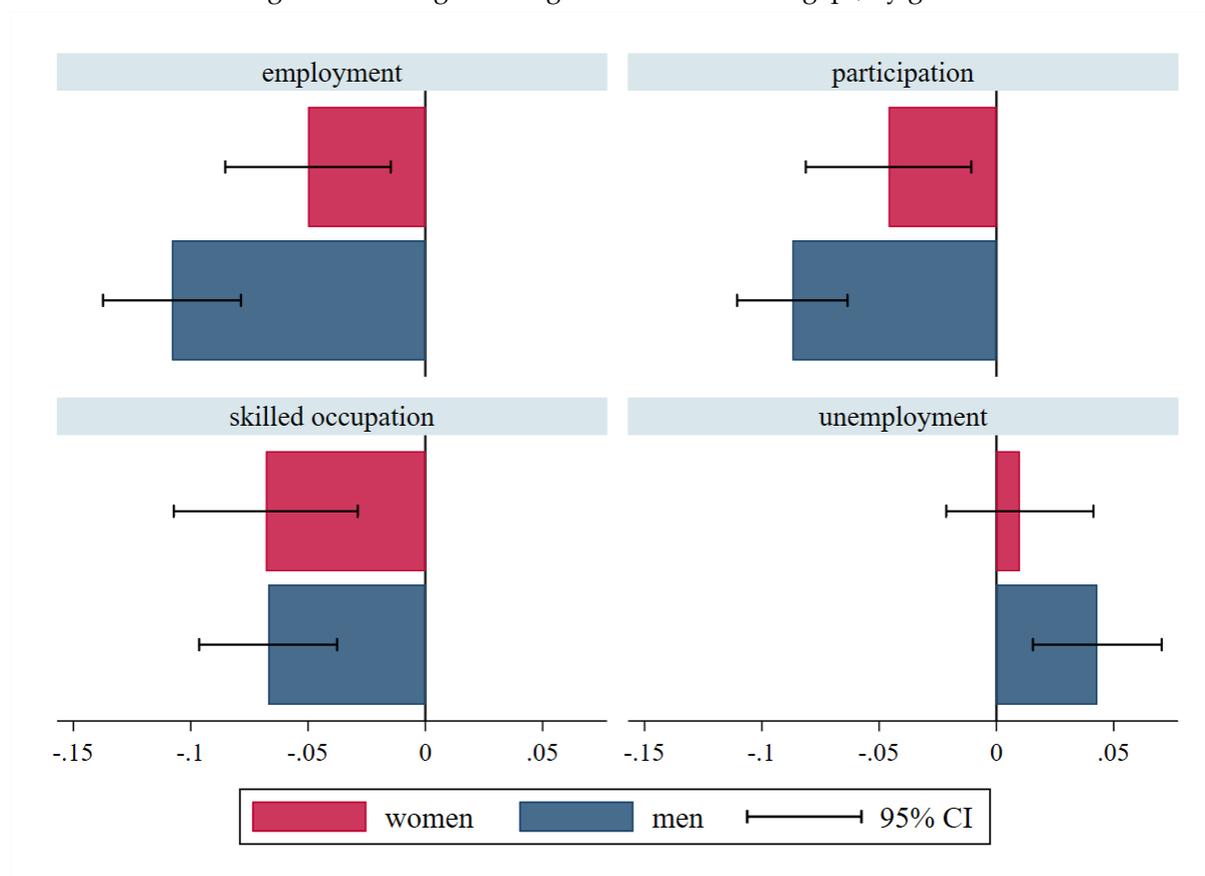
Notes: The figure illustrates the evolution of the conditional gap in employment (A) and unemployment (B) probability between refugees and non-EU15 immigrants by years in the host country. All regressions include age, education, destination country-interview year fixed effects, and origin area fixed effects. The sample comprises non-EU15 immigrants and refugees aged 25-64. We also report 90 percent confidence intervals based on robust standard errors.

- iv. Gender dimension: gaps are smaller for women than for men (but their average outcomes are also lower).

Refugee women are 5 percentage points less likely than similar migrant women to be in employment, whereas the employment probability gap of refugee men relative to other comparable migrants is about 11 percentage points (Figure 12). Since the employment probability of non-refugee immigrant women (58%) is lower than for non-refugee immigrant men (78%), the percentage points differences translate into a 8.6% and 14% difference in employment probability (relative to other immigrants) for women and men, respectively. Gender-specific gaps in labour market participation rates are similar to those in employment. Finally, there are no statistically significant difference for women in unemployment rates

between refugees and other migrants, while the gap is substantially large and statistically significant for men.

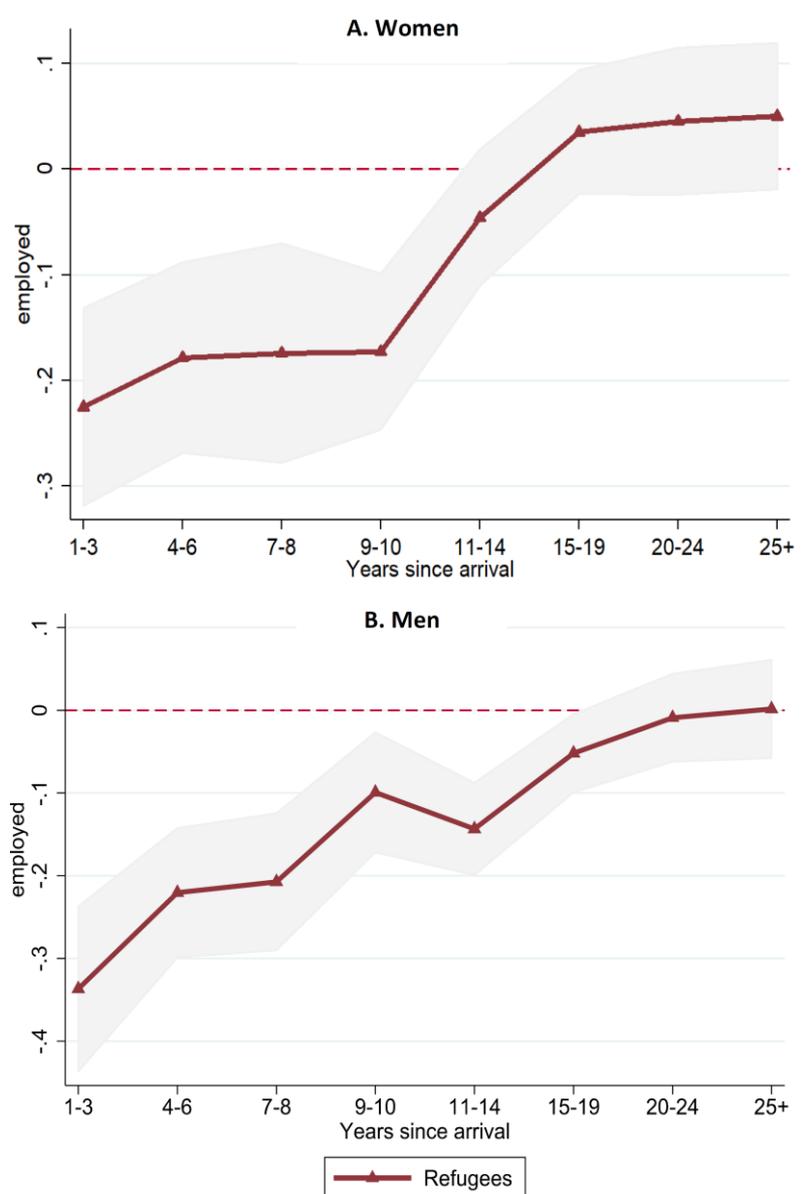
Figure 12 - Refugee-immigrants labour market gaps, by gender



Notes: All coefficient estimates result from gender-specific regressions where we control for age, education, host country*year FE, host country*entry cohort FE and source area*entry cohort FE. The sample comprises non-EU15 immigrants and refugees aged 25-64. Confidence intervals are based on robust standard errors.

