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journal homepage: www.elsevier.com/locate/jeboPrejudice in naturalization decisions: Theory and evidence[☆]Dragan Ilić^{a,b,*}^a Faculty of Business and Economics, University of Basel, Peter Merian-Weg 6, Basel 4002, Switzerland^b ETH Zürich, CER Center of Economic Research, ZUE F11, Zurichbergstrasse 18, Zurich 8092, Switzerland

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ABSTRACT

Immigrant groups that are marginalized in their host countries are disproportionately more likely to have their citizenship applications rejected. It is not readily obvious whether this disparity is due to prejudice on the part of decisionmakers or due to applicant differences in meeting naturalization standards. To address this question, I develop a simple model of a council deciding whether to grant applicants citizenship. The model implies an empirical test for prejudice using average applicant group rejection rates. Using Switzerland as a case study, I apply the test to newly collected data from six large municipalities. In five municipalities, the test cannot reject the hypothesis of no prejudice with respect to country of origin. The rejection pattern of the sixth municipality is consistent with prejudice. The model illustrates some general points about the underlying mechanism in the decisionmaking process which have bearing on the inference of prejudice in naturalizations from observational data.

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1. Introduction

For immigrants, naturalization can be described as a last stepping stone of settling in their host country. Granting and receiving citizenship are not solely symbolic acts. Citizenship irreversibly opens the gate to a nation's political and territorial association. Citizens can vote and have an indefinite right of stay. Citizenship also often comes with higher wages and improved access to the labor market (Fougère and Safi, 2009; Gathmann and Keller, 2018). And the benefits of citizenship are not restricted to the naturalized; there is also evidence that naturalizations may improve the political and social integration of immigrants (Hainmueller et al., 2015; Steinhardt, 2012). Naturalizations thus have the potential to affect a myriad of political, social, and economic settings in host countries. That potential is especially palpable in Europe, Northern America, and Oceania, where every tenth resident was not born where they live (United Nations, 2016).

Whenever minorities are at the mercy of decisionmakers, disputes about prejudice tend to crop up. The concern in naturalizations is whether the eligibility of all applicants striving for citizenship is measured by the same yardstick. Despite the gravitas of the decision, not much is known about systematic prejudice in granting citizenships. This contrasts with a

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well-established literature on discrimination in arenas such as housing, jobs, policing, loans, and the justice system.¹ But there is no reason to expect that naturalization decisions are immune to prejudice, nor is there a lack of controversy. For example, an ongoing lawsuit by Muslim applicants in the United States raises complaints against Immigration Services.² This is just the latest tip of the iceberg. There has been a wave of lawsuits related to naturalizations in the United States in the last ten years.³ In Germany, the United Nations Committee on the Elimination of Racial Discrimination expressed its discomfort with application questions biased against Muslim applicants (CERD, 2008). In Switzerland, applicants from Turkey and former Yugoslavia, both minority groups, have long been suspected to be at a disadvantage by being rejected at will every so often (Helbling, 2008). And yet more controversy could be looming. Within the scope of its immigration reform, the US government has proposed to provide a path to citizenship for its 11 million undocumented workers (The White House, Office of the Press Secretary, 2013).

One reason for the dearth of research on prejudice in naturalizations is scant empirical data. Countries usually only publish aggregate data of granted citizenships, at best stratified by the applicants' country of origin. But unraveling prejudice requires much more information. Lower naturalization rates or higher rejection rates for certain applicant groups may have many accountable causes. For one, marginalized groups tend to face larger socio-economic disadvantages, so it is conceivable that they are less likely to be eligible and would fail to meet naturalization standards more often than other applicant groups. Accounting for such differences in patterns of eligibility is key if one wants to test rigorously for prejudice. With rich microlevel data one could attribute differences in naturalization outcomes to the effects of differences in applicant characteristics. Not all these characteristics, however, are typically observable to researchers.

