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MARKET DESIGN FOR REFUGEES

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August 2016

Paper for *HCEO Market Design Perspectives on Inequality*, Chicago.

The Global Refugee Crisis

- 65.3m displaced persons worldwide, highest recorded number ever
- 16.1m refugees under UNHCR mandate
- 54% in 'protracted' situations (average: 17 years)
- Most refugees from Syria: 4.9 million, Afghanistan: 2.7 million and Somalia: 1.1 million
- 3.2 million asylum seekers
- Record numbers trying to reach Europe

The International Refugee Regime

1) *Asylum*:

- “states’ obligations to protect refugees on their territory”
- **Strongly institutionalized**
- Predominantly subject to law (legitimacy and reciprocity)

2) *Burden-sharing*:

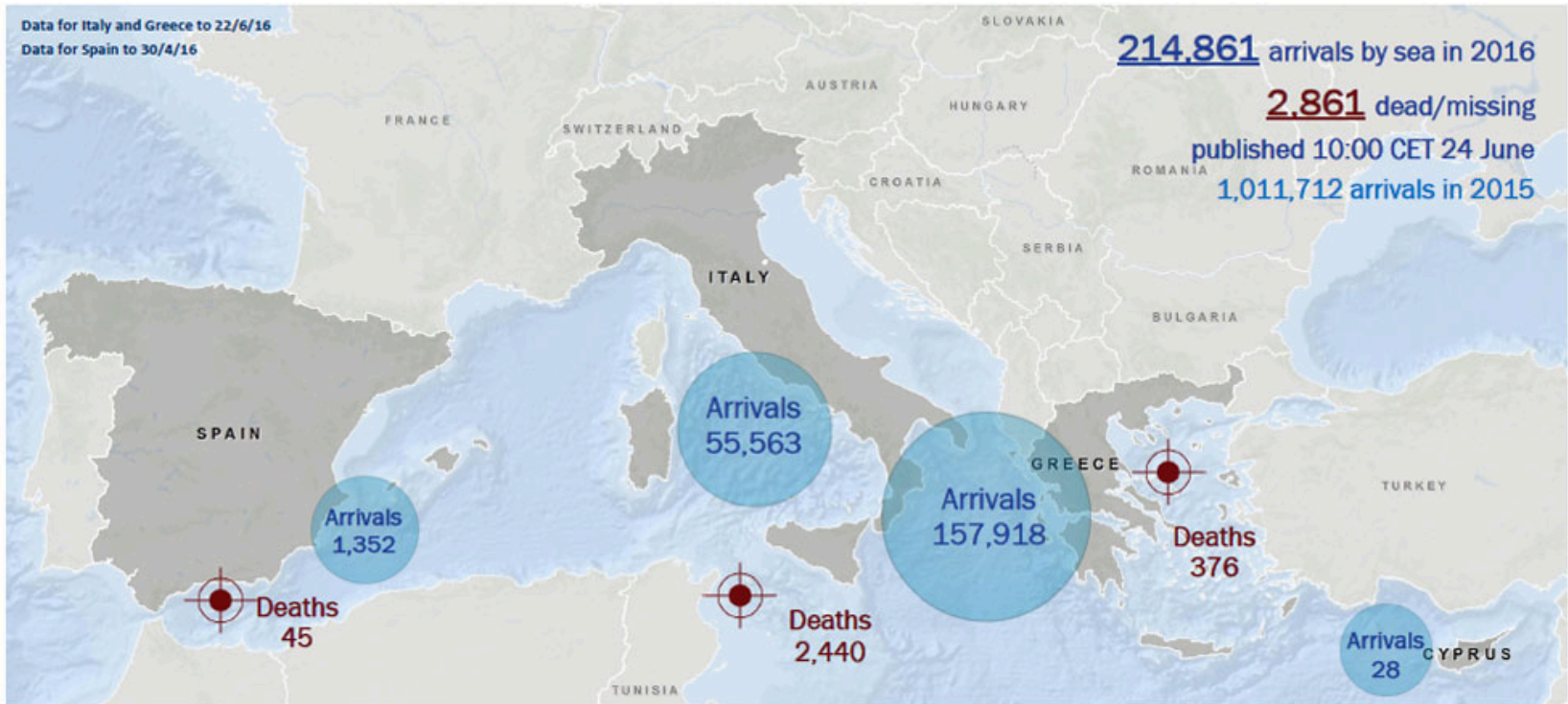
- “states’ obligations to contribute to the protection of refugees on the territory of other states” (e.g. financial/resettlement)
- **Weakly institutionalized**
- Predominantly subject to politics (interests and power)