For both men and women refugees the employment probability gap with respect to other migrants closes with time spent in the host country (see Figure 13). The convergence is faster for women than for men, although they reach lower levels of employment probability (as discussed above).

Figure 13 - Female vs. male refugee-immigrant employment gaps by years since arrival



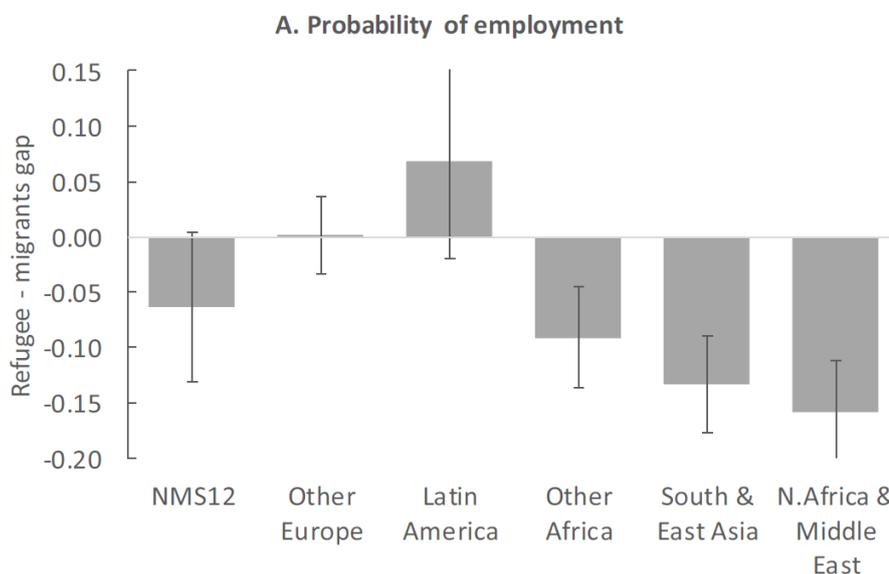
Notes: The figure illustrates the evolution of the conditional gap in employment for women (A) and men (B) relative to otherwise comparable immigrants by years in the host country. All regressions include age, education, destination country-interview year fixed effects, and origin area fixed effects. The sample comprises non-EU15 immigrants and refugees aged 25-64. We also report 90 percent confidence intervals based on robust standard errors.

v. There is substantial heterogeneity in the refugee gap across areas of origin.

In Figure 14, we compare conditional refugee-migrant gaps in employment probability across different origin areas. We observe large heterogeneity. The likelihood of being in employment of refugees from European countries outside the EU15 (NMS12 and other European countries) are similar to those of comparable immigrants from the same regions (differences are small and not statistically significant). The difference is not statistically different from zero also for Latin Americans. Refugees from African and Asian countries, instead, show particularly large gaps in employment, varying between 10 and 15 percentage points. Notably, the vast majority

of refugees arrived in Europe in the last few years originates from Africa and Asia, suggesting some concern about their future economic integration.

Figure 14 - Refugee-immigrant gaps in employment probability by area of origin



Notes: The figure illustrates the conditional refugee-non-EU 15 migrant differences in employment probability, together with the corresponding robust standard error-based 90 percent confidence intervals. We estimate the regressions separately for each area of origin, controlling for gender, age, education, as well as interaction between destination country dummies and observation year or entry cohort dummies.

vi. Dispersal policies contribute to widening the refugee gap

Part of the difficulties faced by refugees trying to integrate into receiving societies are inherently associated with the forced nature of their migration, which may have persistent effects, for instance, on their physical and mental health. What happens after their arrival in host countries, however, can be influenced by the asylum and integration policies that are in place. A relatively common scheme adopted by several European countries in recent years (Sweden, Denmark, Ireland, the Netherlands, Norway, the UK), are geographic dispersal policies for asylum seekers and refugees. These policies commonly require that individuals seeking humanitarian protection settle in specific locations across the receiving country and they aim to prevent the formation of ethnic enclaves. The effect of dispersal policies (DP) on refugees' integration is theoretically ambiguous. On the one hand, dispersal policies may facilitate refugees' economic success if ethnic enclaves are detrimental to immigrant labour market integration. On the other hand, they limit geographic mobility and prevent individuals from relying on co-nationals' or relatives' networks, potentially harming the chances of finding a job.

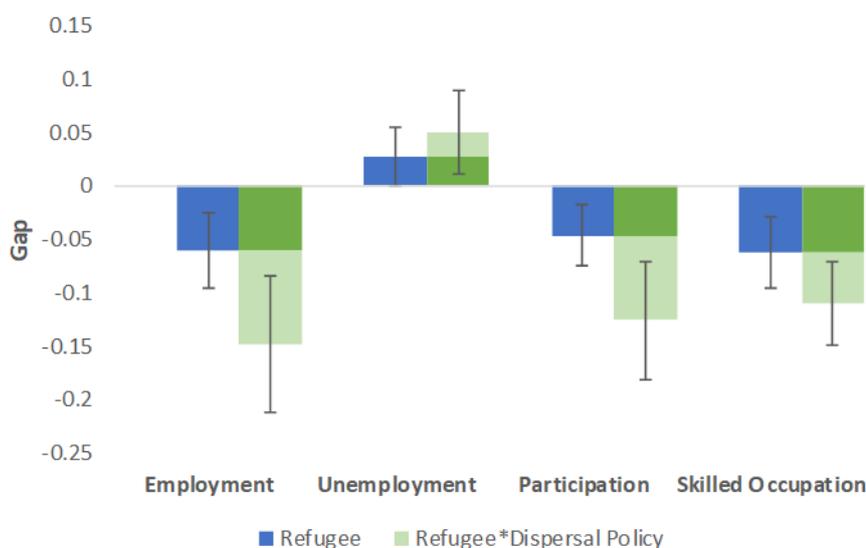
In our empirical analysis, we study whether refugees who were exposed to dispersal policies have larger labour market gaps (relative to comparable immigrants) than refugees who were

not exposed to such policies. In order to do so, we compare: i) cohorts of refugees who arrived in a specific country before and after the introduction (or termination) of the dispersal policy and ii) the same arrival cohort across countries with and without active dispersal policies.

Figure 15 reports the relative gaps for refugees that were subject to a dispersal policy (green bars) and for refugees that were not (blue bars). The former group has a notably larger employment probability gap (minus 15 p.p.) with respect to comparable migrants than the former (6 p.p.). Such negative DP effect on refugee outcomes is confirmed by the results for participation and the probability of being employed in a skilled occupation.⁸ Our results indicate therefore that the detrimental effects of DPs on the labour market performance of “dispersed” asylum seekers seem to prevail over potentially positive effects.

In further results, we show that the negative effects of being dispersed fade out with time, as refugees start relocating within the host country.

Figure 15 - The effect of dispersal policies on the refugee-immigrant gap



Notes: The figure illustrates the refugee-immigrant gaps with respect to employment, unemployment, labour market participation and the probability of being in a skilled occupation. The sample comprises non-EU15 immigrants and refugees aged 25–64. The blue bars report the estimated coefficient on a refugee dummy while the light green bars report the estimated coefficient on the interaction of the refugee dummy with an indicator of a refugee dispersal policy being active in the destination country at the migrant’s time of arrival. For all estimated coefficients, 95% confidence interval are reported. Other included regressors are: individual controls (gender, age, and education), host country–observation year interaction dummies, entry cohort–host country interaction dummies and entry cohort–source area interaction dummies.

⁸ For unemployment the additional effect of DP is not statistically significant.

4.2.2 The Effects of Employment Restrictions for Asylum Seekers⁹

4.2.2.1 Empirical Question, Data and Methodology

Empirical question

Many countries impose temporary employment bans to recently arrived asylum seekers, that is, a period during which they are not allowed to take up legal employment (Zetter and Ruauudel, 2016; Clemens et al., 2018). In this part of our research project, we assess the long-term impact of these temporary employment bans on refugees' labour market integration.

