



Measuring and Explaining Cross-Country Immigration Policies

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Summary. — The intensified international migration pressures of the recent decades prompted many developed countries to revise their immigration regulations and increase border controls. However, the development of these reforms as well as their effectiveness in actually managing immigration flows remain poorly understood. The main reason is that migration regulations are hard to quantify, which has prevented the construction of a universal measure of migration policy. To fill this gap in the literature, we construct an indicator of the restrictiveness of immigration entry policy across countries as well as a more comprehensive indicator of migration policy that also accounts for staying requirements and regulations to foster integration. Specifically, we estimate a Bayesian-state space model to combine all publicly available data sources that are informative on migration policy. This methodology allows us to account for measurement errors in the underlying indicators and increases data availability without imputations or other ad hoc manipulations. The indexes that we obtain are then used to disentangle the factors determining the toughness of migration regulations. Our empirical framework accounts for cross-country correlation in migration policies and combines elements from the median voter and interest group approach. We find strong evidence of spatial correlation in particular in entry restrictiveness, yet substantially less in overall immigration policy. This suggests that there still remains a substantive national margin in immigration policies, in particular in the less visible segments such as staying conditions and integration rights. We also find indications of a global trend of increasing restrictiveness in migration entry policy after the financial crisis of 2007–08.

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Key words — international migration, immigration policy, multilateral resistance, spatial dependence, state-space model, Bayesian inference

1. INTRODUCTION

In his review of research on the economics of international migration, Hatton (2014, p.47) notes that “*One of the biggest challenges has been to somehow characterize subtle and complex migration policies in the form of index numbers, something that recent studies have attempted to do.*” A synthetic indicator by which migration policy can be measured and which is comparable between countries in terms of their openness to immigration does not exist. As a result, “[p]olicy formation is central to the immigration debate, yet until recently, it has largely been the domain of political science rather than economics” (Hatton, 2014, p.46). Moreover, little is known about how a country’s migration policies are set and to what extent they have actually managed to shape recent worldwide migration patterns.

For the most part, this gap in the literature is due to the lack of comprehensive and comparable data on immigration policies. As pointed out by Czaika and De Haas (2013) the qualitative nature of migration policies has hindered the development of a systematic method for measuring and classifying migration policies across countries and over time. The reason is that most countries do not set their migration policy in a uniform way by means of overall quotas, but allow for different entry tracks based on multiple criteria.

Only a limited number of data collection initiatives construct migration policy indexes that can effectively be compared across countries and time. Despite the range of available migration policy indicators, none of them offers a measure of a country’s *overall openness* toward international migration. Most available indicators tend to focus on specific aspects of migration policy such as citizenship policies, integration policies, or non-discrimination policies alone, thereby ignoring potential interaction or compensation effects. In addition, their country and time coverage can be quite limited and the weighting schemes used to construct composite indexes

from the data are often arbitrary, or lack transparency. In fact, in their overview of indicators of migration policy, Bjerre, Helbling, Römer, and Zobel (2015) note that of the three stages of index building (i.e., conceptualization, measurement and aggregation), all efforts to quantify policy so far have been limited to the first two stages. Methodological questions regarding aggregation, such as how to combine quantitative and qualitative information, which weighting scheme to choose, and how to deal with missing values, measurement errors, and heterogeneous data quality have received much less attention.

This paper proposes to aggregate the existing information on the *de jure* restrictiveness of migration policy using a Bayesian state-space model, a statistically determined weighting scheme. The novelty of this technique is that it is able to account for measurement errors in the underlying indicators. As such, we can use the information in indicators of varying

* The creation of the overall policy measure of immigration toughness is part of the “Economic and social consequences of immigration” project, supported by LEM, Universities of Lille. This project also received funding from the Research Foundation—Flanders (FWO), Ghent University (BOF) and the Belgian National Bank. To complete the computations, we used the resources of the Flemish Supercomputer Center, which was kindly provided by Ghent University, the Flemish Supercomputer Center (VSC), the Hercules Foundation and the Flemish Government—department EWI. The authors would like to thank participants to the 4th Ghent-Lille workshop, the IXth World Conference SEA 2015, the 6th International Conference “Economics of Global Interactions” (Bari) and the 5th Annual Conference “Immigration in OECD Countries” (OECD, Paris) as well as Frédéric Docquier, Paul Elhorst, Simone Bertoli and the anonymous referees for their valuable comments and suggestions. Any remaining omissions or errors are, of course, our own. Final revision accepted: February 12, 2017.

quality and correct for the (in)accuracy of the estimated migration policy indexes in any subsequent computations or regressions. In addition, by making use of the time-dependence in the underlying indicators, the state-space model circumvents the problem of missing observations. As a result, it provides more stable and reliable estimates while significantly increasing data availability and coverage without imputations or other ad hoc manipulations. We use this methodology to combine all publicly available data sources into an index of entry restrictiveness as well as a more comprehensive indicator of migration policy restrictiveness (both indicators are available upon request). The latter also accounts for regulations concerning stay requirements and integration (e.g., the rules regarding family reunion), as those influence the ease of residence of an immigrant in a host country and can be seen as indirect entry restrictions.