An exception that managed to pursue this very strategy is the study by Hainmueller and Hangartner (2013) for Switzerland. Hainmueller and Hangartner collected data on closed ballot votings by local citizens on naturalization applications in dozens of municipalities; administrative divisions of the state that have the subsidiary authority to grant Swiss citizenship to their local residents. By codifying voting leaflet information of 2400 anonymous naturalization referendums from 1970 to 2003, Hainmueller and Hangartner gathered evidence that supports the suspicion of disadvantaged applicants from Turkey and former Yugoslavia. Swiss courts have since outlawed the controversial policy of closed ballot votings. Municipalities can still decide locally, but Switzerland now typically employs, in line with most other countries, councils for evaluating naturalization applications to ensure privacy and justifiability for the applicants. In assessing their applications, these councils usually also conduct personal interviews. Switzerland's regime change, then, exemplifies the general empirical difficulty in detecting prejudice in naturalizations. Not only does the new assessment process render research access to rich microlevel data next to impossible, it also makes the omitted variable bias problem appear in the empirical analysis. Signals of eligibility in personal exchanges are difficult to observe, let alone quantify. Elegant as it is, Hainmueller and Hangartner's research design is tailored to a particular empirical setting in the past. A viable, generalizable research design to test for prejudice in naturalizations remains at large.

This paper addresses this gap and develops a simple model of a decisionmaking process in naturalizations that implies a test for prejudice. The model posits that a principal's decision whether to grant citizenship will take into account any signal that is informative of an applicant's eligibility. That makes the rate of *rejected* applications useful in assessing the required expected eligibility for being granted citizenship, for the model implies that the rank order pattern of the rejection rates across various groupings of principals and applicant groups can be tested for prejudice. More specifically, in the model principals weigh the benefit of naturalizing qualified applicants against the cost of mistakenly naturalizing unqualified applicants. In addition to country of origin, a principal observes a noisy but informative signal about the merit of each of their applicants. Qualified applicants are more likely than unqualified ones to send a favorable signal. In this setting, the principal's optimal decision is characterized by setting a threshold of expected qualification. Only an applicant whose signal exceeds this standard will be granted citizenship. Different principals may use different standards, but the model implies that if principals are not prejudiced against applicants based on, say, applicants' country of origin, the rank order of the rejection rates, grouped by country of origin, should be the same for every principal. It is this variation in strictness of granting citizenship that the model exploits (and requires) when empirically testing for prejudice. The next section shows that such variation is often observable in naturalization data. A nice feature of the model is that it does not require knowledge of all the applicant characteristics that are taken into account by the decisionmaking principals; in particular those characteristics that are typically not available to researchers.

¹ The following overview attempts to give a glimpse into the literature. Unless otherwise noted, the cited studies investigate United States data and discrimination against ethnic minorities. For discrimination in housing, see Zhao et al. (2006), who focus on real estate brokers, and the study by Ahmed and Hammarstedt (2008) for Sweden's rental market. A comprehensive study by Ewens et al. (2014) pinpoints to statistical discrimination rather than taste-based discrimination in the rental apartment market. For surveys about discrimination in labor markets, see Neumark (2013) and Lang and Lehmann (2012). Research on discrimination in policing originates from the paper by Knowles et al. (2001). A recent study by Fryer (forthcoming) tackles police violence. Ayres and Waldfogel (1994) conclude taste-based discrimination at the bail bond setting stage, and Alesina and La Ferrara (2014) reject the hypothesis of no prejudice in capital sentencing. Shayo and Zussman (2011) present evidence for judicial ingroup bias in Israel. Experimental evidence on discrimination comes from a study selling iPods in local online classified advertisements (Doleac and Stein, 2013) and from a job market field experiment that implemented changes in the cost of discrimination during required collaborations (Hedegaard and Tyran, 2018). Sports provide excellent data: Price and Wolfers (2010) study discrimination among basketball referees in the NBA, and Parsons et al. (2011) study prejudice among baseball umpires in the MLB.

² Arapi et al. v. U.S. Citizenship and Immigration Services et al., 4:2016cv00692, E.D. Mo May 18, 2016

³ For instance, Tarek Hamdi v. United States Citizenship and Immigration Service et al., 5:2010cv00894, C.D. Cal, June 16, 2010. The online database of the Justia Corporate Center (dockets.justia.com) lists several thousands lawsuits related to US naturalization applications since 2004.

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