

Introduction and overview

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Challenges to asylum and migration policies in Europe

Throughout the EU, policy makers and voters are uncertain about the best way forward for policies on asylum, immigration, and immigrant integration. The number of asylum seekers who enter the EU irregularly has declined sharply from its peak in late 2015, offering a much-needed respite to over-stretched reception systems in the few EU countries that have received most asylum seekers. However, the policies that brought about this reduction – mainly, the EU’s agreement with Turkey to curb irregular migration and the closure of land borders in the Western Balkans to irregular migrants – will be difficult to sustain. It is not clear how the humanitarian emergencies that currently afflict migrants in Greece and the Western Balkans can be addressed without encouraging a resurgence of irregular immigration. It will also be difficult to implement similar measures along the central Mediterranean migrant route from Libya to Italy, where the number of new arrivals has been roughly constant for several years, and there is no other country on that route that could conceivably host refugees to the extent that Turkey does. Finally, there is no viable reform in sight for the EU asylum system (the ‘Dublin’ regulations) to ensure that EU member states share responsibility for hosting refugees more equitably.

Apart from the reception of new immigrants, EU member states also face challenges related to the economic and social integration of immigrants who already live in the EU. In most EU member states, immigrants (defined as individuals born abroad) are less likely to be employed than native individuals. Immigrants also tend to earn less. The gaps in employment rates and income are most pronounced for immigrant women and immigrants from outside the EU. Immigrants who come to the EU primarily to seek protection face an especially lengthy route toward labor market integration – particularly in those member states where refugees receive significant income support until they find formal employment. With lower employment rates and incomes, immigrants as a group tend to pay less tax and lower social contributions and receive more social transfers than the host population. While the net fiscal impact due to the presence of immigrants is usually small (even when it is negative), more immigration will not invariably increase the real incomes and welfare of residents.

In many EU member states, some individuals in the host society harbor very negative attitudes toward immigrants and immigration, complicating the economic and social integration of immigrants. Negative attitudes are often associated with ethnicity-based identities and disseminated by social and other media, and have little to do with the economic impact of immigration on a given individual. Still, successful integration depends crucially

on how much immigrants are willing to invest in destination-specific human capital (learning the local language and acquiring country-specific vocational qualifications). The incentives to invest are diminished if immigrants face negative attitudes, public hostility, or even hate crimes, and therefore must be uncertain about their long-term prospects in the destination country.

Simplistic views about the drivers of migration to the EU further confuse the public debate on asylum and migration policies. A large gap in the level of economic development (hence, in real income and living standards) between an individual’s home country and the EU is often (rightly) identified as an incentive to migrate. Thus, it is argued further, development assistance should be reinvented to combat the root causes of migration – low incomes in developing countries, bad governance, and lack of respect for human rights. Yet, development assistance has pursued exactly these objectives for the last half century, to limited avail. It is clear from this experience that economic and social development is a complex process that cannot easily be set in motion through outside intervention, however well-intentioned. A deeper understanding of the way potential migrants decide whether to migrate is necessary to appreciate the opportunities and risks of possible policy interventions.

Core messages of this Assessment Report

Together, these diverse challenges bear upon the effectiveness of policies on asylum, immigration, and integration in the EU and its member states. The complexity of the challenges and the linkages between the policies help to explain the widely perceived uncertainty about the best way forward. Against this background, we pursue two main objectives with this 2017 MEDAM Assessment Report on Asylum and Migration Policies in Europe. First, we analyze key challenges in three broad areas: i) the global governance of refugee protection, the EU asylum system, and external border management; ii) the economic and social integration of immigrants and public attitudes to immigration among destination-country residents; and iii) the determinants of migration decisions among potential migrants, how development assistance affects migration, and how countries of origin benefit from migration. We emphasize the agency of migrants throughout the process of migration and explain how the various challenges are mutually interdependent.

Sharing responsibility for refugees more equitably

Second, we propose guidelines for comprehensive, implementable solutions to these interlocking challenges. These guidelines will be the starting point for MEDAM researchers to engage with policy makers and civil society through a variety of formats to develop proposals for specific reforms and policy interventions. In this report, we put forward two broad policy messages. In the first

of these, we emphasize that responsibility for protecting refugees should be shared more equitably across countries along parallel dimensions: i) globally, between host countries and the international community, including the EU; and ii) within the EU, between countries of first arrival and other member states.