Data

We use micro-data from the European Labour Force Survey (EULFS) that allow to distinguish migrants who arrived in Europe seeking humanitarian protection from other groups of migrants (as in the previous project, see section 4.2.1.1 and Data Appendix 8.2).

We combine the EULFS data with original information on employment bans for asylum seekers across European countries that we specifically collected for this project. This novel database contains information about the presence, length and other important features (e.g. restricted occupations, time limit per year, tied to one employer) of employment bans in EU countries from 1985 onward. We gathered this information from several different sources (reports, legislation, etc.) and we validated them by consulting migration and asylum policy experts from each country. An illustration of the information contained in our database is provided in Figure 16 that reports our records on employment bans in France.

Figure 16 - Employment ban database: France

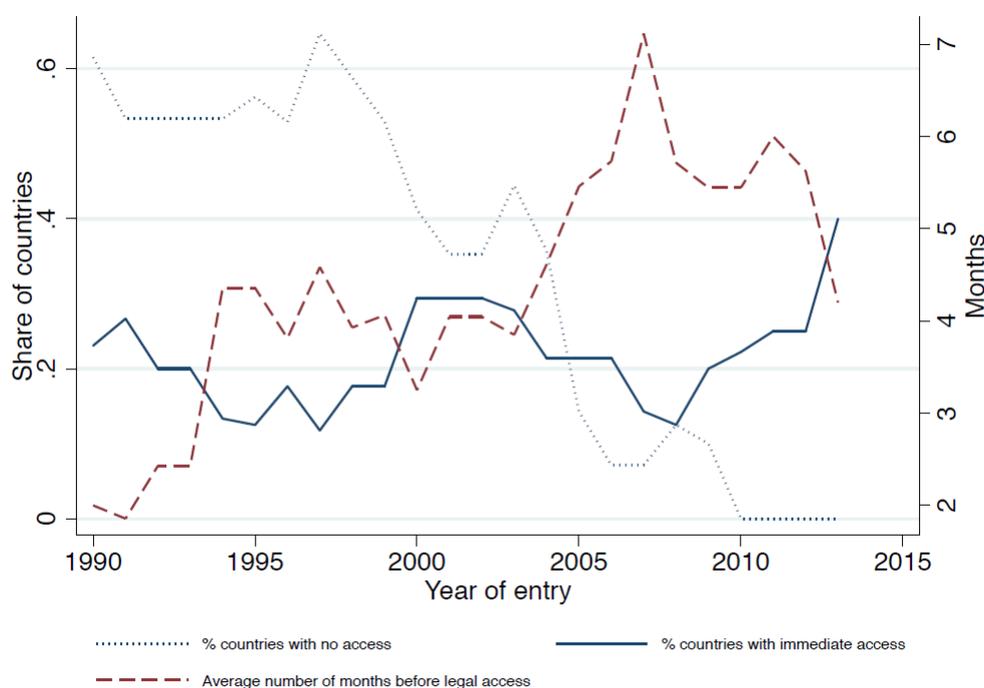
Country	Time period	Waiting period before access to employment	Legislative reference	Notes	Source
France	2015 - present	9 months	Article L.744-11 Césede créé par la loi LOI n° 2015-925 du 29 juillet 2015 relative à la réforme du droit d'asile - Article 23	The applicant must have obtained a temporary work permit, which is granted by the prefecture at its own discretion. To obtain this work permit, the asylum seeker has to provide proof of a job offer or an employment contract. Since January 2008, 30 fields of work, listed by region, have no restrictions for asylum seekers	http://www.asylumineurope.org/reports/country/france/reception-conditions/employment-and-education/access-labour-market and Ministerial Order NOR/IM/D0800328A of 18 January 2008 on the issuance of work permits to third-country national workers, available in French at: http://bit.ly/1LWf6Qd
	2006 - 11/2015	12 months	article R.742-2 Céseda		EMN ad-hoc query on asylum seekers access to labour market (2014) adn https://www.legifrance.gouv.fr/affichCodeArticle.do?sessionId=592219DA2297C8F048387F74168A86FF.tplgfr4Ls_3?tdArticle=LEGIARTI000027207497&cidTexte=LEGITEXTO0000060701588&categorieLien=id&dateTexte=20151031
	26/09/1991 - 2006	no access	Circulaire du 26 septembre 1991		https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT00000539042 and Andersson and Nilsson (2009)
	17/5/1985 - 26/9/1991	immediate	Circulaire 17 mai 1985		https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT00000539042
	24/08/1976 - 17/5/1985	immediate	circulaire n° 8-33 du 24 août 1976. CAC 19960405 art. 2	The applicants have preferential access to work compared to other foreigners: possibility to obtain a temporary authorisation to work and to get help from the national jobseeking agency - extension of the previous dispositions meant only for South-East Asians.	http://www.senat.fr/comptes-rendus-seances/5eme/pdf/1980/07/p19800730_3475_3512.pdf
	03/06/1975	immediate for a specific group of asylum-seekers (Cambodian and Vietnamese)	circulaire n° 14-75 du 3 juin 1975	The applicants have preferential access to work compared to other foreigners: possibility to obtain a temporary authorisation to work and to get help from the national jobseeking agency	

⁹ This section is based on the research paper "Lift the ban? Labour market restrictions and refugees' employment outcomes in Europe", authored by Francesco Fasani, Tommaso Frattini and Luigi Minale.

We restrict the sample to refugees and other migrants who originated from the same areas (i.e. non-EU15 countries) and for which we have information on employment bans present in the hosting country at the time of their arrival. The sample includes approximately 53 thousand individuals - 8% of whom are refugees (4,305 individuals) - who live in twenty different European countries and immigrated between 1985 and 2013.

Figure 17 provides a graphical visualization of the variability in labour market restrictions in Europe over the period 1990-2015. Several important trends are visible. First, the dotted line reports the share of EU countries (see left vertical axis) that had a permanent employment ban for asylum seekers (no access). In these countries, asylum seekers were allowed to work only after formally receiving refugee status (if successful in their asylum application). Among the countries in our sample, the share of countries with “no access” has constantly declined over time, dropping from 60 percent in the early 90s to zero after 2010. A particular sharp drop is observable in 2003, when an EU directive (Council Directive 2003/9/EC of 27 January 2003) imposed a maximum duration of employment bans of 12 months.

Figure 17 - Employment bans in Europe (1990-2015)



Notes: Blue lines, referring to the left axis, indicate the share of countries which either allowed immediate (solid line) or no access (dotted) to the national labour market. For those countries offering delayed labour market access, the average number of waiting months is depicted by the red dashed line, referring to the right axis.

The continuous blue line, instead, illustrates the share of countries that offered immediate labour market access to asylum seekers. This policy option has been chosen by a relative

minority of countries, with the share fluctuating around 20 percent and increasing to 40 percent only after 2010. Finally, the dashed red line (right vertical axis) reports the average duration (in months) of the employment bans (computed for the countries that have active employment bans). The marked upward trend in this line is driven by countries progressively abandoning permanent bans and opting for bans of relatively long duration.

Methodology

We estimate the causal effect of employment bans on refugees' labour market outcomes by exploiting differences across entry-cohorts and destination countries in the exposure to the policy. To do so, we exploit the within country over-time variation in the implementation and removal of the employment ban policy, comparing outcomes of refugees who have arrived in a country while an employment ban is in place with those of refugees arrived when no ban is active. In addition to the extensive margin (ban vs. no ban), we study whether the effect of the ban is increasing in its duration (intensive margin). We estimate these effects in a Difference-in-Differences setting (see Appendix section 8.3).

As a placebo test, we perform the same empirical exercise exclusively using our sample of non-refugee migrants. Since only asylum seekers are subject to these bans, we should not find any effect on the migrant population. Further, we estimate the effect of the bans using both refugees and other migrants in a triple Difference-in-Differences setup (see Appendix section 8.3).

