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# A Utilitarian Approach for the Governance of Humanitarian Migration

<https://doi.org/10.1515/auk-2018-0016>

**Abstract:** Humanitarian migration creates, on the one hand, huge benefits for those who are protected from war, persecution and other forms of violence, but, on the other hand, involves also net monetary and social costs for the population in host countries providing protection at the same time. This is the core of the ethical and political problem associated with the governance of humanitarian migration. Against this background, this paper discusses whether the provision of protection can be founded on rational ethical principles. By drawing on a utilitarian approach a simple criterion is derived: Humanitarian migration is welfare improving, as long as the benefits of the marginal humanitarian migrant exceed the marginal costs of providing shelter per refugee. Based on this principle, practical solutions for the admission of humanitarian migrants and the international and European coordination of asylum policies are discussed.

**Keywords:** utilitarianism, welfare economics, humanitarian migration, asylum, refugees

## 1 Introduction

The refugee migration surge associated with the current wars, persecution and other forms of violence in the Middle East, Afghanistan, the Horn of Africa and other areas of the world has created a challenge for the governance of humanitarian migration<sup>1</sup> at the global, European and national level. The present asylum and refugee system is criticized as unfair, inefficient and failing to achieve its

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<sup>1</sup> 'Humanitarian migration' is understood here as migration for humanitarian purposes, that is migration which is caused by (civil) wars, persecution or other forms of violence. One can also add famine with good reasons to these causes. This definition is not necessarily identical with legal definitions such as those of the Geneva Refugee Convention. Although practically relevant, I do not go into the problems of an exact definition of the term 'humanitarian migration' here, since

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humanitarian targets from many sides, among them Margit Osterloh and Bruno Frey (2018) in this volume. I share many aspects of this criticism. Nevertheless, I am skeptical whether the proposal of an immigration fee—albeit interesting—can solve the problems we face both with the governance of humanitarian and other forms of international migration.

The contribution of this paper is less ambitious. Instead of addressing the governance of international migration in general, it focuses solely on selected ethical and practical problems of humanitarian migration. Humanitarian migration is governed by the rules of international law. There are rational reasons for this, since humanitarian migration involves substantial policy-spillovers. One can therefore argue that the protection of individuals affected by human rights violations has the character of a public good (Hatton 2004). As a consequence, social rules which consider the interests of asylum seekers as well as those of the populations in the countries providing shelter have to be taken into account. The starting point of the considerations outlined here is that humanitarian migration may create, on the one hand, huge benefits for those who are protected from war, persecution and other forms of violence, but, on the other hand, involve also net monetary and social costs for the population in host countries providing protection at the same time. This is, in my view, the core of the ethical and political problem associated with the governance of humanitarian migration. Although both aspects are very often denied in the public debate, there is both evidence that the majority of asylum seekers arriving in Germany or the European Union are indeed affected by war, persecution and other forms of violence and that there are non-trivial monetary and other costs of hosting. If this observation is true, then there is no Pareto-efficient solution for the problem of humanitarian migration, that is a solution which improves the well-being of at least one individual or a group of individuals (e.g. refugees) without creating any social costs for other parties (e.g. citizens of host or sending countries). We therefore need criteria for welfare judgments which are applicable internationally and go beyond the Pareto criterion. This, of course, is not meant to deny that the efficiency of migration and integration policies can be substantially increased vis-à-vis the status quo.