In both dimensions, a meaningful start can be made through more financial burden sharing, which would go a long way toward equitable burden sharing overall. In return for substantially higher, and more predictable financial support, non-EU host countries should be encouraged to grant a firm legal status to refugees and facilitate their economic and social integration in the host country. The EU and its member states should help by better linking humanitarian to development assistance to ensure that public services and infrastructure are adequate even in the face of protracted refugee situations.

On a voluntary basis, EU member states should complement financial burden sharing with the resettling of a limited number of refugees, both from outside the EU to EU member states, and within the EU, from member states on the external EU border to other member states.

Expanding legal immigration from non-EU countries to EU member states

In our second policy message, we encourage EU member states to expand legal employment opportunities for non-EU citizens at the same time that the EU and its member states are working to curb irregular immigration. At present, many irregular immigrants to the EU apply for asylum not because they require protection, but because this is the only way for them to enter the labor markets of EU member states. Although many such immigrants never receive refugee status, only a few ever return to their countries of origin.

To curb such irregular immigration, we believe it will not be sufficient to try to close the ‘back door’ of irregular travel to the EU through better external border security and agreements with countries of origin and transit along the major migrant routes. Too many potential migrants face the choice of either putting up with limited economic opportunities at home or emigrating irregularly, at high cost and considerable risk. Economic conditions in many low- and middle-income countries will not improve overnight, even if development assistance is increased. Meanwhile, established people-smuggling networks as well as existing migrant diasporas will continue to make irregular migration a viable choice for many, however much border security is tightened along migrant routes.

Therefore, we think it will be important to offer potential irregular migrants an alternative that works for them as well as for countries of origin and destination, by opening the ‘front door’ of regular employment in EU member states to those who are willing to acquire the necessary language skills and vocational qualifications. Within the EU, it is the individual member states that decide on labor market access for non-EU nationals. While it will be important to extend labor market access beyond very highly skilled (university-educated) individuals who frequently enjoy access even today, member states may apply differential conditionality to ensure that the new arrivals have good prospects

for labor market and social integration. Such conditionality typically revolves around age, language skills, vocational qualifications (either based on specific labor market needs or broadly defined skill levels to reflect long-term employment prospects), an employment contract, or family relations. To facilitate access to language and vocational training in developing countries, including for low-skilled individuals, EU member states should make such training part of their development assistance.

A large body of empirical research suggests that, in destination countries, the aggregate economic impact of such additional immigration into the labor market is usually small. Firms would gain access to a larger pool of qualified workers and the effects of population ageing might be eased. At the same time, migrants would benefit from distinctly higher incomes, some of which would find their way to countries of origin through remittances. Since the chance of obtaining legal employment in EU member states would increase with educational attainment and vocational qualifications, the expected returns to investment in human capital would increase, again benefitting the country of origin. Through their development assistance, the EU and its member states may usefully support such language and vocational training.

Thus, in our view, a sustainable asylum and migration policy needs both ingredients – ‘closing the back door’ of irregular immigration and ‘opening the front door’ of regular migration into labor markets. In addition to shifting the incentives of potential migrants toward investment in human capital and waiting for their chance of regular migration, a comprehensive approach along these lines may also garner the support of the governments of countries of origin whose full cooperation is crucial for addressing irregular migration.

Immigration and diversity in the EU (chapter 1)

We begin this Assessment Report by placing recent migrant flows in the context of Europe’s experience with migration over the last half century (chapter 1). In the old EU member states (EU-15), the prevalence of immigration (the share of individuals born abroad in the resident population) has increased sharply since 1960, with most immigrants coming from outside the EU (section 1.1). Today, immigrants make up 10 to 15 percent of the resident population in most EU-15 countries. They are also far more diverse in terms of their countries of origin than half a century ago. During the same period, traditional high-emigration countries among the EU-15 (Greece, Ireland, and Italy) saw the number of emigrants decline significantly relative to their resident population.

Among the new EU member states, the picture is starkly different. Several countries saw their emigration ratios shoot up when labor market access was granted by the EU-15. The emigration ratio is now approaching 20 percent for both Romania and Bulgaria. By contrast, there is little immigration in most new EU member states.