Finally, we develop an alternative estimation strategy – namely, an instrumental variable strategy (see Appendix section 8.3) – that relies on the 2003 EU directive which set a maximum duration of 12 months for any employment ban in EU countries.

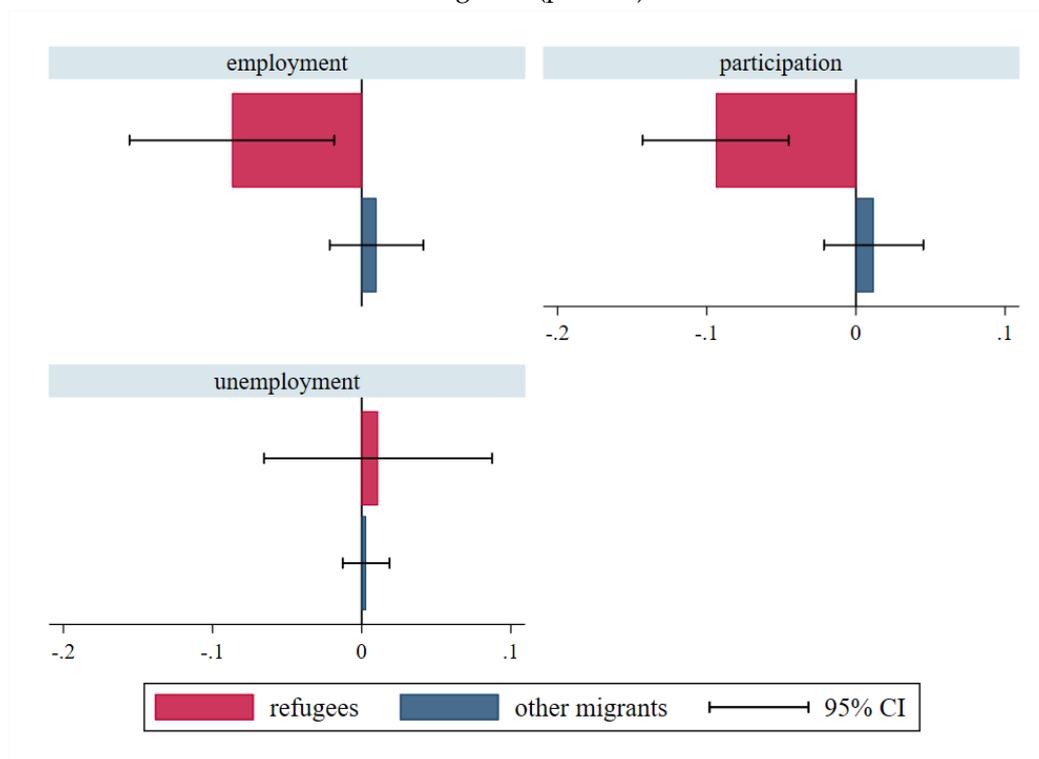
4.2.2.2 Main Findings

- i. Being exposed to an employment ban at arrival reduces refugees' employment probability in the medium-run by 15%. Their labour market participation decreases by 13% while there is no effect on unemployment.

Our estimates suggest that facing employment bans at arrival produces detrimental and lasting consequences on the labour market integration of migrants seeking humanitarian protection. As the red bars in Figure 18 show, having been exposed to an employment ban leads to a 9 percentage points (15%) lower probability of being in employment, a 9 percentage points (13%) lower probability of participation in the labour market and no effect on unemployment for refugees.

As placebo test, we estimate the effect of employment bans on other groups of migrants – who were not subject to those bans – and, as expected, we fail to detect any sizeable and significant effect on their labour market performance (blue bars in Figure 18).

Figure 18 - The effect of employment bans on labour market outcomes of refugees (treated) and other migrants (placebo)



Notes: Depicted results reflect changes in the probability of being employed (unemployed or actively participating in the labour market) for refugees facing a ban compared to refugees not facing such a restriction.

- ii. The negative impact on employment primarily comes from reduced participation, suggesting that employment bans may persistently push refugees out of the labour market (and possibly into welfare).

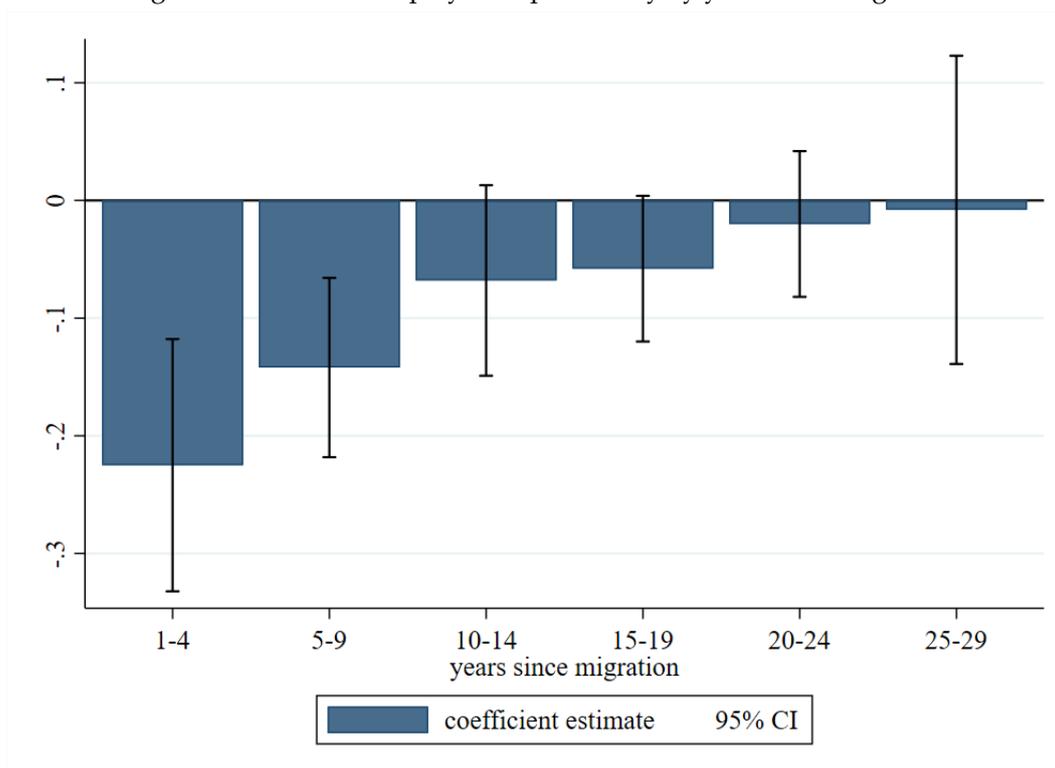
Since the negative impact on employment primarily comes from reduced participation, our results suggest that initial employment bans may persistently push refugees out of the labour market and (and possibly into welfare). Instead, the lack of an effect on the probability of unemployment implies that, for those who actively participate in the labour market, there is no lasting effect on their chances of finding a job.

- iii. These effects are persistent over time, fading away only after about 10 years since arrival

The main effects described above are estimated from a sample of refugees whose average duration of residence in the host country is approximately 9 years, which suggests that the

impact of employment bans persists well beyond their actual duration. In further results, we can estimate the effect for different groups of years since arrival (see Figure 19). The magnitude of the effect declines over time: from minus 22 percentage points for recently arrived refugees (1-4 years since arrival), to 14 percentage points for those who have been in the host country for 5-9 years and then approaching zero (and becoming non-significant) after 10 years of residence.

Figure 19 - Effect on employment probability by years since migration



Notes: Depicted results show the evolution of the effect of a ban on the probability of being in employment for refugees facing a ban (at arrival) compared to refugees not facing such a restriction.

- iv. The negative effect of the employment ban we estimate is equivalent to delaying the economic integration of refugees by approximately 4 years.

Based on our estimates from the project we discussed in section 4.2.1.2, it takes about four years for refugees to reduce their employment gap with respect to similar migrants by approximately 8 percentage points. This is equivalent to the effect we estimate for the employment bans on the probability of being employed.