After protection: ‘three durable solutions’ – resettlement, repatriation, and local integration

Two types of inequality:



Mediterranean Update Migration Flows Europe: Arrivals and Fatalities



The Problem

After *how many*, **who goes where?**

- Political deadlock in Europe
- Unfairness and danger
- Refugees have little to no agency



The Idea

Designing two-sided matching markets for refugee resettlement:

- Internationally (EU, etc – Hillel’s paper)
- Locally (Alex, David, and Scot)
 - Britain: one central scheme, voluntary participation, very granular
 - Canada: different statuses (public, private, blended)
 - USA: matched to agencies, then to areas

“The EU and
some member
states have
underestimated
and failed to
mitigate the risks
of unmanaged
migration”

Robert Fico
Slovakian Prime Minister



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Migrants crisis: Slovakia 'will

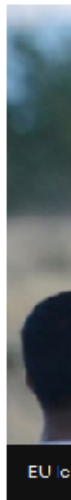
🕒 19 August 2015 | Europe

Slovakia says it will only accept Christians when it takes in Syrian refugees under a EU relocation scheme.

The country is due to receive 200 people from camps in Turkey, Italy and Greece under the EU plan to resettle 40,000 new arrivals.

Interior ministry spokesman Ivan Netik said Muslims would not be accepted because they would not feel at home.

The UN's refugee agency (UNHCR) called on countries to take an "inclusive approach" to relocation.



One in a hundred Slovaks has come to live in Britain

By DAILY MAIL REPORTER

UPDATED: 14:07, 13 June 2011

The top five nations fuelling the rise in Britain's immigration are all from Eastern Europe, it emerged today.

Slovakia, with a population of just five million, leads the boom in foreigners in the UK, with almost one per cent of its entire populations living here.

New figures reveal 49,000 Slovaks came to live here in



Not all states prioritise in the same way

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Gay men will be included
refugees in addition
children, families

NP POSTMEDIA NEWS | November 23, 2015 3:11
More from Postmedia News



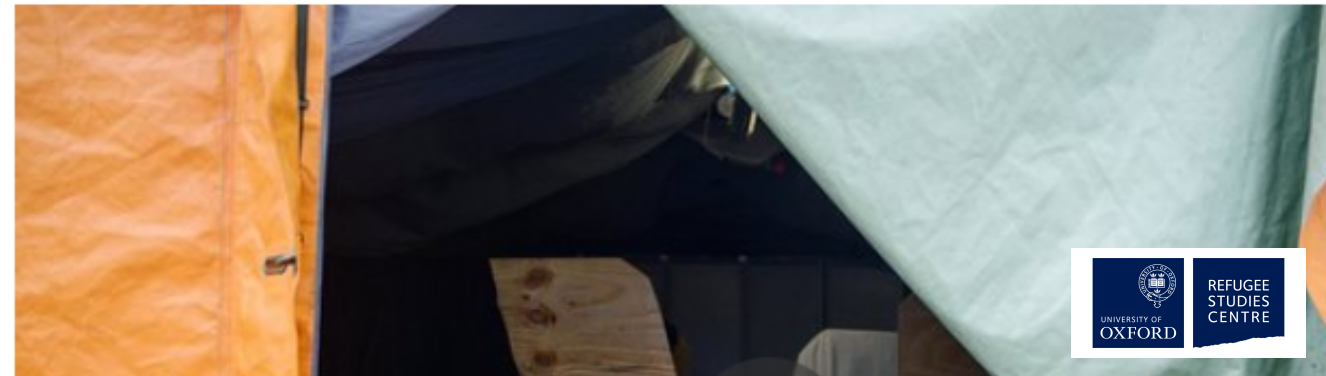
theguardian
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Danish parliament approves plan to seize assets from refugees

