



# DIW DCynopsis

Real, Clear Economics: A Newsletter from DIW DC

www.diwdc.org

May - August 2009

## CONTENTS

International Migration Experts Meet for Sixth Annual Migration Meeting (AM<sup>2</sup>)

DIW DC Book Presentation on EU Expansion Draws Large Crowd

Dr. Constant Delivers Keynote Lecture in Norway

DIW DC Part of International Non-Profits Education

Top Twenty Things to Know about Health Care Reform

Interview with Dr. Douglas S. Massey

First Graduate of the Berlin Graduate Center of Economic and Social Research Doctoral Program

Recent News: DIW DC Board of Directors Ranks High

DIW DC Welcomes New Board Members

Internship Program at DIW DC

DIW DC Fellowship Program

Iraqi refugees in 2009: Lost in Translation?

DIW DC is an independent, nonpartisan, nonprofit economics think tank.

DIW DCynopsis, the newsletter of DIW DC, is published three times a year.

Editor: Amelie F. Constant

Managing Editor: Anastasia Xidou

## International Migration Experts Meet for the Sixth Annual Migration Meeting (AM<sup>2</sup>)

**M**igration expert Julian Simon once declared that “the main fuel to speed the world’s progress is our stock of knowledge.” With this philosophy in mind, the sixth Annual Migration Meeting (AM<sup>2</sup>) took place on May 21-23, 2009 at IZA in Bonn, Germany. Co-organized by DIW DC Executive Director and IZA Deputy Program Director in Migration Amelie F. Constant and Barry Chiswick (University of Chicago and IZA Program Director in Migration), AM<sup>2</sup> draws together leading international researchers to share their work on migration, and exchange ideas. This year’s meeting was again successful in including eleven scholarly papers from different countries and on a variety of migration topics. The highlight of the meeting is the Julian Simon Lecture, which is presented in honor of Simon’s prolific contributions to population change research.

The 2009 Julian Simon Lecture was delivered by famous economic historian Jeffery Williamson of Harvard University. Williamson’s lecture, entitled “Vanishing Third World Emigrants?” examined the third world’s emigration life cycle since the 1960s. Since



*Dr. Jeffery Williamson and Dr. Amelie Constant*

and demographic fundamentals driving emigration life cycles to the United States. Projecting the emigration life cycle up to 2024, Williamson suggests that pressure on third world emigration over the next two decades will either remain steady or decline. Future U.S. immigrants, he says, will likely be more African and less Hispanic than in the past.

a peak in the late 1980s and the early 1990s, third world emigration rates (except those from Africa) have leveled off or have even been declining, a trend that has only been accelerated by the current economic crisis. Williamson argues that income and educational gaps between the U.S. and the sending country, poverty traps and the size of the cohort at risk in the sending country, and the migrant stock in the U.S. are the economic



Williamson's lecture was but one of many outstanding presentations at the meeting. Nuria Rodriguez-Planas of the Universitat Autònoma de Barcelona presented her research on the effect of immigrants on the creation of a more flexible work force. She finds that Spanish immigrants are more occupationally mobile than natives and more sensitive to economic changes, enabling the Spanish economy to be more adaptable to new technology and demand shocks. Magnus Lofstrom of the Public Policy Institute of California examined the labor market effects of immigrant legalization on illegal border crossers and visa abusers, finding that while the earnings of illegal border crossers do not necessarily improve after receiving Legal Permanent Resident status, visa abusers catch-up with the continuously legal immigrant group after receiving a green card.

Odelia Heizler-Cohen of the Hebrew University presented her work on the connection between social networks and reality show wins. Heizler-



*Thomas Lange of the University of Konstanz*

Cohen finds that social networks and membership in minority groups play key roles in a contestant's victory, but their

effects are nonlinear: the social network effect is U-shaped, whereas minority group membership follows an inverted U shape. Pieter Bevelander of Malmö University presented his research on voting and social inclusion in Sweden, revealing that although immigrants are less likely to vote than native-born Swedes, immigrants who naturalize are generally far more likely to vote than those who do not. Thomas Lange of the University of Konstanz presented his research on the return migration of foreign students and the choice of non-resident tuition fees, presenting a model of student

migration that attempts to determine the optimal choice of non-resident higher education tuition fees in the host country. Stephen Trejo of the University of Texas at Austin discussed selectivity and immigrant employment, showing that immigrants are likely favorably selected in terms of employment rates. At low skill levels, foreign-born men are



*Sherrie Kossoudji of the University of Michigan*

more likely to work than U.S.-born men, whereas at high skill levels, the employment rates of immigrants and natives are similar. Monika

Sander from the University of Bamberg examined the relationship between immigrants' Body Mass Index and their duration of residence in Germany, revealing that additional years in Germany lead to an increase in BMI for both men and women. Sherrie Kossoudji of the University of Michigan explored how state policy shapes child and family characteristics in intercountry adoptions. Changes in immigration policy in the United States and adoption policy abroad affect child and family characteristics in inter-country adoptions, such as when the break-up of the Soviet Union was responsible for a tidal wave of adoptions from Russia.