- v. The detrimental effect of the bans primarily comes from the presence of the ban itself (extensive margin) rather than from its duration (intensive margin) – suggesting that even short-lived bans may have lasting consequences on labour market integration.

According to our estimates the detrimental effect on future labour market prospects of facing a long ban (more than 12 months) is not significantly larger than the effect of facing a more limited ban (12 months or less). This finding suggests that facing an initial ban on labour market access may produce discouraging effects that are not necessarily increasing in the duration of the ban. Short-duration bans, moreover, are often followed by further hurdles (e.g. restricted occupations, discretionary permit to work) that can substantially extend their actual duration.

5 Refugees and Political Outcomes in Hosting Societies (Theme 3)

5.1 Introduction and Related Literature

Coming immediately after a major economic crisis - when several European countries were still struggling to recover from the shock and grappling with the consequences of often drastic austerity measures - the **timing of the “refugee crisis” was extremely unfortunate**. It is hard to say whether the arrival of such a large number of asylum seekers would have been met by more welcoming attitudes had it taken place in better economic times. It is equally **hard to establish to which extent the refugee crisis fuelled the current rise in political support of populist and right wing movements in Europe**. Asylum seekers and migrants certainly took central stage in the political debate across European countries in the last few years, often becoming the target of a **discontent that may have possibly originated from other causes**, such as harsher economic conditions (Colantone and Stanig, 2018) and austerity cuts (Fetzer, 2018).

How refugees are perceived by the citizens of receiving countries has **direct and important consequences for the type of asylum policies** that will be put in place and, ultimately, for their socio-economic integration and overall welfare. It is a priori **unclear whether the average attitudes towards refugees should resemble those towards migrants**. If predominantly perceived as a fiscal burden by hosting populations, refugees can potentially trigger more hostility than economic migrants. Moreover, the fact that asylum seekers typically enter European countries without visas and, if refused refugee status, often become undocumented immigrants may generate additional concern among citizens. Nevertheless, refugees can also attract more solidarity than other groups of immigrants and voters may reward politicians who actively welcome them.

A relatively large international literature has studied the **determinants of native citizens’ attitudes towards immigrants** in several major host countries (see Hainmueller and Hopkins, 2014, for a recent review). The (unresolved) debate in this literature hinges on whether economic rather than non-economic factors play a dominant role in shaping native citizens’ perceptions of immigrants. Standard economic theory would suggest that host country nationals who compete in the labour market with immigrant workers should have more negative attitudes towards immigration than other nationals who do not, although the

evidence is mixed.¹⁰ Hostility towards immigrants may also be motivated by concerns about their fiscal impact (Hanson et al. 2007; Facchini and Mayda, 2009) and by racial and cultural prejudice (Dustmann and Preston, 2007).

In recent years, researchers have started looking at the **impact of immigration - and refugee migration - on voting behaviour and electoral outcomes**. The empirical evidence in this area is rapidly growing in both Europe and the US (Halla et al., 2012; Otto and Steinhardt, 2014; Mayda et al., 2015; Barone et al., 2016; Steynmair A., 2018, Hangartner et al. 2019, Dustmann et al., 2019). The findings of this body of evidence are fairly mixed: several papers point at immigrants/refugees shifting votes towards right wing (and far right) parties, while in some instances the opposite effect is observed.

More research in this area is needed. One obvious priority for policy-making is to better understand under which circumstances an inflow of foreign born individuals may lead to positive rather than negative attitudes among host country citizens. Further, **several important aspects of the refugees-politics nexus are still to be fully explored**: Is there an electoral return from having fewer refugees? Which type of parties may gain or lose from being tough on migration and asylum? Do voters behave differently in response to refugees (migrants) in different types of elections (local, national, European)? Does voters' response depend on refugees' performance in the labour market, demographic characteristics or socio-economic outcomes? Beyond voters' behaviour, we also need to learn more about politicians' decisions and reactions to refugee flows. Do they try and use asylum policy to influence electoral outcomes? This type of strategic behaviour may occur both when deciding upon entry and refugee status recognition requirements for asylum seekers and when choosing how and where to allocate the refugee population.

As discussed in the next section, we will address some of these questions drawing on evidence from the UK and from the implementation of its dispersal policy of asylum seekers. Although the UK was not particularly affected by the refugee crisis, discontent about migration and concerns about potential flows of asylum seekers have been extremely present in both the rise of the UKIP party and the political debate revolving around the Brexit referendum. Moreover, the UK has several institutional and political features (as we briefly explain below) that make it a very interesting setting to explore.

¹⁰ Effects consistent with this theoretical prediction are found, among others, by Scheve and Slaughter (2001) and Mayda (2006), but not by, for instance, Hainmueller et al. (2014) and Hainmueller and Hopkins (2014).

5.2 Our research

Our work on this theme has focused on the UK setting, where a dispersal policy for arrived asylum seekers has been in place since 2000. We investigate two parallel but distinct empirical questions: i) the impact of the allocation of asylum seekers on voting behaviour in local areas; ii) the existence of political considerations in deciding that allocation.

5.2.1 Asylum Seekers and Political Outcomes in the UK¹¹

5.2.1.1 Empirical Question, Data and Methodology

Empirical question

In this project, we investigate whether the exposure to asylum seekers affected the political attitudes of voters in the UK and whether this had any implication for the allocation of asylum seekers itself. In particular, we address the following set of empirical questions: In response to the allocation of asylum seekers to an area, do voters “punish” ruling parties at the local or national level? Do voters react to the placement of asylum seekers decided by a left wing rather than a right wing government in a symmetric way, shifting their preferences towards the other side of the political spectrum? Or, do they move towards the extremes and/or reduce their turnout? Further, do we see any politics in the allocation? Are areas aligned with the central government less likely to receive asylum seekers or receiving fewer of them?

Data

In this project we use quarterly data on the number of asylum seekers allocated to each UK Local Authority (LA) since 2002 (provided by the Home Office) and combine them with detailed data on local elections to construct a longitudinal panel dataset.

The allocation of asylum seekers in the UK is regulated by a dispersal policy introduced with the 1999 Immigration and Asylum Act. All asylum seekers in the UK are entitled to basic financial support and free housing provided by the government. Those requiring accommodation (which is the majority of the cases) are dispersed on a no-choice basis in LAs that have available housing for them. This policy was introduced in response to a sudden and sizeable increase in asylum application that the UK experienced in the late 1990s and early 2000s (see Figure 20).

¹¹ This section is based on the research paper “*The Politics of Asylum Seekers Allocation? Evidence from the UK*”, authored by F.Fasani and E. Pasini.

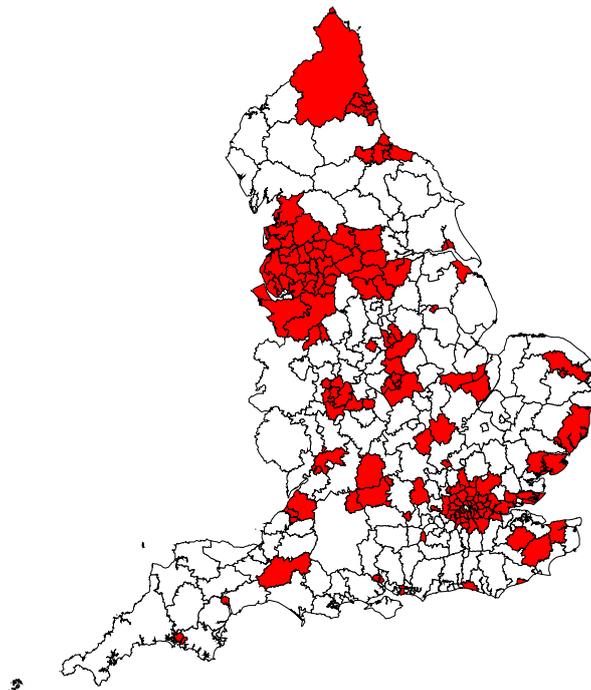
Figure 20 - Number of asylum applications in the UK



Source: Home office

Because the participation of LAs in the dispersal program is on a voluntary basis – although the central government retains the power of forcing LAs into participation – some areas received asylum seekers while others did not (Figure 21). As the main criterion for allocating refugees was the availability of cheap accommodation, LAs which hosted asylum seekers were typically more deprived than those which did not (Bell et al. 2013).