We go on to document important dimensions of migrant heterogeneity (section 1.2). Apart from historical legacies (e.g. former Soviet citizens in the Baltic countries), non-EU immigrants are concentrated in highly industrialized and

urbanized regions. Notably, immigrants from the EU tend to be more evenly dispersed. Most immigrants have come to EU countries to work or to join family members who already live there. Those seeking international protection or political asylum played only a small role in 2014, accounting for more than 10 percent of non-EU immigrants only in Austria, Belgium, Germany, and Sweden. While there are more refugees in the EU today, they still live mostly in the same countries and their numbers are still small compared with those immigrants who came for work or family reasons.

In the EU-28, immigration prevalence was the same for male and female immigrants from the new member states (EU-13) in 2010. By comparison, among immigrants from EU-15 countries and from outside the EU, immigration prevalence was slightly higher for men than for women, although these gender gaps had declined significantly during the previous three decades. The share of university graduates among immigrants remained small in EU member states, particularly when measured against those OECD countries (such as Australia and Canada) that actively attract highly skilled immigrants.

Integration and return: Bosnian refugees during the 1990s

We complement this review of broad trends in immigration with a comparative case study of Bosnian refugees from the 1992–95 Balkan war in five EU member states (section 1.3). The legal framework for labor market integration differed sharply across these member states: from early labor market access and permanent residence a few years later in Austria, to little access and enforced return after the war in Germany. Encouragingly, in all countries that did not oblige Bosnians to return after the war, integration outcomes are very favorable in terms of current labor market participation, irrespective of how long it took Bosnians to gain labor market access. Even more importantly, perhaps, the educational attainment of the second generation (i.e. children born to Bosnian parents who arrived as refugees) is in line with children born to native parents.

The experience of returnees to Bosnia after the Dayton peace accord is mixed. Many Bosnians from ethnic minority areas found it difficult to return to their homes because of continuing ethnic divisions. Overall, returnees struggle economically as much as the rest of the population. With high unemployment in Bosnia, there is little evidence that returnees have brought home scarce human resources. Substantial remittances from the large Bosnian diaspora benefit not only their direct recipients, but also lead to more demand for local goods and services and higher real wages in Bosnia. In turn, they benefit all households with labor income. As a result, by hosting Bosnian immigrants, EU member states help to sustain a struggling economy where living conditions would otherwise be far more difficult.

Global governance of refugee protection and challenges to the EU asylum system (chapter 2)

The surge in the number of asylum seekers who arrived in Europe in 2015 has highlighted the shortcomings of both

the current international governance of refugee protection and the EU asylum system. Since early 2016, policy makers in the EU and several member states have implemented a combination of measures – the closure of the Western Balkans migrant route and the EU agreement with Turkey to prevent irregular migration to Greece – that have brought down the number of new arrivals in Europe. However, the difficult situation in Turkey and the humanitarian emergencies along the central Mediterranean migrant route, through which a persistently high number of asylum seekers arrive in Italy, raise the question of whether the current policies are sustainable and sufficient.

Irregular migrant routes to the EU are now firmly established from as far as West Africa, the Middle East, and Afghanistan. Irregular immigrants are driven by a wide range of motives, including violence and persecution at home as well as the quest to earn a higher income. In developing a response to irregular immigration, one starting point must therefore be the international governance of refugee protection and the resulting obligations of the EU and its member states (section 2.1).

Global governance of refugee protection: The EU's contribution

Refugee protection is governed by the 1951 Refugee Convention, which grants protection in signatory states to individuals who are “persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion.” Those seeking protection must not be penalized for illegally entering the host country; nor must they be returned to a country where they would be at risk. This implies that persecuted individuals will be hosted in the first safe country that they physically manage to reach.

The Convention recognizes that host countries may be over-burdened if they receive too many refugees, and calls on signatory states to share responsibility in this case. This is particularly relevant when refugees are hosted by low- and middle-income countries (as are most refugees worldwide). There is a significant degree of financial burden sharing through the humanitarian assistance provided mainly by UN organizations (the Office of the United Nations High Commissioner for Refugees (UNHCR) and World Food Programme), funded by high-income country governments.