Against this background, this paper discusses first whether the provision of protection can be founded on rational ethical principles. In addressing this question, I drew on conventional tools of welfare economics here. More specifically, I chose a utilitarian view: the maximization of the sum or the arithmetic mean of individual utilities. This principle can be derived from the probabilistic maxi-

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I am interested in the logical problems of the phenomenon. The question of ‘mixed’ migration motives is discussed below.

mization of individual utility under uncertainty about her or his personal position in society. Applying this approach to the rules governing humanitarian migration yields a simple decision criterion: providing protection maximizes social welfare if the benefits of the (marginal) humanitarian migrant from protection exceed the (marginal) costs for hosting this individual in destination countries. This outcome results from the fundamental principle that different individuals should be treated equally and some elementary rationality and informational requirements. In contrast to other perspectives, which derive the foundations of migration for humanitarian purposes either from unalienable human entitlements or from equity considerations favoring the well-being of the least advantaged individual, the utilitarian criterion considers the well-being of those who are affected by war, persecution and other forms of violence and those who reside in safe countries providing protection at equal terms.

The second part of the paper discusses the practical implications we can derive from the utilitarian criterion. Three main issues are addressed here: First, how to regulate the entry in safe countries such as the EU Member States given that the price mechanism fails to provide sufficient information on the potential benefits and costs of humanitarian migration. Second, whether policy coordination and an efficient allocation of humanitarian migrants across countries can reduce the costs of protection and, hence, increase the levels of humanitarian migration. Third, whether the solutions discussed here can prevent or reduce smuggling and other factors associated with the high risks of refugee migration. Before starting with these considerations, I will discuss whether the proposal of an immigration fee can solve the problems of humanitarian migration.

## **2 Is an Immigration Fee an Optimal Solution for Immigration Policies?**

It is beyond the scope of this paper to address all aspects of the—without doubts intellectually very appealing—idea of an immigration fee. The proposal by Osterloh and Frey (2018) is based on criticism of present immigration policies, which, on the one hand, by closing the borders involves irregular migration, smuggling and a substantial death toll at the outer borders of the EU and other developed countries, while, on the other hand, the admission of refugees and other immigrants creates more and more hostility in the native population of receiving countries. As an alternative to current migration policies an immigration fee is suggested for all types of migration, which should compensate receiving countries for the potential costs of immigration and will, according to the discussion of the

proposal by the authors, improve the welfare of (potential) migrants, the populations in host countries and, with some qualifications, also in sending countries.

I will discuss only the potential benefits and costs of the proposal for two types of migration here, which may arguably form the lower and the upper bounds in terms of their net contribution to the welfare of the population in host countries: (i) humanitarian migration and (ii) high-skilled migration.

Humanitarian migration is defined here as the migration of individuals who are affected by the threats of (civil) wars, persecution and other forms of violence, one may also include other threats to the personal well-being such as famine. It is true that migration motives are always mixed in the sense that different arguments enter the utility function of individuals. As a consequence, each migration decision is based on an assessment of a variety of economic, political, cultural, social and psychic benefits and costs. Nevertheless, wars, persecution and other forms of violence alter the benefit-cost ratio of migration substantially since the risk for the personal life or well-being increases the benefits from migration of those individuals who are affected relative to those who are not.

This is empirically proved: (civil) wars, persecution and other forms of violence increase emigration rates substantially relative to other countries or regions if we control for economic, social, geographical and all other factors (Hatton 2004; 2009; 2016; 2017). Note that 73 percent of the asylum seekers and refugees who arrived in Germany, i.e. the main destination for humanitarian migration in the EU, in the period from 2015 to 2017 stemmed from countries which are affected by wars or civil wars,<sup>2</sup> and 85 percent came from countries which are assigned to the most severe category ('terror has expanded to the whole population') by the Political Terror Scale or are on the second rank ('political or civil rights violations have expanded to large numbers of the population').<sup>3</sup> Accordingly, the Federal Office of Refugees and Migrants (BAMF) in Germany has approved 53 percent and rejected 31 percent of the 1.5 million asylum applications which have been decided during the same time period.<sup>4</sup> The approval rate climbs to 63 percent if we exclude the formally decided cases. Interestingly enough, the approval rate has declined for those who arrived after the closure of the Balkan route and the EU-Turkey agreement.

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<sup>2</sup> Own calculations based on the Uppsala Conflict Data Program (Wood/Gibney 2010; Themnèr 2017).