New law allows police to search asylum seekers to secure cash and valuables
European leaders continue to call for sealing of Balkan borders





“asylum seekers
must understand
that they cannot
choose the states
where they are
seeking
protection”

Thomas de Maizière,
German Minister of the Interior

Refugees' preferences matter

World | Fri Feb 12, 2016 6:03pm EST

Related: WC

Thousands of Iraqi refugees leave Finland voluntarily

HELSINKI | BY TUOMAS FORSELL

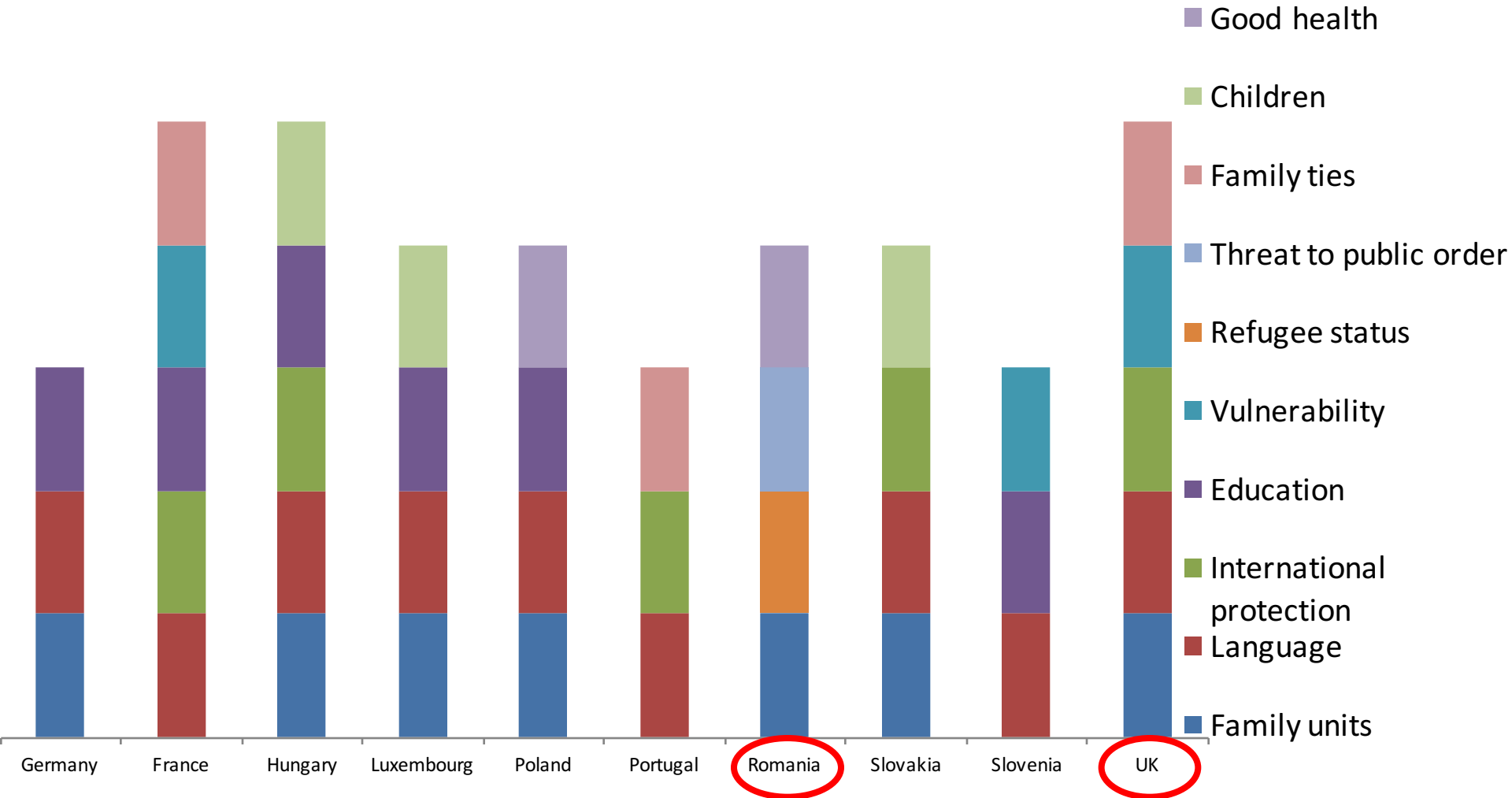


BREAKINGVIEWS