However, available funds from national donors often fall short of needs and funding fluctuates even when available. Thus, we argue that the EU and its member states should contribute more to these humanitarian efforts. Furthermore, they should make their support more predictable and allow more flexibility so it can be used where the need is greatest. Apart from meeting a humanitarian obligation, more – and more predictable – funding for humanitarian assistance would also help to avoid secondary movements of refugees in response to unbearable living conditions in poor host countries.

Beyond financial assistance, we also argue that EU member states should share responsibility with the countries of first asylum by receiving more refugees through ‘third-country resettlement’ mediated by UNHCR, or by issuing humanitarian visas so that refugees can travel to

Europe safely. Given the decline in the number of irregular immigrants and asylum seekers in 2016, there should be room for member state initiatives along these lines. For refugees who cannot reach safe countries, EU member states should explore the provision of humanitarian visas.

The EU asylum system: Challenges

Responsibility sharing for refugees is a challenge not only globally, but also within the EU. The current asylum regime in the EU, embodied in successive Dublin regulations, places most responsibility on the member state where a refugee arrives – usually irregularly, because no member state will currently issue an entry visa to an individual who comes to apply for asylum. As developments in Greece and Italy demonstrate, this arrangement may be neither fair nor sustainable. That said, two fundamental challenges arise in devising a ‘better’ asylum regime for the EU.

First, the protection of refugees is a public good because most people value the fact that refugees have a right to protection (the 1951 Refugee Convention has been signed by 140 countries, representing most of the world’s people). At the same time, most people prefer refugees to be hosted elsewhere and for someone else to bear the cost. At the global level, we deal with the public good nature of refugee protection by suggesting that the EU and its member states step up ‘voluntarily’ and contribute in line with the EU’s role as a major global player, even while there is no formal mechanism for responsibility sharing. Within the EU, however, those countries that have received most of the recent wave of asylum seekers have made it clear that they consider their capacity to host refugees exhausted – be it by closing their border to refugees (Sweden) or closing the Western Balkans migrant route and establishing the EU-Turkey agreement (Austria and Germany). Hence, a voluntary approach may not be sufficient.

Second, the asylum regime involves many policy areas that are closely interdependent: external humanitarian assistance, EU external border security (including through agreements with third countries), external border management, search and rescue missions in the Mediterranean, reception and registration of irregular immigrants, the processing of asylum applications, the economic and social integration of refugees, return of those whose application for asylum is rejected, and legal employment opportunities for immigrants that also benefit refugees (section 2.2). Suboptimal efforts in one area – for example, too little humanitarian assistance for refugees outside the EU – frequently lead to higher costs in another area – for example, more irregular immigration and more applications for asylum.

Apart from external humanitarian assistance, the Dublin system leaves responsibility for all these policies with the member state of first arrival. Arguably, this is not equitable if one considers refugee protection a responsibility to be borne by all EU member states according to their means. In practice, it is also not workable because there are strong incentives for countries of first arrival and immigrants to collude in undermining the arrangement and shift costs onto other member states.

For instance, if the country of first arrival fails to register (in practice, fingerprint) irregular immigrants and does not provide for their subsistence, these immigrants may attempt to take advantage of the absence of border controls within the Schengen area and move to another EU member state that provides better reception conditions. In the absence of a coordinated approach, the main destination countries may feel compelled to adopt unilateral measures to control the migration flows. Thus, a race to the bottom among member states in terms of the reception conditions for asylum seekers may follow. As it happened, several member states (Sweden, Denmark, Germany, and Austria) reintroduced ID checks on their Schengen borders along the migrant routes to discourage irregular crossings and Hungary fortified its non-Schengen borders with several neighbors.

The EU asylum system: Pathways for reform

Therefore, a sustainable asylum system in the EU will have to be built on i) a strong set of common rules (to ensure optimal efforts in all linked policy areas); ii) as needed, effective monitoring and enforcement by the European Commission to ensure that member states play their assigned roles; and iii) substantially more financial burden sharing along with administrative and logistical support for member states of first arrival (section 2.3). Since legal wrangling is seldom helpful in achieving the genuine cooperation that is needed for a functional EU asylum system, much will depend on designing rules that are incentive-compatible for all actors, rather than relying excessively on top-down enforcement by the European Commission.

At present, there is a common set of rules that cover many aspects of the asylum regime. Yet, enforcement of member state obligations has often been weak, such as when member states of first entry have failed to register newly arriving asylum seekers properly or when ‘inland’ member states have refused to participate in the limited, agreed-upon redistribution of asylum seekers from member states of first entry.