Diego Aycinena of Francisco Marroquin University presented his work on remittances and the problem of control. By conducting a field experiment among migrants from El Salvador, Aycinena discovered that when migrants have the option of greater control over home country savings accounts, they are more likely to open such accounts and accumulate more savings in them. Kerry Papps of the University of Oxford discussed gender, source country characteristics and labor market assimilation among immigrants, finding that women migrating

from countries with high relative female labor force participation rates work substantially more than women coming from countries with lower relative female labor force participation rates work substantially more than women coming from countries with lower relative female labor supply levels. Echoing this, Papps also found substantial and persistent negative effects of source country fertility on the labor supply of female immigrants. The lively conference sessions were structured with paper presenters and formal paper discussants as well as with audience participation and discussions. In addition to the talks presented at the meeting, participants enjoyed an informal welcome dinner at the Seasons Restaurant in Bonn and an elegant riverside dinner at the Hotel Königshof. The three-day meeting



concluded with closing remarks from Constant and Chiswick, who thanked the participants and invited them to apply to the seventh Annual Migration Meeting in 2010. ■

## DIW DC Book Presentation on EU Expansion Draws Large Crowd



**T**o a packed house with standing room only, DIW DC Chairman Klaus F. Zimmermann presented his talk, “After the Honeymoon: Labor Market Implications Five Years after EU Enlargement.” The luncheon book presentation, which garnered an audience double DIW DC’s

goal, presented findings from Zimmermann’s latest book publication, *EU Labor Markets After Post-Enlargement Migration* (co-edited by Dr. Martin Kahanec). DIW DC Executive Director Dr. Amelie Constant co-organized this event with the Center for Strategic International Studies in Washington (CSIS). Hosted by CSIS, the program was moderated by Dr. Sidney Weintraub, William E. Simon Chair in Political Economy at CSIS. Free

preprint copies of the book were distributed to the audience.

Zimmermann’s presentation addressed the following burning questions: Are immigrants from new EU member states a threat to the Western welfare state? Do they take jobs away from natives? Will source countries suffer from brain drain or demographic instability?

Based on econometric analysis and hard data, Zimmermann made a convincing case that there is no evidence that post-enlargement labor migrants would on aggregate displace



native workers or lower their wages, or that they would be more dependent on welfare. While brain drain may be a concern in source countries, the anticipated brain circulation between EU member states may, in fact, help to solve their demographic and economic problems, and improve the allocative efficiency in the EU, as well as facilitate international trade. Moreover, migration contributes to positive redistributive effects; for instance, skilled immigration can reduce income inequality. The lesson is clear: unfettered migration can be a win-win solution, rather than a foe, for labor market woes and cash-strapped social security systems in the EU.

In May 2004, Cyprus, the Czech Republic, Estonia,



*Dr. Zimmermann speaks lively about his findings that are discussed throughout his book*

Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia (the EU10) joined the EU15. In January 2007, Bulgaria and Romania (the EU2) also joined, creating the EU27. Prior to enlargement, many EU member states voiced concern about how their country would be affected by the new members. Mass migration, “welfare tourism” and displacement effects in the labor markets were among the top sources of anxiety, prompting most states to close off their labor markets to new members, at least initially. Germany and Austria, while they have simplified the procedures of migration, they are still among the countries with closed borders and will remain

so until 2011. According to Zimmermann, however, this is exactly the wrong reaction. Free labor migration generally benefits the economy by improving the allocative efficiency of labor markets in both the home and host countries and by benefiting the migrants themselves. Skilled immigrant circulation facilitates international trade and the transfer of technologies and knowledge, eliminating bottlenecks to economic development. Closing or tightening borders may have a more negative impact on a nation. Dr. Zimmermann states that the United States could use such valuable information to apply it to its policies concerning Mexican immigrants. “Paying people to leave is very ineffective; giving them a passport to do so is much more effective.” When a nation decides to close its borders this in-turn hinders the ability for citizens to leave the nation thus interrupting the natural cycle of migration. Restraining immigration can backfire. This can be seen with many illegal Mexican immigrants within the United States who, because they cannot freely move back and forth, bring their families and never leave.

What happened? The EU as a whole experienced substantial positive effects in terms of GDP, GDP per capita, productivity and wages following both waves of expansion. It also



experienced a somewhat smaller effect for employment in the long run. With the exception of recent EU8 immigrants to Germany, immigrants experienced greater labor market participation and higher employment rates than the populations in either the sending or receiving countries.