Officials said about 4,100 asylum seekers had so far cancelled their asylum applications after struggling to adapt to the cold weather. That figure is expected to increase to 5,000 in the coming months.

Somalia-born Muhiadin Hassan who runs a travel agency said he is now selling 15 to 20 flights to Baghdad every day. "It's been busy here for the past few months," he explained. Alsaedi Hussein, who bought a ticket back to war-torn Baghdad said: "My baby boy is sick, I need to get back home." Nearly 80 percent of the migrants returning home are Iraqis.

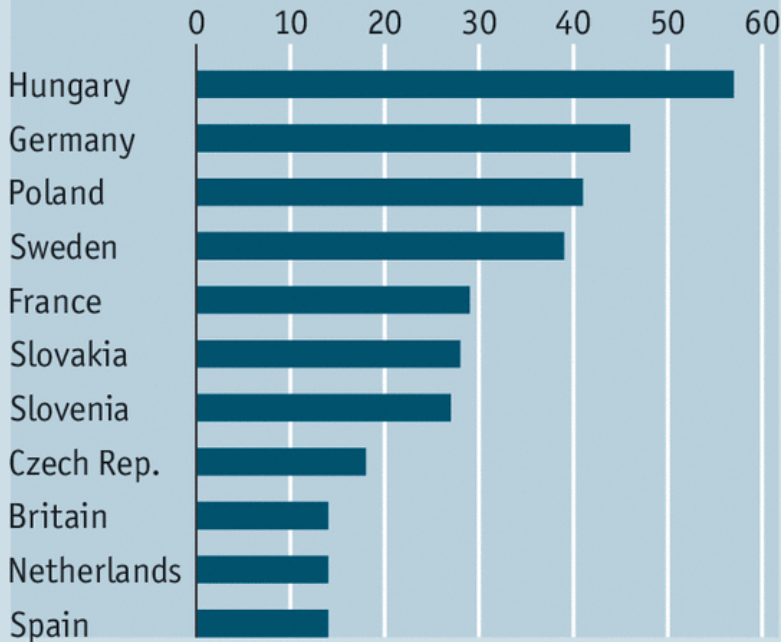
States' preferences matter



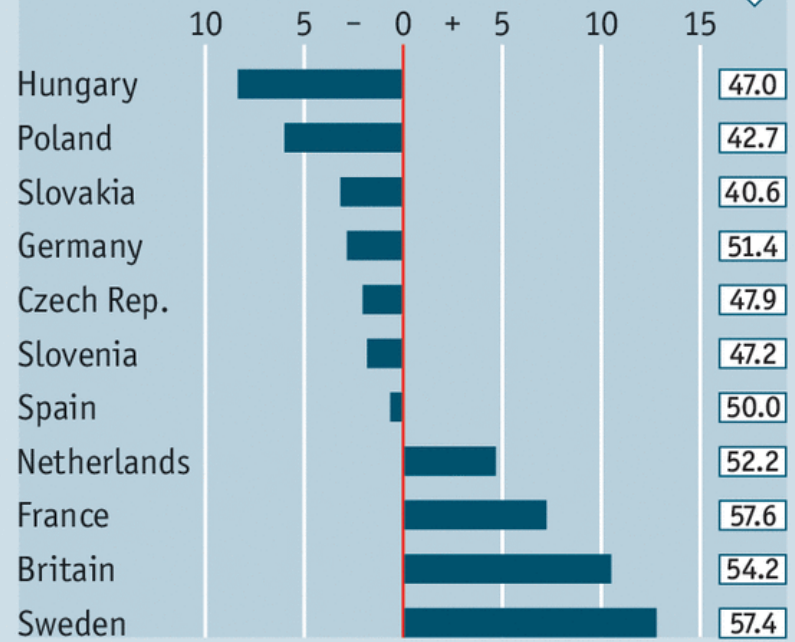
Where would refugees fare well?