Financial and logistical burden sharing within the EU is far from adequate. In the EU budget, funds to support member states that receive many asylum seekers are quite small relative to the costs incurred by those member states. Achieving a satisfactory level of funding that would allow the EU to offset a seriously disproportionate burden on an individual member state would require a substantial increase in EU resources. Technically, this may not even be possible before the next Multiannual Financial Framework starts in 2021. Politically, it would require a unanimous decision by EU member states, rather than a qualified majority like the existing reallocation schemes for asylum seekers from Greece and Italy. As such, a fundamental reform of the EU asylum system will require wide-ranging policy discussions that engage all member states constructively, including those that have so far hesitated to become more involved in protecting refugees. In the meantime, more financial and logistical support from less affected member states to those on the external border may need to be provided on an ad hoc basis.

The EU has recently begun to negotiate agreements with neighborhood countries (including Turkey) and

African countries along the irregular migrant routes to Europe on a set of measures to curb irregular immigration. In the case of Turkey, the EU provides substantial humanitarian assistance for the refugees Turkey is already hosting. In addition, there is limited resettlement for refugees from Turkey to EU member states, in exchange for Turkey curbing the activities of people smugglers and taking back irregular migrants from Greece who went there from Turkey. Cooperation with countries in the neighborhood is essential to improving security along a maritime border where irregular migrants cannot be stopped physically without putting their lives at risk. In extending this approach to more countries of transit and asylum, there is a need to be clearer about the conditions under which a partner country can be considered safe for returning asylum seekers, and about the legal status of such agreements and the possible involvement of the European Parliament in concluding them.

The European Commission has additionally proposed a new mandatory scheme to redistribute asylum seekers systematically from countries of first entry to other EU member states. While this scheme is intended as a major step toward more equitable responsibility sharing, there appears to be little support from member states. This may not only reflect an unwillingness to address an unpopular issue; the Commission proposal also largely fails to address spillovers from other policy areas and incentive issues. For example, inland member states would have little effective control over whether ‘enough’ effort is made to limit irregular immigration by working with neighborhood countries to secure the external EU border and combat people-smuggling. At the same time, member states on the external border would still be expected to receive and host all asylum seekers until some (those with a high chance of recognition as refugees) are redistributed to other member states.

A two-step approach may help to resolve this impasse. First, financial and logistical support for member states on the external border may be increased to ease their burden. In particular, the existing ‘hotspot’ approach may be extended to include EU-operated reception centers where asylum seekers would remain until recognized as refugees (or obliged to return to their countries of origin). Second, inland member states may be encouraged to voluntarily resettle some recognized refugees directly from the hotspots.

Immigrant integration in the EU (chapter 3)

A large body of empirical economic research demonstrates that the economic effects of immigration on the resident population in the destination country are usually small on aggregate. The underlying economic logic is that the wages earned by working immigrants reflect the extra output of the economy. If immigrants compete in the labor market with particular groups of residents (such as earlier immigrants), these groups may experience lower wages and worse employment opportunities (while other groups likely benefit). If immigrants do not work but receive social transfers, there may be a negative fiscal effect on the host society. While this effect is typically found to be small for immigrants overall, it may become

significant for groups with unfavorable socioeconomic characteristics for labor market integration or if many immigrants enter a destination country in a short time (such as asylum seekers in Austria, Germany, and Sweden in late 2015 and early 2016). It is also conceivable that scarce local resources (e.g. housing, natural and environmental resources) could experience excess demand so that their quality deteriorates permanently, although there is little evidence that this is occurring at the prevailing levels of international migration.

Given the positive effects of immigration on migrants themselves (otherwise, they would not migrate in the first place) and on their countries of origin (through financial and other remittances), we take it as given in this Assessment Report that immigration is normally beneficial overall if immigrants join the labor force rather than the welfare state. With this in mind, we concentrate on the labor market integration of immigrants. We begin by reviewing broad trends across the EU and then focus on the early experiences of recently arrived refugees in Germany and the associated lessons.

Labor market integration

In most EU member states, there is a gap in employment rates and income between immigrants and the native population of prime working age (25 to 54 years old; section 3.1). This gap cannot be explained by differences in educational attainments or age composition; it is most prominent among immigrants from outside the EU, especially women. The reason for immigration plays a large role: those who come for family reunification or international protection represent the most vulnerable group.