*DIW DC Executive Director Amelie Constant along with German Embassy Economics Minister Matthias Sonn listen in on Dr. Zimmermann's presentations*

Dr. Zimmerman also states that through the studies that he has done, the new cycle of migration consists of relatively educated individuals. Skilled migrants however are more likely to migrate to open nations rather than attempt to enter into a nation that has closed its borders. Due to the fact that a country needs high skilled laborers to

stimulate low skilled labor, closing the borders of a country to such immigration can hinder not only new employment but also current low skilled citizen employment. ■

## **“Measure for Measure: Sizing up Ethnicity” DIW DC Executive Director Delivers a Keynote Lecture at the “Quantitative Methods in Social Sciences 2” Workshop in Norway**

**E**xecutive Director Amelie Constant was invited to give a keynote to the “Multi-Attribute Analysis and Projection of Ethnic Populations” workshop held in Jevnaker, Norway, on June 3-5. On June 3rd, Dr. Constant delivered the lecture “Measure for Measure: Sizing up Ethnicity,” based on her research over the last few years on the measurement of ethnic identity and its impact on various socio-economic outcomes.



*Executive Director of DIW DC Dr. Amelie Constant*

QMSS is a network initiated by the European Science Foundation with the purpose to disseminate, through seminars and summer schools state-of-the-art methods in social sciences to the new generations of European researchers. Within the group of the Immigration

and Population Dynamics and co-organized by Nico Keilman of the University of Oslo, Philip Rees of the University of Leeds and Frans Willekens of the Netherlands Interdisciplinary Demographic Institute, the meeting focused on: how to define ethnic minority or an immigrant in analyses of demographic behavior, labor market behavior and projections thereof? Should it be by country of birth (own, parents’), by nationality or country of origin, by language, through self-declared ethnicity, by religion, by degree of integration, etc.? Young researchers active in the field and experienced scholars presented their latest work in this successful 2-day meeting. The consequences of



different definitions for analyses and projections as well as the role of sensitivity analysis we also discussed. ■

## DIW DC Part of International Non-Profits Education

**D**IW DC participated in a USAID sponsored training program about not-for-profit think tanks for an official delegation from Azerbaijan. The goal of the program is to teach people how to create and manage think tanks and robust organizations that are critical for assisting governments in economic transition. On July 21st, the Azeri delegates visited DIW DC for a discussion with Executive director Amelie Constant about how to create, support, and manage an economic think tank in Washington DC. Being the founding director of a think tank herself, Dr. Constant shared with them various strategies about staffing a think tank and how such decisions can affect the outcomes of each think tank's performance.

Dr. Constant additionally discussed topics such as member credentials and ways to maintain in house experts while outsourcing other aspects of the think tank to consultants. Dr. Constant emphasized how crucial think tanks are within a country due to the valuable information they communicate to the media as well as to policymakers. Maintaining a connection between the government, the media, as well as other institutions and universities are ways in which Dr. Constant suggested the delegation go about creating a credible standing for newly formed think tanks. The delegates walked away with some valuable information to take back with them to Azerbaijan as they attempt to start their own think tanks. ■



# Top Twenty Things to Know about Health Care Reform\*

\*OECD Economics Department, ECO/WKP (2009)6, 06-Feb-2009

1. 47 million Americans (6%) lack health insurance.
2. Total expenditure on health per capita (Intl \$, 2006): 6,714
3. Total expenditure on health as % of GDP (2006): 15:3
4. The cost estimates for the Democrats health care reform have now hit \$1.5 trillion over a decade.
5. The congressional budget office issued a report concluding from a partial draft of a Senate health committee bill, that the plan would cost \$ 1 trillion over 10 years but would only provide coverage for 16 million of the estimated 50 million American who are uninsured.
6. The overall health status of the US population appears to rank among the lower third of OECD countries, despite much higher health expenditure per capita than in any other country.
7. For this amount of expenditure in the U.S., government provides insurance coverage only for the elderly, disabled and some poor. In other OECD countries this is enough for government to provide universal primary health insurance.
8. The public share of health expenditure (46%) is much lower than in any other OECD country, except Mexico, but nevertheless public health expenditure per capital is higher than in most other OECD countries.
9. The number of persons without health insurance has increase significantly in recent years, from 38 million (14% of the population) in 2000 to 46 million (16 % of the population) in 2007.
10. Households with adults who are in fair/poor health and/ or have certain chronic health conditions are more likely to be uninsured than healthier adults.
11. Younger adults are more likely to be uninsured than older adults.
12. There has been an increasing trend in the number of uninsured and underinsured.
13. Uninsured persons are less likely to receive preventative and screening services, less likely to receive appropriate care for chronic conditions, and are more likely to die from cancer (Bernanke, 2008; Institute of Medicine, 2002).
14. The uninsured also receive inferior treatment. Doyle (2005) found that uninsured victims of car accidents received 20% less treatment in hospitals and were 37% more likely to die of their injuries than the insured.
15. Pharmaceutical drug prices appear to be higher in the United States than in other OECD countries. Danzon and Furakawa (2008) find that price indexes of drugs in 12 countries indicate that foreign prices are up to 20% lower than public prices in the Untied States.
16. The absence of health insurance is much more prevalent among low-income groups than high-income groups. Some 48% of household with incomes less than twice the poverty threshold were uninsured at some point during 2007, while for households with higher incomes than this the rate was 16%. The uninsured rate drops steadily as household income rises, to 9% for household with incomes four times or more the poverty rate.
17. Physician incomes relative to GDP per capita are high by international comparison, lending support to the view that high prices contribute to high expenditures in the United States.
18. Physician density is below the OECD median.
19. Physician visits per capita is below the OECD median.
20. Nurse density is slightly higher and hospital use is clearly lower. ■

## Dr. Douglas S. Massey: A Profile



*Dr. Douglas S. Massey of Princeton University*

In this issue of the DIW DC Synopsis, DIW DC is pleased to highlight the work and achievements of Dr. Douglas S. Massey, a member of DIW DC's Board of Distinguished Advisers. Dr. Massey is currently the Henry G.