<sup>3</sup> Own calculations based on the Political Terror Scale 2018. See Allansson et al. 2017 for a description.

<sup>4</sup> The remaining 16 percent are cases which have not to been decided for different reasons, e.g. if the applicants have left Germany, withdrawn their applications or other countries are in charge of the asylum procedure according to the Dublin Agreement.

Surveys of migration motives among the refugee population indicate that war, persecution and violence do indeed play a crucial role for those who arrived as asylum seekers in Germany, although other motives are relevant as well: 71 percent of the refugees and asylum seekers in Germany report the threats associated with war as a migration motive, 41 percent persecution, 38 percent forced recruitment and 37 percent ethnic discrimination. In contrast, 38 percent of the refugees name individual poverty and 35 percent poor economic conditions in the country of origin, i.e. economic issues, as migration motives.<sup>5</sup> The questionnaire allows for multiple answers such that mixed migration motives can be revealed. Thus, we have to acknowledge the fact that incidents such as war, persecution and other forms of violence significantly impact the well-being of individuals, and, hence, the benefit-cost ratio of migration decisions, although of course, economic motives influence migration motives as well.

This is not disputed in the paper by Osterloh and Frey (2018). They argue that an immigration fee can provide an efficient allocation mechanism for different types of migration, including humanitarian migration. My criticism refers to the implicit assumption that the price mechanism can provide the relevant information in case of humanitarian migration. The benefits from migration increase significantly in case of war and human rights violations, while the converse is true for the economic wealth of the affected individuals and their families. Consequently, only a minor part of potential refugees will be able to pay an immigration fee upfront, at least if the fee is to compensate the native population for the potential costs of migration. Refunding the immigration fee after the approval of asylum applications, as suggested by Osterloh and Frey, may mitigate the problem, but does not solve it. This would only work if credit markets are perfect—but this is an extremely unlikely assumption particularly under the specific circumstances of forced migration. The most likely outcome is that the overwhelming share of those who are in need for protection but do not possess sufficient means will not benefit from humanitarian migration.

For assessing the practical consequences of the proposal, it is of course relevant to assess the potential price of an immigration fee. Although I am more optimistic regarding the economic and social consequences of migration than the literature cited in the paper by Osterloh and Frey, it is reasonable to assume that humanitarian migration is costly for host countries. The gross costs for hosting an adult refugee can be estimated to amount to 12,000 EUROS p.a. in Germany, the net

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<sup>5</sup> Own calculations based on the IAB-BAMF-SOEP-Survey of Refugees. The results are representative for the population which arrived as asylum seekers in Germany in the years from 2013 to the beginning of 2017. For a description of the survey see Brücker et al. 2016; 2017.

costs tend to decline in the course of the labor market integration of the refugee population (Bach et al. 2017a; 2017b). It will take between seven and ten years until the taxes and social security contributions of the refugee population equal the fiscal transfers including education and infrastructure expenditures. This holds also true if we consider other economic gains, e.g. for capital income or complementary workers (Bach et al. 2017a; 2017b).

If I understand the proposal by Osterloh and Frey correctly, the immigration fee should compensate natives for the social costs associated with migration, which includes not only the monetary costs, but also social costs of integration and adaptation to host societies. Implicitly, it is assumed that the money spent for irregular migration, in particular for smugglers, should be used to cover these potential costs for host countries. Survey results show that the mean expenditures of the asylum seekers who arrived in Germany between 2013 and the beginning of 2017 amounted to about 5,900 EUROS. 2,300 EUROS or about 40 percent of this amount was spent for smugglers.<sup>6</sup> Thus, the net costs for sheltering humanitarian migrants exceed the costs spent by them for irregular migration and smuggling by orders of magnitude under reasonable assumptions. Although it is true that a new governance of humanitarian migration might reduce institutional barriers and, hence, facilitate the labor market integration of refugees, it is more than likely that the costs of sheltering humanitarian migrants will still exceed the costs of irregular migration substantially. Thus, an immigration fee—if it is not returned to the refugees anyway—will hardly compensate the native population in host countries.