Figure 21 - “Dispersal” Local Authorities



Notes: The graph identifies the LAs (in red) that host dispersed asylum seekers.

Data on local elections in England since 2002 are collected by the Elections Centre (<http://www.electionscentre.co.uk/>). This dataset provides the share of votes, the number of seats, and the number of seats contested by each party. The main parties recorded are UKIP, Labour, Conservative, Liberal Democrats, Independent parties, and a residual category that includes all the other parties running for the elections. In addition, information on the councils' size and the party holding the majority of the seats is available.

Data on LA characteristic (unemployment, population age structure, crime rates, social housing, etc.) are collected from the UK Office for National Statistics.

Methodology

In our empirical investigation, we first investigate the evidence of politics in the allocation of asylum seekers across different areas. In order to do so, we study whether the share of votes received by different parties in a LA predicts its future allocation of asylum seekers. Further, we analyse whether LAs aligned to the central government are more or less likely to receive asylum seekers and whether they receive fewer of them.

In the second part of our analysis, we estimate the effect of hosting asylum seekers on voting outcomes and turnout. Estimating this parameter would be straightforward if the allocation of asylum seekers was as good as random: in order to retrieve a causal effect, we could simply compare areas that received more asylum seekers with areas that received fewer (or zero). Following from the first part of our project, however, we need to take into account the fact that the government might strategically place asylum seekers in order to minimize the loss of consensus. We deal with this empirical concern by relying on variation in the allocation policy that is purely driven by the availability of social housing, developing an instrumental variable strategy (see Appendix section 8.3)

In both parts of our analysis, we investigate if - and how - all these effects and relationship change under national governments of different political orientation. The dispersal policy was introduced in the UK in 1999 by a Labour government that was re-elected in both 2001 and 2005 and ruled until 2010, when it was replaced by a Conservative and Liberal-Democrats coalition, followed by a Conservative government in 2015.

Throughout the empirical analysis we control for a set of local variables (unemployment, population age structure, crime rates, etc.) and we therefore compare LAs which have similar socio-economics characteristics but differ in the number of asylum seekers allocated.

5.2.1.2 Main Findings (preliminary)

- i. We find evidence of strategic political considerations in deciding the allocation of asylum seekers.

Our estimates suggest that the central government may take local politics into consideration when making its allocation decisions. Indeed, we find that votes in previous elections matter for future allocation of asylum seekers. In particular, we observe that LAs which are aligned with the central government have a lower probability of receiving asylum seekers. The effect, however, is relatively small and not significantly different from zero before 2010 (i.e. under Labour) while it gets larger in magnitude and strongly significant after the 2010 general elections (i.e. under Conservative-led governments). All these findings are conditional on LA characteristics, such as age structure of the population, average education, and unemployment rate.

- ii. Citizens react to the allocation of asylum seekers by changing their voting behaviour and punishing the political party currently in power.

According to our empirical analysis for the entire period 2002-2017, LAs that received more asylum seekers are more likely to increase their support for the Conservative party, mainly at the expense of the Labour party. We do not find a significant effect on the support for UKIP. Interestingly, when we analyse these same effects before and after 2010 (i.e. before and after the transition from Labour to Conservative governments), we find a pattern consistent with voters trying to punish the party in power. In particular, LAs that receive high inflows of asylum seekers are less likely to support the Labour party before 2010, while the opposite happens after 2010. We find a similar pattern for the Lib Dem party that after 2010 loses a large share of votes. In addition, the support for UKIP increased significantly after 2010.

6 Conclusions

Our research project has investigated three distinct but intertwined areas of the current debate on migration and asylum in Europe: i) border enforcement (section 3); ii) labour market integration of refugees (section 4); and iii) political consequences of refugee migration in hosting societies (section 5). We aimed at producing novel evidence and clear findings that could inform a policy debate that is often based more on perceptions and prejudices than on facts.

Rather than providing clearly defined policy implications, we think that the body of evidence we have built over these two years opens up important policy questions. In particular, our findings typically highlight the trade-offs involved by alternative policy choices and stress the importance of taking into account medium- and long-run consequences (including unexpected ones) when making policy decisions. We strongly believe that we would have a fairer, more effective and more informed policy debate if all these aspects were taken into account in the policy making process.

As far as **border enforcement** is concerned, our research allows us to identify a set of highly relevant facts and to draw some important conclusions.

First, sub-optimal policy choices on border enforcement are made due to political determinants affecting the intensity of enforcement along different routes of entry in the European Union. Indeed, rather than coordinating efforts on all borders at the same time, politically-driven route-specific interventions can (potentially) benefit some EU member countries while damaging others.

Second, our estimates show that border enforcement on one route leads to a significant reduction of unauthorized crossings on that route. We show that the effect is unequivocally identified on land borders, while our estimates are less conclusive on sea routes. As far as the latter ones are concerned, however, we can still rule out any “attraction effects” of naval operations, dismissing the argument that operations at sea may act as magnets for migrant flows by reducing the riskiness of sea crossings. Further, we find that the citizens who have a stronger case to claim asylum in Europe tend to be less responsive to border enforcement policies than migrants coming from countries that are not experiencing major episodes of violence or conflict. This latter finding should not suggest, however, that border enforcement policies are able to effectively discriminate between refugees and economic migrants. As proven by the tragic numbers of deaths recorded at the external EU border in the past few years, individuals who have no possibility to remain in their countries of origin will respond

to stricter enforcement by paying a higher cost for their migration, with often lethal consequences.

Third, the substantial diversion effect that we uncover – even in the short run – after the closure of the Eastern Mediterranean Route due to the March 2016 EU-Turkey deal suggests that the outsourcing of external border controls may be only partially effective in stemming the unauthorized flows. This limited effectiveness leaves us wondering whether it is worth paying the high economic, political, and humanitarian cost of outsourcing border security to countries that lack a strong record in respecting human rights. In addition, this evidence on the EU-Turkey deal strongly suggests that any border enforcement intervention on one specific route will divert flows towards alternative routes, limiting its overall effectiveness. In the absence of a coordinated effort on multiple routes, indeed, in the medium-long run one can expect migrants (and smugglers) to readjust their route of entry into Europe.

Finally, although our estimates suggest that border enforcement is effective in reducing flows, the magnitude of the effect is not particularly large. This implies that shifting more resources toward border policies will not make a major difference in terms of stemming the arrival of undocumented immigrants. Reversing the perspective, it also implies that a reduction in spending on enforcement will produce a relatively limited increase in inflows. Since border policies absorb vast amounts of resources, one important aspect to consider is whether there would be better ways of spending that public money. One of the main goals of immigration enforcement policies is arguably to respond to national public opinions' security concerns. However, could this concern be more efficiently tackled by spending more, for instance, on immigrant integration policies or on strengthening the social security net for all citizens? These measures would alleviate voters' concerns while increasing efficiency at the same time.

This last consideration leads us to the next area of our research project, namely **labour market integration of asylum seekers and refugees** (section 4).

Based on evidence on past refugee waves in Europe, our findings suggest that a successful and fast economic integration of refugees in hosting societies is not an easy target to achieve. Not only do refugees lag behind with respect to similar migrants in all dimension of their labour market performance, but their catching-up process is very slow, converging to migrants' outcomes only after 10-15 years. The fact that the current refugee crisis has been characterized by a sudden and vast inflow of individuals in a relatively short time span will certainly add to the integration challenges for host countries. Equally worrying is the fact that the recent waves of asylum seekers to Europe come from geographical areas (Africa and Asia)

for which we observe the largest gaps in labour market performance between refugees and migrants.