Bryant Professor of Sociology and Public Affairs at Princeton University. He has held various other professorships at other prominent universities as well, including the University of Pennsylvania and the University of Chicago. Dr. Massey began his career by completing his undergraduate degree Magna Cum Laude at Western Washington University in Sociology-Anthropology, Psychology and Spanish. When asked about his biggest inspiration for his career, he says that his major influence was one of his undergraduate professors, Professor Edward Stephan, who taught him what social science is and how to conduct good research. He continued his studies at Princeton University where he concluded his Master's degree and PhD in Sociology. Dr. Massey's major fields of research lie in Demography, Urban Sociology, Stratification, Social Research Methods, Latin American Studies, Race/Ethnic Relations, Biosociology, and Immigration. As a leading expert on migration, on May 20, 2009 he was called to testify again before the US Senate Judiciary Committee to address immigration issues with Mexico. He is using his decades of

pioneering research to support his assertions that to solve the United States' immigration issues it is necessary to provide more routes to legalized residency within U.S. borders. He further states that the current immigration crisis is a result of bad policies in the past, but he is hopeful that with better policymaking in the future, it will be possible to achieve the reality of a fully functional and integrated North American economy.

In a recent interview with DIW DC intern Lauren Jarrell, Dr. Massey stated that immigration reform may take a back seat during a rough economic climate. The economic downturn has also slowed immigration from Mexico, but he is hopeful that some form of immigration improvement will take place soon. The reasons for the resistance to Mexican immigration reform are varied and rooted in some American stereotypes. Dr. Massey states that the Mexican immigrant population has been severely demonized especially since 9/11. The Mexican border has become a symbol of the war on terror and a heavy preoccupation of many lawmakers, when, in fact, none of the perpetrators of the terrorist attacks of 9/11 came through the Mexican border. The United States has effectively militarized its border with one of its largest trading partners. About one-fifth of Mexican immigrants are living in the United States illegally under fear that they will be deported. According to Dr. Massey, more routes towards legalized residency will enormously help the illegal immigrant dilemma in the U.S.

Dr. Massey has received numerous honors and awards, both domestically and internationally, that demonstrate his prominence in the migration field. Currently he is serving as President of the American Academy of Political and Social Science; in the past, he worked as President of both the American Sociological Association and the Population Association of America. DIW Berlin awarded Dr. Massey with the Senior Prize in 2005

for his paper titled “Return Migration by German Guest workers: Neoclassical versus New Economic Theories.” He has also been presented with the Antonio García Cubas Prize by the National Institute of Anthropology and History, the Otis Dudley Duncan Award by the American Sociological Association, the Premio de Reconocimiento de Destacado Mérito by El Consejo Cultural Mundial, as well as many more honors listed in his 51-page long curriculum vita.

One of Dr. Massey’s most notable accomplishments is the establishment of the Mexican Migration Project. Founded in 1982, the mission of this project is to provide accurate data on documented and undocumented Mexican migrants to the United States. Dr. Massey stated in his interview that there was a “real gap in scientific and public debate where we had this massive phenomenon happening, no accurate data and no solid information; a lot of rhetoric and propaganda. I wanted to create a database for everyone that could provide accurate information.” The MMP is co-directed by Dr. Massey and his colleague, Jorge Durand, a professor at the University of Guadalajara.

Additionally, Dr. Massey has published 250 scholarly articles and over 30 books including the widely-read *Beyond Smoke and Mirrors: Mexican Immigration in an Era of Economic Integration*, which explores the effects of the 1986 Immigration and Reform Control Act that drastically militarized the U.S. border and imposed more restrictions on Mexican migration. He has also written *American Apartheid: Segregation and the Making of an Underclass*, which focuses on the spatial segregation of African-Americans and the consequences that result from this segregation. ■

## **Congratulations Dr. Astrid Cullman! First Graduate of the Berlin Graduate Center of Economic and Social Research Doctoral Program**



*Dr. Astrid Cullman*  
*Research associate*

**D**IW DC is proud to congratulate Dr. Cullman, the first student to graduate from the DIW Berlin doctoral Program! Astrid Cullmann joined the DIW Graduate Center in September 2006. Under the advisory of Professor Christian Von Hirschhausen, she wrote

her dissertation on the Polish Electricity Market. Dr. Cullmann is currently a research associate at DIW Berlin department of Innovation, Manufacturing and Service. She previously studied Economics at the Free University in Berlin and Carlos III in Madrid. Executive director of DIWDC and vice dean of the Graduate Center Dr. Amelie Constant congratulated Dr. Cullman of her impressive completion of the program ahead of time.