There is another empirical reservation: Osterloh and Frey suggest that introducing an immigration fee will combat smuggling effectively, and, hence, reduce the death toll associated with irregular migrations across the Mediterranean Sea. As Auriol and Mesnard (2016) have convincingly demonstrated, smuggling can be analyzed with the tools of industrial economics. Given that competition in the smuggling industry is limited and entry to this business is constrained, actual prices for smuggling exceed marginal costs by far. Against this background, the sale of visas—whether in form of an auction as discussed by Auriol and Mesnard (2016), or in form of an immigration fee as suggested by Osterloh and Frey—will have only a limited impact on smuggling, since smugglers can reduce prices substantially before they are driven out of the business. Thus, either the price of the immigration fee must be fixed at a level well below the potential social costs for host societies or the impact on the smuggling business will remain limited.

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<sup>6</sup> Own calculations based on the IAB-BAMF-SOEP Refugee Survey, see Brücker et al. 2016; 2017.

Altogether, the ethical dilemma that humanitarian migration might be welfare improving but involves costs for host countries still remains if we introduce an immigration fee. I also have some concerns that the proposal may fail to achieve its targets for other types of migration. Consider the case of skilled or high-skilled migration, which is empirically still the dominating type of migration in OECD countries. Let us assume that this type of migration has the potential to increase the well-being of the population in host countries, e.g. by raising the income of complementary production factors and/or by a net contribution to the fiscal balance of the welfare state. There is serious empirical evidence that this is indeed the case in most OECD countries (see e.g. the general equilibrium analysis of the economic and welfare effects by Aubry et al. 2016, for the labor market effects on natives and immigrants see e.g. Brücker et al. 2014). In this case, the immigration fee has the character of a tax on immigration, and, hence, will reduce immigration. It would therefore reduce the income of the population in host countries as well as that of the refugees, while sending countries may gain. Overall, global income would decline relative to a state where this type of migration is liberalized.

Note also that the immigration fee may involve inefficiencies if it is not introduced globally such that different jurisdictions compete. In this case, the competition across jurisdictions for skilled and high-skilled migrants may result in adverse selection of migrants if higher immigration fees are associated with higher spending levels of the welfare state. Competition across jurisdictions may also involve the risk of a break-down of the immigration fee since it might be of advantage to reduce it to zero for better skilled immigrants.

This criticism of the proposal of an immigration fee does not rule out that it may be a second-best solution relative to other schemes governing international labor migration. Note that imperfect labor markets and adverse effects of migration on public finances may require the regulation of international migration relative to a free migration regime. This contrasts the predictions of simple textbook models stating that free labor mobility would tend to increase global income and net income in receiving countries, while sending countries tend to lose. Taking into account those effects, the point of Osterloh and Frey that countries can be considered as cooperatives or clubs which provide goods such as good governance, proper regulations and the redistribution of income by the welfare state, is valid and has to be considered in schemes governing international migration. However, I have concerns that an immigration fee will not address this problem appropriately.

### 3 An Utilitarian Principle for Governing Humanitarian Migration

According to the Nobel laureate John C. Harsanyi (1979), one can understand ethical decisions as a part of a general theory of rational behavior. Value judgments on social welfare (ethical judgments) are a special class of judgment “inasmuch as they are non-egoistic impersonal judgments of preference” (Harsanyi 1953, 434). This distinguishes ethical judgments from personal judgments driven by pure self-interest.