Where migrants might fit in

Firms having difficulty filling jobs, %
2015



Population, % change
2015-35 forecast



Sources: ManpowerGroup; Eurostat; UN

*Population aged 65 and over and under 15 as % of population aged 15-64

Economist.com

Refugees' preferences?

- Family reunification
- Safety
- Employment opportunities
- Welcoming local areas
- Educational, language and welfare support

States' priorities?

- (Perception of) control
- Ensuring buy-in from local areas
- Ability to provide social services
- Integration
- National security
- Value for money

How can we satisfy both sides?

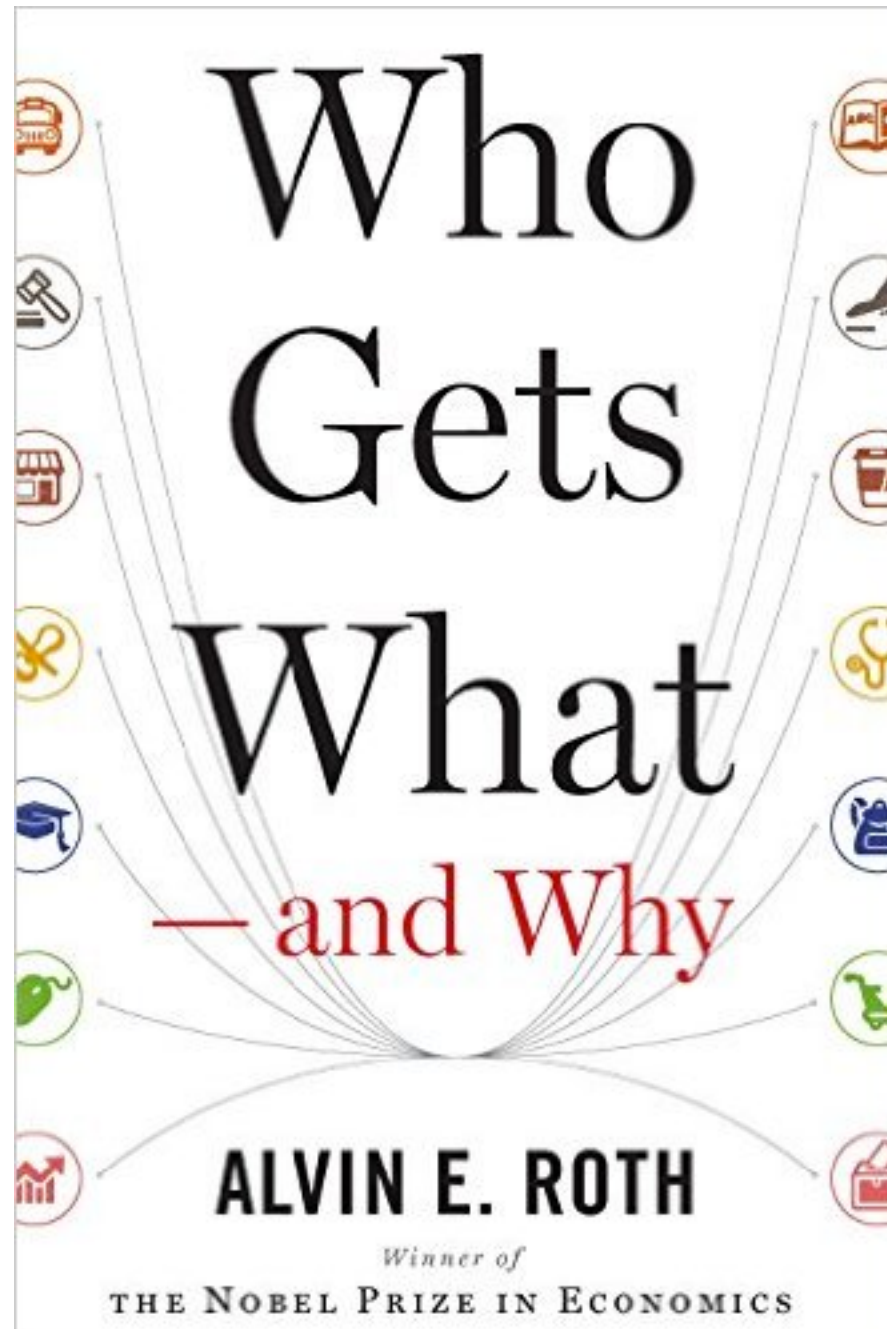


What is *two-sided* matching?

An allocation of resources *where both parties to the transaction need to agree* to the match in order for a match to take place.



e.g. school choice, kidney exchange,
hospital residency (no money involved!)



Properties of matching outcomes

- *Maximal* – match as many refugees/refugee families as possible
- *Stable (“fair”)* – no priorities are violated
- *Efficient* - no one can be made better off without making someone worse off
- *Safe* - report your actual preferences; can't game the system

The IN Refugee Match: the basics

- Match refugees families *across* states
- Determine quotas first
- Deciding what criteria to include: ethical and political choice
- Elicit priorities and capacities of regions and the preferences of refugees
- Centralised process, *one* application (e.g. via “EU embassy”, CEAS, EASO)



The Refugee Match: the concerns

- What if **all** refugees want the same thing?
- What if **all** states want the same thing?



The European Context: benefits

- Successful integration
- Managing irregular flows
- Limiting costs to states
- Persuading states to participate in burden-sharing
- Giving refugees agency and states control

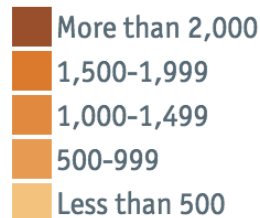
But who goes where *exactly*?



Do refugees go to “good” local areas?