Since the program started in 2006, the first year graduate students of the Graduate Program of Economic and Social Research - like Dr. Cullman - spend a semester at DIW DC as part of their studies. The three-month program involves rigorous graduate courses at the DIW DC office and a one month internship at leading American, international or governmental institutions such as the World Bank, the International Monetary Fund, Brookings, the Urban Institute, the Center of Strategic International Studies, etc. The doctoral program is international and all classes are taught in English. For more information about the doctoral program and for applications for the academic year 2010-2011 please visit: <http://www.diw.de/english/graduatecenter/77795.html> ■

## Recent News: DIW DC Board of Distinguished Advisers Ranks High

**D**IWDC Board of Distinguished advisers Dr. Rebecca Blank has become U.S. Undersecretary of Commerce for Economic Affairs at the Department of Commerce. DIW DC wishes her all the best in her high rank position with the Obama administration and has no doubt that she can effectively advise the administration. Dr. Blank is an expert on government anti-poverty programs and the behavior and well-being of low-income families. ■

### DIW DC Welcomes New Board members

**D**IW DC would like to welcome two new prominent members to its board of distinguished advisers, Professor Edward Lazear and Professor Keith Maskus.

Ed Lazear is a professor of Human Resources Management and Economics at Stanford University and the Hoover Institute. He chaired the council of economic advisers to president George W. Bush from 2006-2009. He is a founding editor of the *Journal of Labor Economics*, an associate Editor of the *Journal of Economic Perspectives*. Edward Lazear has authored several books, among them "Personnel Economics" (The MIT Press, 1995) and "Personnel Economics for Managers" (New York: John Wiley & Sons, 1998). For his tremendous contribution to the science, in 2004 he won the prestigious IZA prize in Labor Economics.

Keith Maskus is a Professor of Economics, the Director of Graduate Studies and the Associate Dean of the Department of Social Sciences at the University of Colorado, Boulder. He has been a visiting scholar at the Development Research Group at the World Bank, and at the U.S. Department of State. He serves also as a consultant for the World

Bank, the United Nations Conference on Trade and Development, the World Health Organization, World Intellectual Property Organization, and the International Task Force on Global Public Goods. He is a well known specialist in international trade analysis. ■

## Internship Program at DIW DC

**E**xecutive Director of DIW DC, Dr. Amelie Constant welcomed four interns at DIW DC this summer: Lucy Axton (American University), Lauren Jarrell (American University), Jin Woo Kim (George Washington University), and Stephan Kohzer (IZA and University of Bonn). These bright students offered valuable help to DIW DC through their extensive assistance in planning and organizing various conferences and events and supporting its public relations and administration. The students attended several conferences by other think tanks in DC, representing the Institute, and were also engaged in substantial economic research and contributed to DIW DC's scientific and policy outlets. Under the guidance of Amelie Constant they have worked on research on refugees, the health care issues in the US, the health status of Mexicans, immigrant remittances, various economic and political issues in the EU, the role of lobbying and advocacy during the EU's expansion into Eastern Europe, and provided summaries of the economic indicators and their gauging of the economy, inter alia. DIW DC is an ideal place for students' internships both at the undergraduate and graduate levels. "Now I understand what economics is all about" said undergraduate intern Lauren Jarrell.

DIW DC is currently accepting applications for the fall and spring internships in the fields of economics, public relations and administration. If you are interested in interning at DIW DC, please



contact Anastasia Xidous, Program Coordinator for more information at: [xidous@diwdc.org](mailto:xidous@diwdc.org) or call 202.429.2904 ■

up to one year, with the opportunity of seeking renewal after one year. Fellows will be responsible for all their own costs, including office space, and travel. Fellows will also be responsible for obtaining a visa to come to the U.S.

To apply, please send a CV, cover letter, a 2-page project proposal, 2-3 references and suggested timeline to:

Anastasia Xidous  
Program Coordinator  
DIW DC  
1800 K Street, NW  
Suite 716  
Washington, DC 20006  
[xidous@diwdc.org](mailto:xidous@diwdc.org) ■

## **DIW DC Fellowship Program – Now accepting applications**

**W**ashington, DC, is an ideal location for researchers and who are also interested in policy. Not only is it the seat of all three branches of the United States federal government, the World Bank, the International Monetary Fund, 22 colleges and universities, 172 foreign embassies and innumerable think tanks, lobbying groups, NGOs and professional associations, but it is also home to DIW DC, a leading independent, nonpartisan, nonprofit economics think tank. The DIW DC Fellowship Program enables academics and scientists to come to the district and enjoy DIW DC's prime resources, central location and close ties to policymakers, embassies, fellow research institutions and universities, all while pursuing a project in one of DIW DC's research areas or a general socioeconomic topic of interest to DIW DC. Applicants must have an advanced degree and be working on an approved project. They should set their own timeline for their visit and, once accepted, may stay from one month