The employment and income gaps reflect a similar gap in education for the first generation of immigrants: the share of the tertiary-educated is much lower than for the majority population, especially among women. Encouragingly, the second generation catches up with the majority population in most EU member states.

Labor market integration takes much longer for refugees than for those immigrants who first come to the destination country to work or study (section 3.3). Whereas the latter reach their long-term employment level (which may still be lower than for the majority population) after at most a few years, refugees take around 10 years to catch up with other immigrants.

We identify several major reasons for the slow transition of refugees into employment. For a start, many refugees leave their homes suddenly because of persecution or violence and are hence unprepared for the destination country in terms of language and vocational skills. In addition, many refugees must wait several months or even years for their legal status to be recognized. In the meantime, they have few incentives to invest in country-specific human capital as they might be asked to leave the destination country. Also, they may not have access to relevant courses until their legal status is confirmed. Moreover, even when there are suitable jobs on offer and there are refugees willing and qualified to take them, ‘matching frictions’ between refugees and the local firms complicate the job search and hiring process.

We report evidence from a field experiment in Munich that strongly suggests that matching frictions matter for

the job search process of refugees. Providing support through personal counselling and facilitating the exchange of information between candidates and potential employers may considerably shorten the time required to find a job. Furthermore, rapid asylum procedures to establish legal certainty as well as early access to language classes and vocational training are helpful. It is also worth exploring whether successful labor market integration should enable an asylum seeker to remain in the country of destination for good even if his or her application for asylum is rejected.

Residents' attitudes toward immigrants and immigration

Successful integration depends not only on the socioeconomic characteristics of immigrants, but also on residents' attitudes toward immigrants and immigration (section 3.2). As voters, residents determine immigration policies; as members of the host society who interact with immigrants in manifold ways, residents influence the labor market and social integration of immigrants.

Most individuals who are skeptical about immigration or immigrants are not primarily concerned about a negative economic impact that they might suffer themselves. Rather, many skeptics are concerned about how their 'peers' are affected – whom they define on an ethnic, rather than civic basis while adopting a national, rather than European perspective. While such collective identities and worldviews are sticky, they are not unalterable: they are affected by social interactions across the borders of 'in groups,' and ethnicity-based collective identities become less prevalent as educational attainment increases. Importantly, they can be 'activated' or 'mediated' by political discourse and media reporting on immigrants.

We derive three guidelines from this analysis for responsible societal conversation on immigration. First, it is helpful to provide the public with nuanced factual knowledge. While attitudes are driven by people's beliefs, beliefs are informed by public debates. Second, policy makers are always well-advised to take the concerns of the public seriously, but if concerns are little more than ethnicity-based identity talk, then such talk should be exposed for what it is, namely essentially racist, and should be dealt with like other extremist utterances. Third, policy makers should promote opportunities for positive contact between immigrants and the majority population, because such contact has been shown to lead to more balanced and positive views about the 'other.'

Migration and development (chapter 4)

The migration flows we observe are the outcome of decisions by millions of individuals and their families on whether to migrate (and if so, where), remain in the country of origin, or (after migration) return home. Potential migrants weigh multiple tangible and intangible benefits of migration against the costs (section 4.1). Similarly, migrants and their families decide how much time and money to invest in tangible and intangible assets specific to their host and home countries, affecting their economic and social integration in the countries of destination.

Depending on the context, complications may arise in the process of making decisions about migration and

return. Potential migrants often have only limited information about travel risks (say, current conditions in Libya) or what their lives would be like in possible countries of destination, including their likely incomes and cost of living. The available information from media or visiting migrants may also be distorted. In the case of refugees, the original decision to leave home is typically driven by the experience of persecution or violence, but the subsequent decision to move on from the first country of asylum (for example, to the EU) is subject to a similar cost-benefit calculus as most other migration decisions.

While many individuals from low-income countries would like to migrate to high-income countries, there are large differences in migration intentions between similarly poor countries: fewer individuals want to migrate when a country's prospects for economic growth and social development are perceived as better. Combined with the intangible costs of migration (for instance, being separated from family and friends), this explains why observed emigration prevalence starts to decline when per-capita income is only approximately a third of the level of potential, rich destination countries. For those who decide to migrate, it is a life-changing decision. Several recent initiatives to fortify borders physically through walls and fences will make irregular migration costlier, but will not – on their own – change the calculus of migrants sufficiently to reduce irregular migrant flows to a significant extent.

