



Setting the bar - an experimental investigation of immigration requirements[☆]

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ABSTRACT

We examine determinants of immigration requirements in a public goods game experiment with endogenous groups. Initially, the game consists of in-group players who enjoy an existing public good and out-group players who may subsequently enter the group. Motivated by different current migration flows and anti-immigration sentiments, our treatments are crafted to investigate how migrants' power of self-determination and public debate among in-group players shape immigration requirements. We employ the minimal group paradigm and immigration requirements are set by in-group voting. In order to immigrate, out-group players have to fulfill minimal contribution requirements. Public debate fosters coherence between the requirements and in-group players' contributions if migrants are free to reject requirements. Conversely, public debate among in-group players fosters economic exploitation of migrants with less bargaining power. Overall the study illustrates the novel potential of applying well-established tools from experimental economics to migration questions.

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1. Introduction

In recent years migration flows have increased rapidly around the world. Between 1990 and 2017, the number of international migrants worldwide rose by over 105 million, or by 69% (United Nations, 2017). The number of migration flows to the OECD has increased steadily over recent years (OECD, 2016), particularly regarding humanitarian migration to Europe (Eurostat, 2017). Public opinion polls indicate many consider migration to be the most urgent issue facing the European Union (European Commission, 2017).

Recent elections in several Western countries gave rise to many parties running on an outspoken anti-immigrant platform.¹ As a result

to growing public pressures, several OECD countries have shifted towards more restrictive immigration policies in response to changing economic conditions and increasing public sensitivity on migration issues since 2010 (OECD, 2016). While immigration and refugee policies become increasingly restrictive, many OECD countries face a need for immigration to counterbalance ageing populations, supply their domestic labor markets, pay taxes for the provision of public goods and to secure public social security schemes. In the case of Germany, the Prognos Institute estimates a labor force gap of 5.2 million workers in 2030 (see Bundesagentur für Arbeit, 2011; Kolodziej, 2012).

Migration policy setting is crucial for social cohesion and economic welfare in decades to come and, as such, understanding its underlying processes is crucial. Studies in the field of migration largely rely on survey data, administrative data or legal analysis. Migration policies are found to be highly context-specific, i.e. driven by specific cultural, political, economic and geographical settings. In this study, we would like to explore to which extent behavioral, context-independent aspects drive migration policy dynamics by leveraging tool developed in the field of experimental economics. In principle, there are many dimensions of in-group and out-group characteristics that could shape such requirements. As a starting point, we identified two dimensions where a well-established tool, the public goods game, can be applied to relevant elements of migration dynamics.

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¹ Examples of parties with anti-immigration rhetoric include the Front National in France, UKIP in Great Britain, the AfD in Germany and the Party for Freedom in the Netherlands (The Telegraph, 2014). Immigration policies of US-American President Trump include travel refugee bans for several countries (The White House, 2017).

First, given the recent flows both of voluntary migration to seek better economic prospects and of flight from war and terror, we examine how the power or lack of self-determination of immigrants (is the immigrant forced to immigrate or is she able to reject the immigration requirement?) shapes immigration requirements. Second, against the background of increasing anti-immigration sentiments spurred by new anti-immigration parties in many developed countries, we examine the effect of in-group debate before voting for an immigration requirement.

In order to model the immigration situation in our laboratory experiment, we randomly selected the subjects into two groups, citizens (red players) and migrants (blue players). This setup is commonly referred to as minimal group paradigm.² We let the citizens play a giving-and-taking public goods game in which they can decide to contribute to or take from the public good (see Khadjavi and Lange, 2015).³ Periodically, citizens set an immigration requirement in the form of a minimum contribution requirement for migrants.

As described above, the first treatment dimension is self-determination of migrants. In our treatments we differentiate between forced migration and self-determined migration. Two extreme examples along this dimension are migrants displaced by war, persecution and natural catastrophes (forced migration) on the one hand, and economic migrants coming from a safe and stable third country (self-determined migration) on the other hand. The second dimension of our experimental design is the availability of a public debate platform. Public debate may serve as the platform to elaborate immigration policy, or it may catalyze sentiments against immigration, as seen in several European countries and the United States in recent years.

Our design enables us to identify how different migration scenarios lead to more restrictive or liberal immigration requirements. Particularly from a public choice perspective, it is informative to analyze the effect of different in-group decision procedures on immigration policy. Voting on an issue which has not been discussed may result in the establishment of a different policy compared to voting on a policy that is preceded by a debate of in-group members. Furthermore, it is not clear whether voting for a policy that sets a threshold for immigrant contributions establishes contribution norms for the in-group. Such social norms may help to overcome the social dilemma associated with the public good provision by private actors. Conversely, in-group members may decrease their contributions or even exploit the public good while out-group members are bound to contribute. The establishment of a 'bar' (required contribution level) may deter potential immigrants despite prospective payoff gains.