Refugee resettlement

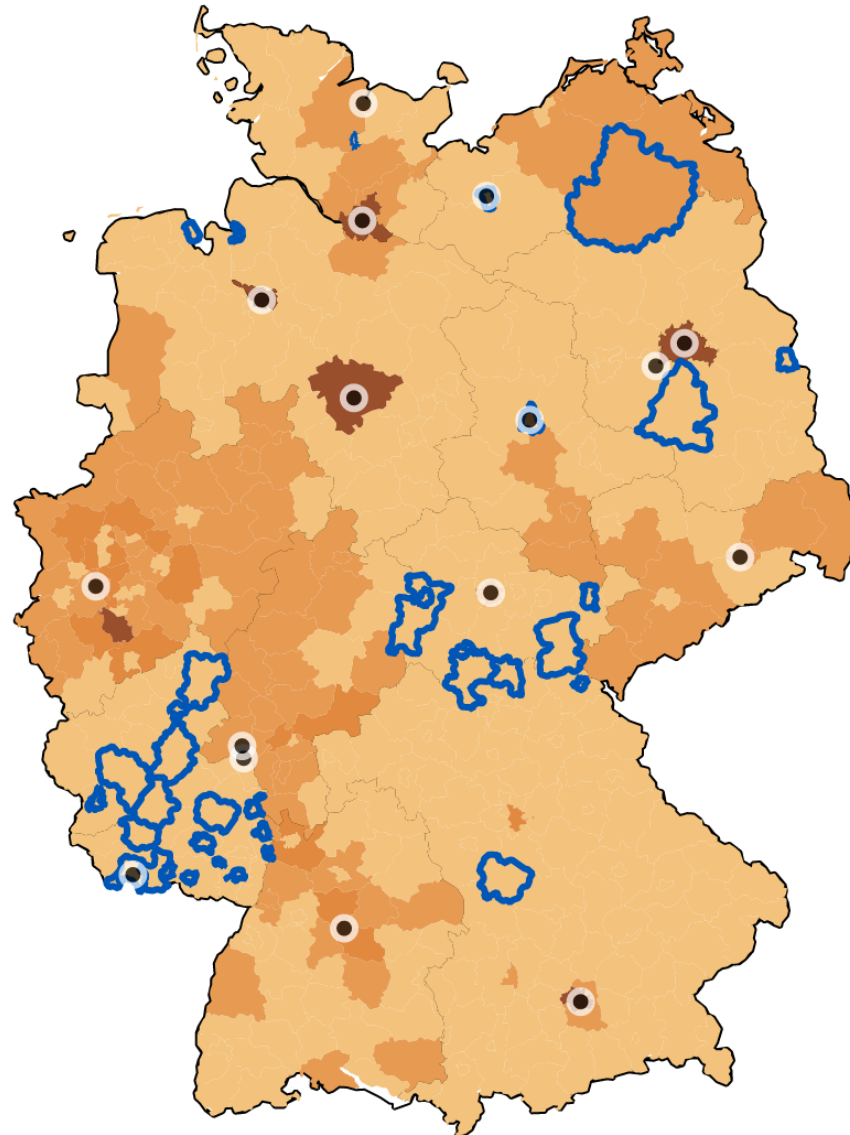
By district, January - June 2015



5. Germany's recent migrant arrivals have not settled in the areas identified as “good” or “excellent” in our index. Many were moved by the government to big cities, like Berlin and Hanover, where spare housing is scarce and there are fewer available jobs.

Where refugees could go

Districts rated good or excellent in index



Initial allocations *really* matter

The Economic Journal, 117 (March), 422–448. © The Author(s). Journal compilation © Royal Economic Society 2007. Published by Blackwell Publishing, 9600 Garsington Road, Oxford OX4 2DQ, UK and 350 Main Street, Malden, MA 02148, USA.

DO WHEN AND WHERE MATTER? INITIAL LABOUR MARKET CONDITIONS AND IMMIGRANT EARNINGS*

Olof Åslund and Dan-Olof Rooth

This article investigates the long-term effects on immigrant earnings and employment of labour market conditions encountered upon arrival. We find that early earnings assimilation depends crucially on a favourable national labour market. Exposure to high local unemployment rates also affects individuals for at least ten years. To handle the issue of selective migration, we compare refugees entering Sweden during a severe and unexpected recession to refugees arriving during a preceding economic boom. The analysis of effects at the local level exploits a governmental refugee settlement policy to get exogenous variation in local labour market conditions.

Local refugee match

- Match between *refugees* (once status is determined) and *local areas*
- Can work for resettlement, relocation and dispersal
- Local areas have capacities across a variety of services: housing, schools, hospital, language support, adult education etc.
- Refugee families require different bundles of services