In the ongoing public debate, there are demands to reinvent development assistance to eliminate the causes of irregular migration from poor countries, presumably including poverty and bad governance. However, the relationship between development assistance and migration is complex (section 4.2). Like other international financial flows, development assistance creates linkages between donors and recipients, reducing international transaction costs and, potentially, the costs of irregular migration. Still, if development assistance succeeds in raising real incomes and improving economic prospects, it may reduce the incentive to migrate – though only if real income surpasses a critical threshold (see above).

Finally, many migrants maintain close ties with family and friends in countries of origin even while their economic and social integration is progressing well in their host countries. Having close economic and social ties in two societies has been characterized as migrant transnationalism. Apart from financial remittances to family and friends, transnationalism may also lead to "cultural, social, and political remittances": the transfer of values that migrants acquire in their host countries to family, friends, and society at large in their countries of origin (section 4.3).

While in the past the empirical evidence on social remittances consisted mainly of a well-supported narrative about how migrants transfer values back home, more solid quantitative relationships are now also reported. The emerging research literature shows that migration can affect fertility behavior, the social status of women, and political attitudes in migrants' countries of origin. Empirical papers often focus on countries of origin with emigrants in different destination countries that have differ-

ent value systems. For example, fertility rates in Turkey were higher in those regions with high emigration prevalence toward the Gulf region (rather than toward Western Europe). In Moldova, municipalities with high migration prevalence toward Western Europe (rather than Russia) saw a higher vote share for political parties that support the EU.

Insights to guide the design of policies related to asylum and migration

Our analysis demonstrates, above all, that a systemic approach is required to design effective policies for asylum and migration in the EU and beyond. It is true that refugee protection and labor migration differ conceptually and in the way they are governed. Nevertheless, labor migrants from many parts of the world enter the EU irregularly and apply for asylum in the hope of gaining access to the labor market, while individuals threatened by persecution or violence may migrate to safety with a work visa. The effects of much-discussed policy interventions such as fortified borders or innovative forms of development assistance depend on myriad factors that relate to the way potential migrants decide whether to migrate and when, as well as economic conditions in the countries of origin and destination.

Furthermore, migration needs to be governed and regulated. If asylum seekers were free to choose their host country, potential destination countries would probably offer progressively worse reception conditions, resulting in a race to the bottom. If many immigrants arrive in a country within a short time span, they may overstretch limited local resources, such as housing, infrastructure, education systems, and welfare state services. Curbing irregular migration through better border enforcement while protecting refugees will require the enforcement of rules in close cooperation between countries of origin, transit, and destination. Destination countries need to have confidence that they can effectively control immigration before they will consider expanding legal immigration opportunities even for individuals who possess the necessary language and vocational skills to succeed in the labor market (and not become dependent on the welfare state).

In addition, new forms of international governance and cooperation need to be developed around the notion of joint, but differentiated, solidarity. For example, partnerships for refugees in non-EU countries would bring together high-income countries that provide substantially higher and more predictable funding for humanitarian and development assistance, and developing host countries that grant refugees a firm legal status and facilitate their economic and social integration in ways that can be monitored and verified. The countries involved would share a commitment to protecting refugees globally, but contribute in different ways according to what they consider financially, logistically, and politically feasible.

Similarly, the functioning of the EU asylum system needs to be improved. Yet, in the short to medium run, there is unlikely to be a grand new scheme with key tasks centralized at the EU level, additional EU tax revenue, and mandatory quotas for member states to host

refugees. Rather, the present Dublin system will remain the point of reference, backed up by a credible threat of Schengen area and other borders being closed to irregular migrants. Under these circumstances, inland member states can effectively share the burden of member states of first arrival by helping to operate reception centers for asylum seekers, with each member state contributing according to its means (financially, by providing staff, by resettling recognized refugees within the EU, by offering work visas to individuals who might otherwise apply for asylum, etc.). As with other forms of joint but differentiated solidarity, it would be helpful to have a review mechanism to assess the contributions of all participants and a forum where participants can engage in a constructive conversation on how to develop responsibility sharing further.