Abstract:
The number of refugees worldwide is now 12 million, up from 3 million in the early 1970s. And the number seeking asylum in the developed world has increased tenfold, from about 50,000 per annum to half a million over the same period. Governments and international agencies have grappled with the twin problems of providing adequate humanitarian assistance in the Third World and avoiding floods of unwanted asylum seekers arriving on the doorsteps of the First World. This is an issue that is long on rhetoric, as newspaper reports testify, but surprisingly short on economic analysis. This paper draws on the recent literature, and ongoing research, to address a series of questions that are relevant to the debate. First, we examine the causes of refugee displacements and asylum flows, focusing on the effects of conflict, political upheaval, and economic incentives to migrate. Second, we examine the evolution of policies towards asylum seekers and the effects of those policies, particularly in Europe. Finally, we ask whether greater international coordination could produce better outcomes for refugee-receiving countries and for the refugees themselves.

1 Introduction

The worldwide number of refugees has increased by a factor of four since the early 1970s—from about 3 to 12 million. And the number seeking asylum in developed countries has increased by a factor of about ten over the same period—
from about 50,000 per annum in the early 1970s to half a million in 2001. This is seen by many as a crisis of growing proportions, and for two reasons. First, there is the humanitarian issue. Most refugees are displaced across borders in the Third World, suffering oppression, poverty and disease. With each new humanitarian crisis comes new criticism of the unwillingness or inability of governments and international agencies to act more decisively to solve the refugee problem, or at least to better ameliorate the condition of the refugees. Second, the arrival of increasing numbers of asylum seekers on the doorsteps of the First World has led to fierce political debate about asylum policies, often fueled by parties of the far right. Despite protest from humanitarian groups, governments have responded to the rising political temperature with a range of measures aimed at deterring asylum applications.

This paper draws on the recent literature and some of our own analysis to address a series of questions that are relevant to these debates. First, what are the causes of refugee displacement? Are they mainly political or economic? Second, how far can wars, political crises and economic conditions explain the apparently inexorable rise in the number of asylum seekers, particularly in Europe, but in the rest of the OECD as well? Third, how has asylum policy evolved in Europe and has it been effective in deterring asylum seekers, or has it instead simply deflected them elsewhere? Fourth, could greater international cooperation lead to outcomes that are better for refugee-receiving countries as well as for the refugees themselves? And finally, are there better policies?

2 Refugees and Asylum Seekers

Refugee and asylum seeker figures come from estimates compiled by the United Nations High Commission for Refugees (UNHCR). The definition of a refugee is derived from the 1951 Geneva Convention on Refugees, namely someone who, owing to a well-founded fear of persecution, is outside his or her country of normal residence and who is unable or unwilling to return to it. The UNHCR estimates plotted in Figure 1 show a dramatic increase from the early 1970s to a peak of nearly 18 million in 1992, before falling by a third to 12 million in 2001.\(^1\) Two further points are worth noting about these refugee totals. First, they exclude an additional 5 million who in 2001 were internally displaced and living

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\(^1\) Estimates of the total number of refugees differ. The United States Committee for Refugees (2003: 3) provides a figure of 14.9 million for 2001, nearly 3 million higher than the UNHCR estimate. Some of the definitional issues in constructing these totals are discussed in UNHCR (2002: 71–75) and Crisp (1999). Nevertheless, while estimates of the total differ, the profile of change over time is essentially the same.