After constructing these synthetic indexes of migration policy, we proceed to identify the determinants of legal barriers to immigration in OECD countries. The literature on the determinants of immigration policy is scarce and applies either a median voter approach (Hix & Noury, 2007; Milner & Tingley, 2011; Facchini & Steinhardt, 2011) or an interest group approach (Facchini & Mayda, 2008). These studies bypassed the construction of an indicator of immigration policy by restricting the focus to the voting behavior of legislators on immigration law projects or proposals (e.g., in the US house of representatives), or the attributed number of visas. In contrast, the new indicators that we construct allow for a cross-country panel analysis. Our primary focus lies on testing for the presence of spatial correlation in migration policy, while also taken account of median voter and interest group determinants. Countries take the behavior of neighboring governments into account when managing their own immigration flows, as was argued by Timmer and Williams (1998) for the late 19th and early 20th century and Boeri and Brücker (2005) for the EU15 countries after the enlargement to Central and Eastern Europe. Most evidence of cross-country interaction in immigration policy is predominantly descriptive, while a panel framework such as ours allows for a more detailed, statistical spatial analysis. Cross-country correlation in migration policy provides more direct evidence of multilateral resistance to migration (see e.g., Bertoli & Fernández-Huertas Moraga, 2013), i.e., the impact on migration flows of a destination's *relative* attractiveness, which is currently much debated in the theoretical and empirical research on international migration.

In the next section, we briefly describe the existing migration policy indicators which we will use to construct our migration policy indexes, as well as the construction of our indexes of migration policy using the state-space model. In the third section, we discuss our findings regarding the determinants of migration policy from a cross-country analysis. The final section concludes and discusses topics for further research.

2. THE MEASUREMENT OF MIGRATION POLICY

(a) Overview and selection of individual migration policy databases

The objective of this paper is to construct an index that tracks the policy stance regarding economic migration over time and relative to other countries. To that end, we consider all publicly-available indicators of the regulations that govern economic migration, excluding those that apply strictly to asylum policy.¹ The reason why we exclude *de facto* indicators of

immigration policy (such as immigration quota or the number of visas awarded) is that these reflect the outcome of a country's immigration laws rather than their intended objectives (Clark, Hatton, & Williamson, 2007; Hatton, 2004; Berthélemy, Beuran, & Maurel, 2009; Hatton & Williamson, 2009; Hatton, 2014). Moreover, *de facto* indicators like the number of incoming migrants are influenced by all push and pull factors that determine the flow of migration.²

In addition to their relevance, the eligibility of the *de jure* indicators is judged on four criteria as suggested by De Lombaerde, Dorrucci, Genna, and Mongelli (2008): availability, comparability, timeliness, and accuracy. This section briefly elaborates on the data sources that were considered. More detailed information on each of these sources and the indicators that comply with these criteria can be found in Appendix A.

Several studies provide a measure of policy stance by identifying major changes in different policy dimensions which allows to keep track of the evolution in migration policies over time. These are typically combined into an indicator of the timing and direction of policy changes, where a shift in the index value reflects a significant increase or decrease in the tightness of a particular dimension of immigration law. In particular, Ortega and Peri (2009) and Mayda (2010) create dummies tracking the change in OECD policies that target economic migrants (OP).³ More broadly, the UN's International Immigration Policies Database (IIPD) provides accurate and objective information on (i) government's views on the level of immigration and emigration and (ii) policies in place to influence these levels (e.g., policies to influence the level of immigration, policies to promote immigration of highly skilled workers, policies to foster the integration of migrants into the host society, including naturalization policies).⁴ None of these dummies, however, provide information on the initial level of restrictiveness nor on the relative magnitude of the change; i.e., no distinction can be made between gradual policy adaptation versus big bang reforms (Czaika & De Haas, 2013).

One exception is the DEMIG POLICY database compiled as part of the Determinants of International Migration (DEMIG) project (see de Haas, Natter, & Vezzoli, 2015). It describes the direction and magnitude of 6500 changes in immigration and emigration policies in 45 countries, forming the largest change-tracking database completed to date. Unlike the other datasets described in this paper, DEMIG POLICY does not assess the policy stance of a country in a certain year. Instead, it studies the individual policy changes, often deconstructing a major revision into the specific changes in individual policy measures. Moreover, the dataset identifies for each alteration which migrant group was affected and to what extent. de Haas *et al.* (2015) explicitly state that the dataset was not constructed for the purpose of cross-country comparisons, which is why we cannot use it in the construction of our measure of immigration policies. Nevertheless, the disaggregation provides information on migration policy changes targeting specific migrant groups (e.g., high versus low skilled workers). As such, DEMIG POLICY provides an indication of changes in selectivity of migration policies, which will prove particularly useful in Section 2(d).

Only a handful of data collection initiatives construct indicators of migration policy that can effectively be compared across countries. The Migrant Integration Policy Index (MIPEX) developed by Niessen, Huddlestone, and Citron (2007) identifies integration regulations for immigrants in 38 Western countries between the years 2007 and 2014. In addition, the migration component of the Commitment to

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