Our findings suggest that policy matters, however. If refugees struggle to quickly assimilate in the host country labour markets, government actions may speed up – or further delay – this difficult process. In particular, we find that restricting residential mobility of asylum seekers damages their employment prospects. Similarly, preventing them from working while their refugee status is determined has negative and lasting consequences for their future probability of being employed and of participating in the labour market.

Asylum policies are often managed with excessive attention to short-run considerations and too little focus on long-run benefits. For instance, both dispersal policies and employment bans respond to (sometimes legitimate) short run considerations (e.g. provide housing in a cost-efficient way, prevent the formation of ghettos, do not create illusions of future integration for individuals who will not be able to stay in the host country for a long a time), but have significant costs in the long run for those that end up staying in the host country. Importantly, a sub-optimal integration of refugees is also against the host country's interest, since it means limiting the productivity of some of its residents.

Finally, our empirical analysis suggests that there are **political consequences of hosting refugees**. These effects may, in turn, affect future policies towards asylum seekers and migrants in general. If the arrival of refugees shifts voters towards voting for parties that have a harsher stance against foreign born citizens, we could expect to observe policy decisions that will harm migrants and refugees in their social and economic integration. In turn, this will potentially intensify citizens' concerns, leading to a vicious circle of worse integration and worse attitudes versus refugees and migrants. Understanding how to avoid such a negative cycle is a priority for public policy. Once more, an effectively integrated refugee workforce will probably reduce concerns and hostility among voters.

We believe the studies and findings we summarized in this report head in the right direction of providing policy-makers with solid empirical evidence that should inform the difficult decisions they need to make. However, this is just one of the many steps we need to take in order to improve our understanding of a complex phenomenon, such as forced migration. Triggered by the pressing and often dramatic events of the European refugee crisis, the interest in quantitative analyses of different aspects of displacement and forced migration has rapidly grown in recent years. This joint effort is well represented, for instance, by the

impressive series of innovative papers presented at the conference we organized at QMUL in March 2019 (see Appendix section 8.1).

Still, much more needs to be done. Not only we need to build a credible body of quantitative research on refugee migration, but we also need to combine findings from different disciplines and methodologies in an effective multidisciplinary approach. The final challenging task is then to translate good research into good policies, designing interventions that can finally - and significantly - improve the welfare of the subjects we study: the refugees themselves.

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8 Appendix

8.1 Conference Programme

“Forced Displacement, Asylum Seekers and Refugees: Economics Aspects and Policy Issues”

18-19 March 2019

Queen Mary University of London - School of Economics and Finance

Monday, 18 March 2019

- 9:00 - 9:15 Registration (SU)
- 9:15 - 9:30 Welcome address (SU - Blomeley 1)
- 9:30 - 11:00 Plenary session 1 (SU - Blomeley 1)
Bratsberg, Bernt (Frisch Centre): How settlement and local networks influence immigrant political integration
Hatton, Timothy (University of Essex): Asylum recognition rates in Europe: Persecution, policies and puzzles
Ruiz, Isabel (University of Oxford): Refugees and the UK labour market
Session chaired by Grady, Peter (UNHCR - London)
- 11:00 - 11:20 Coffee break (SU)
- 11:20 - 12:50 Parallel session 1.1: Refugees and politics I (SU - Blomeley 1)
Matakos, Konstantinos (King's College London): Does exposure to the refugee crisis make natives more hostile?
Steinmayr, Andreas (LMU Munich): Contact matters: Exposure to refugees and voting for the far-right
Bredtmann, Julia (RWI - Leibniz Institute for Economic Research): Immigration and electoral outcomes: Evidence from the 2015 refugee inflow to Germany
- Parallel session 1.2: Impact on host countries (SU - Blomeley 2)
Verme, Paolo (World Bank): The impact of forced displacement on host communities: A review of the empirical literature in economics
Kirdar, Murat Güray (Bogazici University): The impact of mass migration of Syrians on the Turkish labor market
Kuhnt, Jana (German Development Institute): Not in my backyard? The impact of refugees on female labor market outcomes, welfare and social cohesion among the host population in Uganda
- 12:50 - 14:00 Lunch (GC - 5th floor)

14:00 - 15:00 Keynote (GC - 601)

Dustmann, Christian (University College London): Lowering welfare benefits: Intended and unintended consequences for migrants and their families

15:00 - 15:15 Break (change building)

15:15 - 16:45 Parallel session 2.1: Policies, borders and flows (SU - Blomeley 1)

Fernández-Huertas Moraga, Jesús (Universidad Carlos III de Madrid): The effect of policies on the arrivals of asylum seekers in European countries

Fasani, Francesco (Queen Mary University of London): Border policies and unauthorized flows: Evidence from the refugee crisis in Europe

Manchin, Miriam (University College London): International migration intentions and illegal costs: Evidence from Africa-to-Europe smuggling routes

Parallel session 2.2: Labour market integration I (SU - Blomeley 2)

Ginn, Thomas (Stanford University): Prison or sanctuary? An evaluation of camps for Syrian refugees

Arendt, Jacob Nielsen (The Rockwool Foundation's Research Unit): Early employment support for refugees: Quasi-experimental evidence

Foged, Mette (University of Copenhagen): Integration programs and the labor market impact for refugees

16:45 - 17:15 Coffee break (SU)

17:15 - 18:45 Parallel session 3.1: Attitudes and preferences (SU - Blomeley 1)

Vargas-Silva, Carlos (University of Oxford): The consequences of refugee repatriation for stayers: A threat to stability and sustainable development?

Jeannette, Anne-Marie (European University Institute): The structure of European public preferences for asylum and refugee policy: A cross national conjoint experiment

Parallel session 3.2: Refugees and media (SU - Blomeley 2)

Gamalerio, Matteo (Institut d'Economia de Barcelona): Finding the warmth of other suns? Refugee reception, extreme votes and hate crimes

Battiston, Giacomo (Bocconi University): Rescue on stage: Border enforcement and public attention in the Mediterranean

Spirig, Judith (University of Zurich): It's in the news: The impact of asylum issue salience on judicial decision-making

20:00 Conference dinner (for conference speakers)

Tuesday, 19 March 2019

9:30 - 11:00 Parallel session 4.1: Labour market integration II (SU - Blomeley 1)

Battisti, Michele (University of Glasgow): Can job search assistance improve the labour market integration of refugees? Evidence from a field experiment

Sarvimäki, Matti (Aalto University): Intergenerational effects of an integration policy

Teytelboym, Alex (University of Oxford): Placement optimization in refugee resettlement

Parallel session 4.2: Displacement and undocumented migration (SU-Blomeley 2)

Sánchez Torres, Fabio (University of los Andes - School of Economics): Diverging educational paths after exposure to new environments: Evidence from forced displacement in Colombia

Aksoy, Cevat Giray (European Bank for Reconstruction and Development): Refugees' self-selection into Europe: Who migrates where?