# Iraqi Refugees in 2009: Lost in Translation?

By: Jin Woo Kim

George Washington University and the Elliott School of International Affairs

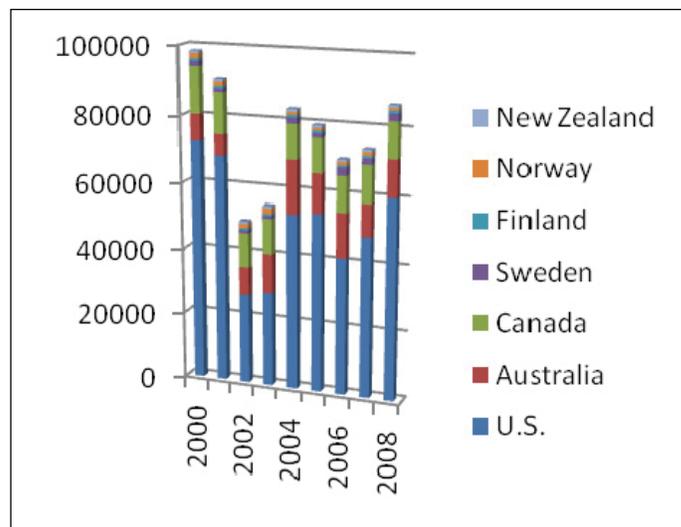
The 20th of June marked the ninth observance of World Refugee Day, an internationally recognized event that honors refugees. It began in 2001, when the Organization of African Unity agreed to share this date with the United Nations, coinciding with Africa's own Refugee Day. Looking back at the past nine years in anticipation of the tenth anniversary of Refugee Day, the reality starkly contrasts with the sense of hope and promise the event embodies. After nine years of commemorating the courage and unyielding spirit of refugees around the world, the situations for refugees has only worsened and the number of forcibly displaced people has reached the unprecedented level of 42 million.

Three months after the first observance of World Refugee Day in 2001, the U.S. and its NATO Alliance Forces declared war against the Taliban in Afghanistan. As a result of this military decision, more than a million Afghans became refugees—in addition to the three million that still remained displaced due to the Soviet invasion and the civil war that occurred two decades ago. Two years later, the U.S.-led military effort in Iraq resulted in displacement and homelessness for millions within Iraq's borders and abroad.

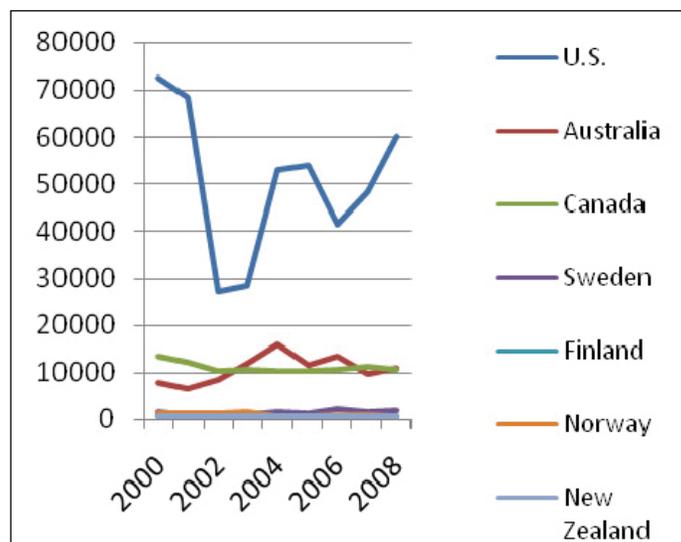
The United Nations High Commissioner for Refugees (UNHCR) reports that as of June 2009, the highest number of refugees came from Afghanistan (2.8 million) followed by Iraq (1.9 million). The next highest number of refugees came from Somalia and Sudan with 600,000 and 400,000, respectively. These numbers, however, can be misleading since they do not include individuals displaced within their own country. If this number was measured, Iraq would have the most refugees. The situation in Iraq stands out not only because it is the most recent phenomenon, but also because of the magnitude of the problem, as well as the

scope of the United States' accountability.

**Figure 1**



**Figure 2**



The United States has led the majority of humanitarian efforts for refugees. Humanitarian efforts for refugees often depend on industrialized countries offering the opportunity for these displaced individuals to resettle. Indeed, the U.S. has admitted more refugees than all of the next

six countries combined; it offered homes to 60,200 refugees in 2008, whereas the next six countries admitted a total of 26,000. Figure 1 compares the number of refugees that have settled in select countries relative to worldwide refugees and Figure 2 displays the historical trend in these numbers.

Although the U.S. admits the most refugees by far, the large fluctuations indicate that refugee support hinges on swings in foreign and immigration policy. A close examination of these data over the longer horizon shows that U.S. refugee support has waned. During the previous decade (1992-2001), annual admissions averaged 91,211.