Our results highlight that the debate appears to foster the understanding that an overly restrictive immigration requirement and exploitation of migrants may be deterrent. For this reason, in the light of public debate in-group members set minimal contribution requirements for migrants which they voluntarily adhere to themselves. If immigrants are on the flight involuntary (such that immigrants have no choice to reject requirements) and in-group members can debate, the most restrictive immigration requirements emerge regardless of migrants' actual potential to contribute to the public good. In-group members exploit migrants by letting them contribute to the public good while in-group members themselves contribute significantly lower amounts or even appropriate part of the initially existing public good.

Only a limited number of experimental economic studies on public good provision by private actors include processes of endogenous group formation so far.⁴ We review papers with endogenous group

formation based on other subjects' characteristics and actions more closely.⁵ The literature refers to Ehrhart and Keser (1999) as the first experimental study to allow for endogenous re-grouping. They find that subjects who contributed high amounts to the public good were 'chased' by low contributors. Further related works in this direction include Coricelli et al. (2004), Cinyabuguma et al. (2005), Page et al. (2005), and Gunthorsdottir et al. (2010).

Closer to our research question, Ahn et al. (2008) investigate endogenous group formation with entry and exit mechanisms: both entry and exit were free or one of them could be permitted by the group members with a majority voting rule while the other was free.⁶ Voting was based on individual subjects who might enter the group, given their contribution history in their present group. Our approach differs from the current literature along several dimensions. First and most importantly, we use predefined groups of in-group and out-group members, who we refer to as citizens and migrants, to mirror the setting of individuals born in different countries. Second, citizens do not select certain migrants, but they set a policy that applies to all migrants. Third, in our design migrants may hold bargaining power and reject the immigration requirement set by citizens. Fourth, our design includes debate on the requirement which is not available in the present literature. Based on all these factors, we consider our design highly novel and informative for the literature on immigration and on endogenous user groups in public goods games alike.

The remainder of this work is structured as follows: Section 2 lays out the experimental design, including predictions and information on experimental procedures. The results are presented in Section 3. Section 4 discusses the implications of our results for policy and concludes.

2. Experimental design

In this section, we will first introduce the two dimensions of our 2×2 experimental design. Next, we will formalize our design and develop predictions that explain how behavior may change depending on the existence of other-regarding social preferences. In the last part of this section, we will describe the procedures of the experiment.

2.1. Two dimensions of immigration policy

We designed our experiment to resemble a Western welfare-state setting. Our baseline scenario employs a non-satiated public good. We apply the generalized giving-and-taking framework to the public goods game. This framework was first introduced by Khadjavi and Lange (2015). The giving-and-taking framework represents the fundamental distribution mechanism common in Western welfare states. 'Giving' to the public good equals the willingness to pay taxes and 'taking' from the public good equals receiving public assistance.

For our study, we randomly select subjects to be in two sub-groups: 'citizens' and 'migrants'.⁷ We use a partner matching that is consistent with the analogy of citizenship and is useful for our analysis of behavior over time. Citizens are always 'in the country' and are able to enjoy the consumption of a public good (with an initial public good endowment). They need to decide how much to give to the public good (analogy: donate, contribute) or take (analogy: receive a social transfer). Initially, all migrants are 'outside of the country' and thus do not profit from the

² The seminal works by Tajfel et al. (1971) and Billig and Tajfel (1973) show that such a random assignment of roles is sufficient to create feelings of in-group affiliation and in-group favoritism.

³ See Ledyard (1995) and Chaudhuri (2011) for surveys on public goods games.

⁴ Endogenous group formation in public good games describes the process of a group forming based on some decision making of the players of the game. Such a process contrasts the standard public goods game in which the user group is exogenously determined.

⁵ Note that there is a strand of literature that examines endogenous group formation in public goods games with self-selection into groups with pre-set institutions (e.g. Brekke et al., 2011; Gürek et al., 2006; Gürek et al., 2011). Another literature examines coordination games and group formation (e.g. Salmon and Weber, 2016).

⁶ Note also that a companion paper Ahn et al. (2009) investigates endogenous group formation when the public good is congestible.

⁷ Note that the vocabulary we use in this paper (e.g. 'citizens', 'migrants', 'country', 'giving', 'taking', etc.) does not match the language of the instructions and programs of the experiment. For example, we called in-group players 'red players' and out-group players 'blue players'. For the instructions, see the appendix.

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