Arenas-Arroyo, Esther (University of Oxford): Immigration enforcement, police trust and domestic violence

11:00 - 11:20 Coffee break (SU)

11:20 - 12:50 Plenary session 2 (SU - Blomeley 1)

Hangartner, Dominik (London School of Economics): Monitoring recruiters at work: Determinants of ethnic discrimination on an online recruitment platform

Mayda, Anna Maria (Georgetown University): The impact of refugees: Evidence from the US resettlement program

Rapoport, Hillel (Paris School of Economics): Let their knowledge flow: The effects of returning refugees on export performance in the former Yugoslavia

Session chaired by Millard, Roy (South East Strategic Partnership for Migration)

12:50 - 14:00 Lunch (SU)

14:00 - 15:30 Parallel session 5.1: Labour market integration III (SU - Blomeley 1)

Caria, Stefano (University of Bristol): The employment compact. Helping Syrian refugees find work in Jordan with dynamic treatment assignment

Parsons, Christopher (University of Western Australia): Network quality and refugees' occupations: Quasi-experimental evidence from the Viet Kieu

Frattini, Tommaso (University of Milan): Lift the ban? Labour market restrictions and refugees' employment in Europe

Parallel session 5.2: Refugees and politics II (SU - Blomeley 2)

Hennig, Jakob (Toulouse School of Economics): Refugee shelters, neighbourhood quality and electoral outcomes in Germany

Lange, Martin (ZEW Mannheim): Refugees welcome? Understanding the regional heterogeneity of anti-foreigner hate crimes in Germany

Savolainen, Riikka (King's College London): How does refugee immigration influence redistribution preferences? Evidence from Finland

15:30 - 15:45 Break (change building)

15:45 - 16:45 Keynote (GC - 601)

Becker, Sascha (University of Warwick): Forced migration and human capital: Evidence from post-WWII population transfers

16:45 - 17:00 Coffee break (GC - 5th floor)

17:00 - 18:30 Policy panel (GC - 601)

Foresti, Marta (ODI - Director of Human Mobility Initiative; Visiting Senior Fellow, LSE-IGA)

Pagliuchi-Lor, Rossella (UNHCR - Representative to the United Kingdom)

Sudbury, Imogen (International Rescue Committee - Director of Policy & Advocacy)

Wahba, Jackie (University of Southampton; Member of Migration Advisory Committee)

Wren, Maurice (Refugee Council - Chief Executive)

18:30 Farewell

8.2 Appendix: Data

i. EULFS

The European Labour Force Survey (EULFS) is a large household survey of people aged 15 and over covering the 28 member states of the European Union, the candidate countries (the Former Yugoslav Republic of Macedonia and Turkey) and three countries of the European Free Trade Association (Iceland, Norway and Switzerland). Two ad hoc modules on migrant labour market outcomes were collected in 2008 and 2014 and contain additional questions on migrant experience in the host country (e.g. country of birth, years since migration, reason for migration). The ad hoc modules are available for both 2008 and 2014 for the following 13 countries: Austria, Belgium, Cyprus, France, Greece, Italy, Lithuania, Luxembourg, Norway, Portugal, Spain, Sweden, and the UK. Data for Germany, Ireland and the Netherlands are available only for 2008 and those for Bulgaria, Croatia, the Czech Republic, Estonia, Finland, Hungary, Latvia, Malta, Poland, Romania, Slovakia, Slovenia and Switzerland only for 2014. The 2014 module also includes information on an individual's position in the host country's national income distribution. Income data are unavailable for the Czech Republic, France, Hungary, Norway and Sweden, and the EULFS does not report wages.

The questionnaires for the 2008 and 2014 ad hoc modules include information about the main reason for migration. This reason-for-migration question was asked to all non-native individuals who arrived in the country of residence when they were 15 years of age or older, with interviewees given the choice of employment, study, international protection or family reunification as the primary motivation. Specifically, in 2008, respondents were asked to choose among eight alternative reasons for migration: (1) employment, intra-corporate transfer; (2) employment, job found before migrating; (3) employment, no job found before migrating; (4) study; (5) international protection; (6) accompanying family/family reunification; (7) family formation, and (8) other. In 2014, the categories were reduced to six.

8.3 Appendix: Econometric Approaches

i. IV

Instrumental variable (IV) estimation procedures allow to obtain reliable (causal) estimates for an effect when we suspect that there exists a correlation between our variable of interest (X) and the error term (cf. Angrist and Pischke, 2009). In standard Ordinary Least Squares (OLS) applications, our obtained effect estimates would be biased in such a case. This is a very prominent issue in the context of migration research, for instance, when investigating how immigration (X) affects political or labour market outcomes (Y).

In both cases, there might exist a feedback, i.e. so-called reverse causality, such that migration flows might also react to changing political attitudes or labour market conditions in a host country. Eventually, such simultaneity will almost automatically bias estimates.

This issue can be remedied using an alternative variable (Z , the so-called instrument) which would in reality shift immigration (X), but not affect the outcome of interest (Y). Within the IV estimation approach, we can then predict our variable of interest (X) using this shift factor in a first stage. The resulting prediction (\hat{X}) can then be used in a second stage for an estimation of the outcome (Y) whilst ensuring that the initially problematic reverse-causality link has been removed. As a consequence, our estimate of interest will be unbiased.

ii. DID

Difference-in-Difference (DID) estimation approaches can be used to obtain quasi-causal estimates in the context of panel data, i.e. when the same unit (country) is observed repeatedly. This approach is especially useful when one suspects that a number of unobserved factors influence both an outcome of interest (Y) while they are also somewhat correlated with our variable of interest (X). In such a case, estimates for the effect of X on Y would be biased (cf. Angrist and Pischke, 2009).

Within the context of our research, such an issue emerges in a setting where we estimate the impact of a dispersal policy (X) on the labour market integration of refugees (Y). Other factors, such as worsening economic conditions will play an important role in determining employment prospects of refugees. At the same time, a recession might also limit policy makers' scope to flexibly accommodate newly arrived refugees. As a consequence, a dispersal policy might be introduced to distribute newly arrived refugees across available housing stocks. Whilst it is possible to take economic conditions directly into account, other factors may remain unobserved, yet have similar repercussions on both outcome (Y) and the chance that a policy (X) is implemented.

Applying a DID strategy implies that the potentially biasing effect of these unobserved factors is subtracted out. This is done by comparing labour market integration outcomes in one region or country where the policy has been implemented, i.e. calculating the change in the refugee employment probability from the year before the policy was initiated to the year after the policy came into effect. This difference is the outcome change in the group of treated regions or countries. Analogously, the same change in refugee employment probability is derived for regions or countries where such a policy has not been implemented. This gives an outcome difference for the control group of regions or countries not affected by the policy.

Eventually, we can calculate the overall effect of a policy of interest as the difference between the outcome differences of treatment and control group. After this double-differencing, i.e. taking a difference of differences, time-invariant unobserved factor on the region or country level do no longer pose a threat to the precision of our estimate of interest.

8.4 Appendix: Tables

Table A. 1 - Mediterranean routes (Frontex definitions)

Route	Description
Central Mediterranean	This route refers to the migratory flow coming from Northern Africa towards Italy and Malta through the Mediterranean Sea. It also includes flows from Turkey and Egypt and the migratory movements between Greece and Italy, which are sometimes coded as belonging to a separate Apulia and Calabria route.
Circular route from Albania to Greece	Circular irregular migration across the land border between Greece and Albania was, for many years, one of the most significant irregular migratory flows across the EU's external borders. Since 2010, when Albanian nationals were granted visa-free travel to the European Union, this route has substantially decreased in importance.
Western Mediterranean - land	This route is defined as the land route from North Africa to the Iberian Peninsula through the Spanish enclaves of Ceuta and Melilla.
Western Mediterranean - sea	This route is defined as the sea passage from North Africa to the Iberian Peninsula
Eastern Mediterranean route - land	The Eastern Mediterranean route is defined as the passage used by migrants crossing through Turkey to the European Union via land borders of Greece, southern Bulgaria or Cyprus.
Eastern Mediterranean route - sea	The Eastern Mediterranean route is defined as the passage used by migrants crossing through Turkey to the European Union via the sea borders of Greece, southern Bulgaria or Cyprus.
Western Balkan route	The Western Balkan route describes two main migratory flows: from the Western Balkan countries themselves, and the secondary movements of mainly Asian migrants who originally entered the European Union through the Bulgarian-Turkish or Greek-Turkish land or sea borders and then proceed, through the Western Balkans, into Hungary.
Eastern Borders route	This route refers to the European Union's 6,000 km long land border between Belarus, Moldova, Ukraine, the Russian Federation and its eastern Member States (Estonia, Finland, Hungary, Latvia, Lithuania, Norway, Poland, Romania and Slovakia).
Western African route	The Western African route is defined as the sea passage from West African countries, mainly Senegal and Mauritania, to the Canary Islands.