This average fell to 44,573 between 2002 and 2008 - 50% less from that of the previous era.

**Table 1**

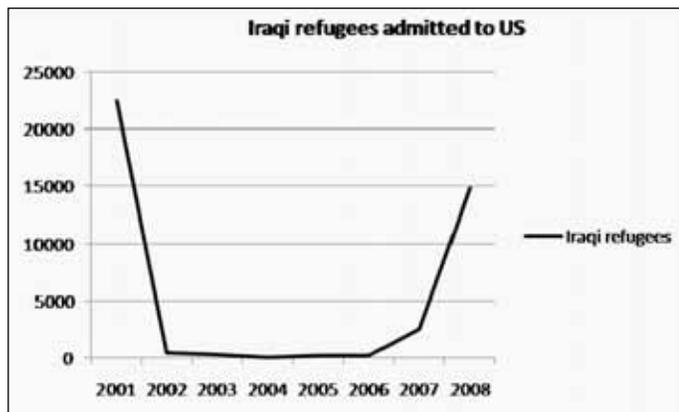
Contribution to economic capacity in 2008	Ratio	World rank
Top 10 among OECD members	Refugees to GDP (ppp) per capita	Refugees to GDP (ppp) capita
<b>Germany</b>	<b>16.5</b>	<b>26</b>
<b>United Kingdom</b>	<b>8.1</b>	<b>43</b>
<b>United States</b>	<b>6.2</b>	<b>46</b>
<b>France</b>	<b>4.7</b>	<b>51</b>
<b>Canada</b>	<b>4.5</b>	<b>52</b>
<b>Sweden</b>	<b>2.1</b>	<b>60</b>
<b>Netherlands</b>	<b>1.9</b>	<b>61</b>
<b>Italy</b>	<b>1.6</b>	<b>63</b>
<b>Switzerland</b>	<b>1.1</b>	<b>65</b>
<b>Austria</b>	<b>1.0</b>	<b>69</b>

Even though 80,000 refugees are expected to be admitted in 2009 and 2010, this leaves the total number of refugees down 43% from the previous

decade.

These countries are not so generous, however, if one compares their assistance to refugees with economic capacity (Table 1). According to the UNHCR Global Trends Report in June 2008, if one ranks the number of refugees and GDP per capita (PPP), the U.S. ranks 46th, Australia 79th, and Canada 52nd. Among the 30 member countries of the Organization for Economic Co-operation and Development (OECD), Germany ranks first, followed by the United Kingdom and the United States (Table 1).

The efforts to provide aid for Iraqi refugees has been limited in past years, despite numerous international agencies urging more cooperation from developed countries. Although the U.S. had made a significant financial commitment to help Iraqi refugees in countries like Jordan and Syria, it has stopped short of offering them the option to resettle in the U.S. As shown in Figure 3, very few Iraqi refugees have relocated to the U.S. between 2003 and 2006. This might change as the U.S. recently increased its admission quota and will begin to accept a greater proportion of Iraqi refugees. The Department of State has announced a renewed commitment to increasing the number of Iraqis admitted to the U.S. to 17,000. Still, this only represents about 20% of the 85,000 Iraqi refugees that the UNHCR believe need immediate resettlement. Moreover, the U.S. resettlement programs face significant criticism because of its incapacity to guarantee secure footing for refugees upon arrival. In its June 2009 assessment, the Migration Policy Institute revealed that many Iraqi refugees resettled in U.S. are facing eviction, unemployment and undergo significant emotional distress. The reduction of the financial assistance from three years to eight months, inadequate level of fund keeping up with the inflation and the currently frozen labor market all contribute to the hardships of Iraqi refugees resettled in the United States. In summary, the resettlement program requires a major overhaul in order to give resettled refugees a secure start.

**Figure 3**

Besides offering shelter to refugees, the U.S. also spends financial resources directly on Iraqi refugees in war-torn regions through a variety of channels. According to the Financial Tracking Service provided by the UN Office for the Coordination of Humanitarian Service (OCHA), during the first half on 2009, the U.S. contributed \$130 million to eight major organizations such as UNHCR, WFP, and WHO. During the same period in 2008, however, the U.S. contributed \$225 million, which means that 2009 saw a 40% reduction in financial support. According to a Congressional Research Service's report last year, monthly spending on the Iraq War totaled \$14 billion. This would translate to roughly \$6,000 spent on each Iraqi citizen per year. Unfortunately, the U.S. only spent \$27 per person on displaced Iraqis in the same year. The increase in the refugee admission (Figure 3) therefore is less a gesture of good will as much as a result of diminished financial support for international organizations helping displaced Iraqi refugees.