(British) local refugee match

- Match between **refugees** and **local areas**
- Refugee families require different services and have different **needs** and **aspirations**
- Local areas have capacities across a variety of **services**: housing, schools, hospital, language support, adult education etc.
- **British Syrian Vulnerable Persons Resettlement Scheme**: 20,000 refugees to be resettled into 100 local authorities by end of Parliament (!)

British local refugee match

- September 2015: resettle 20,000 Syrians by end of Parliament (!)
- Syrian Vulnerable Person Resettlement (VPR) Programme
- Dozens of LAs have signed up
- “First 12 months of a refugee’s resettlement costs, excluding economic integration are fully funded by central government using the overseas aid budget”

Refugee crisis: Scottish island of Bute

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Man arrested for Facebook posts about Syrian refugees in Scotland

Offensive comments related to refugees on Isle of Bute and police say arrest shows social media abuse will not be tolerated

- 15 famil
- Govern
- Families
- Theresa
- For the

By SUE REID
PUBLISHED: 23



British local refugee match

- Integrate databases on current capacities (esp. housing) from LAs
- Create a database of LA characteristics
- Gentle questionnaire to elicit preferences of refugees
- Different algorithms to achieve various ends
- Benefits: terrific value for money, robust, systematic, collects data for future responses

Further questions

- Dynamic matching
- Allocating into different ‘solutions’
- ‘Common-but-differentiated responsibility’
- ‘Clustering’ and communities
- Secondary movement

Most generally: integrating with the migration studies literature.

Refugees' Say



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