In the policy domain, none of the recent legislation in Washington to help the most vulnerable refugees has passed through Congress. The H.R. 3674 of 2007, H.R. 6496 and S. 3541 of 2008, and H.R. 578 of 2009 all contained significant fiscal budget allocation for Iraqi refugees and increased quotas for special immigrant visas. Every attempt in the 110th Congress, however, has been unsuccessful. This stands in sharp contrast to the famous Indochina Migration and Refugees Assistance Act

of 1975 in which Congress swiftly appropriated \$455 million, which is roughly \$1.8 billion in 2009 dollars. In addition, this bill also opened the door to more than half a million refugees from Vietnam, Cambodia and Laos over the next seven years. Until the growing resentment from Congress at the outset of economic downturn toward immense inflow of refugees had finally subsided U.S. resettlement by allowing only close relatives after May, 1982 the average annual resettlements of refugees were about 85,000 for these specific nationals. H.R. 578, or the Iraqi Refugees and Internally Displaced Persons Humanitarian Assistance, Resettlement, and Security Act of 2009, encompasses provisions for increasing resettlement of Iraqi refugees not fewer than 20,000 and appropriates \$700 million for every fiscal years until 2011. Despite the urgency of this bill, it is not drawing strong endorsement across party lines and faces numerous hurdles before reaching the floor for a vote. However, unlike similar efforts in previous sessions, this bill has made it through the first step of the legislative process by being referred to Committee.

The most recent assessment from the European Council on Refugees and Exiles (ECRE) shed light on the vast difference between European nations in terms of the asylum recognition process (a major hindrance to dealing with Iraqi refugees) as well as the persistent low resettlement rate. ECRE estimated that positive decision rates for asylum applications made by Iraqis varied from zero to nearly 90%. For instance, in 2007, Cyprus made 87.5% positive decisions, as compared to Germany (85%), Sweden (82%), Denmark (30%), UK (13%), and Greece (0%). This imbalance in asylum recognition rate within EU member states leads to a few countries constantly taking on heavier burden in handling this problem. One of the main causes for this discrepancy had been that many EU member states lack a unified and streamlined procedure for treating asylum applications. This demonstrates a shortage of political will power as well as the differences between EU member states when it comes to dealing with Iraqi refugees. This

report also addressed resettlement issues and found that this has been exceptionally low in EU member states (Figure 2). However, recently some European states are responding to the urgent calls to change their practices. Germany decided to resettle 2,500 Iraqis from Syria and Jordan in response to a decision made by the Council of the European Union in November 2008. And on March 19th of this year, the first group of 120 refugees was transported from Syria to Germany.

Currently, the UNHCR estimates that 4.8 million Iraqis are displaced from their homes. Furthermore, the United Nations believe that most are living in horrid condition and require immediate relief. The situation might be exacerbated further by the U.S. withdrawal from Iraq and the Iraqi government taking on more responsibility since in this situation the Iraqi refugee crisis could be

ignored. Additionally, as the US economy struggles to recover and the American government tackles major domestic issues such as health reform, immigration and energy, any interest in supporting Iraqi refugees might be overseen?

With one more year before the 10th anniversary of World Refugee Day, the United States should be able to look back and say that although we have not done perfectly, we have striven to do our best. The U.S. must help to coordinate an international effort to tackle this crisis and recognize its own accountability in order to stand unashamed before the millions of refugees scattered around the world. ■

## **Upcoming Events**

October 2-3, 2009: Fifth Annual Conference on Labor Market Policy Evaluation, Washington, DC  
October 21, 2009: German Day on Development, Washington, DC  
October 22, 2009: IZA Policy Meeting, Washington, DC  
October 22, 2009: IZA Prize Ceremony & Banquet, Washington, DC  
October 23-24, 2009: Scientific Conference "The Economic of Well-Being and Happiness"  
November 13-14, 2009: Infraday Conference, Washington, DC  
March 19-21, 2010: Second Annual Meeting on the Economics of Risky Behaviors, Atlanta, GA  
April, 2010: Interest Groups, Lobbying and Public Policy, Washington, DC  
May 27-31, 2010: Seventh AM<sup>2</sup>, Bonn Germany

## **DIW DC Board of Directors**

Prof. Dr. Klaus F. Zimmermann, Chairman (IZA, DIW Berlin, Bonn University)  
Prof. Guillermina Jasso, Ph.D. (New York University)  
Prof. Amelie F. Constant, Ph.D. (George Washington University)

## **DIW DC Board of Distinguished Advisers**

Dr. Larry V. Hedges (Northwestern University)  
Dr. Edward Lazear (Stanford University)  
Dr. Keith Maskus (University of Colorado at Boulder)  
Dr. Douglas S. Massey (Princeton University)  
Dr. Christopher A. Pissarides (London School of Economics)  
Mr. Wolfgang Pordzik (Executive Vice President, DHL Americas)  
Mr. Howard Silver (Partner, Hogan and Hartson LLP)  
Prof. Dr. Rita Süßmuth (Former President of the German Federal Parliament)  
Dr. Jan Svejnar (University of Michigan)

## **Contact**

DIW DC  
1800 K Street, NW  
Suite 716  
Washington, DC 20006  
Phone: 202.429.2904  
Fax: 202.429.2907

Email: [info@diwdc.org](mailto:info@diwdc.org)  
Website: [www.diwdc.org](http://www.diwdc.org)



# **DIW DC**