There are several features which distinguish this modern formulation of utilitarian principles from classical utilitarianism in the spirit of Bentham, John Stuart Mill, Sidgwick and Edgeworth: While classical utilitarianism defined both social utility and individual utility functions in terms of feelings of pleasure and pain which could be interpersonally added (‘hedonistic utilitarianism’), modern utilitarianism defines each person’s utility function in terms of her or his individual preferences (‘preference utilitarianism’). The second important distinction refers to the area of judgment: While traditional utilitarianism argues that a morally right act is one, given the situation of the actor, that will maximize social utility (‘act utilitarianism’), utilitarian principles are applied to social rules governing individual acts here (‘rule utilitarianism’).<sup>7</sup> More specifically, the analysis refers here to the international rules governing humanitarian migration. This implies that the principles derived here should be internationally applicable.

#### 3.1 Derivation of an Utilitarian Criterion

For a rational derivation of value judgments, Harsanyi (1953) suggests the thought experiment of a situation where individuals are completely ignorant about their own position (and of the one of those who are close to them) within the system chosen, such that they have equal chances of obtaining the first position (e.g. corresponding to the highest income), the second, the third, etc., up to the last position in order to guarantee “impersonality of the highest degree” (Harsanyi 1953, 435).<sup>8</sup> This ‘equiprobability’ principle is a logical formalization of the proposition of Adam Smith (1976[1759]) outlined in his *Theory of Moral Sentiments* that moral judgments should be made from the perspective of a sympathetic, but impartial

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<sup>7</sup> The distinction between ‘act utilitarianism’ and ‘rule utilitarianism’ was introduced by Brandt 1959, 369, 380, but can be traced back to Harrod 1936.

<sup>8</sup> A similar idea was suggested already by Vickrey 1945.



or non-partisan observer. It is also similar to the famous concept of the ‘original position’ outlined by John Rawls (1957; 1971) where individuals make their social choices under a ‘veil of ignorance’ about their personal position in society. However, Rawls (1971) draws different conclusions on the welfare principles chosen in this choice situation, which we will discuss below.

The application of the ‘equiprobability’ principle is based on the assumption that individuals rationally maximize the expected utility by strictly assuming that each situation (or social position) enters the social welfare function at equal terms (Harsanyi 1953). Individuals have a von Neumann-Morgenstern (1947) utility function, which is based on a cardinal utility concept of choices involving risk. This allows, under a certain set of rationality postulates, for making interpersonal comparisons of utility levels received in different states of the world.<sup>9</sup>

More specifically, suppose that the society we are considering (which can also comprise the world) consists of  $n$  individuals. Accordingly, each individual enjoys the utility level  $U_1, U_2, \dots, U_n$ , depending on their social position. A randomly chosen individual  $i$  of this society establishes a social welfare function  $W_i$  by assigning to each individual  $j$  by introspection the utility level  $U_j$ . By the equiprobability postulate, individual  $i$  will assume that she or he will occupy with a probability of  $1/n$  any social position in the society, and, hence, will assign this probability to any one of the utility levels  $U_1, U_2, \dots, U_n$ . Under these assumptions, a rational individual will choose the social system which maximizes the expected utility, which delivers the welfare function

$$W_i = \frac{1}{n} \sum_{j=1}^n U_j, \quad (1)$$

i.e. the arithmetic mean of all individual utilities.<sup>10</sup>

Let us consider the case of humanitarian migration now, which is treated here as a special case of international migration. Let us assume that we make our value judgment on the basis of the social rules which shall govern humanitarian migration, no matter if we are born in Aleppo, Asmara, Kabul—or in Berlin, Paris or Washington DC nowadays.

In the most simple case, the global population consists of  $1, 2, \dots, n$  individuals, of which  $1, 2, \dots, k$  individuals are affected by (civil) war, persecution or other forms of violence, and  $k+1, \dots, n$  individuals are not. Applying Harsanyi’s

<sup>9</sup> Discussing these rationality assumptions is beyond the scope of this contribution. See e.g. Harsanyi 1979; Sen 1979; 1980.

<sup>10</sup> Harsanyi 1955 has also derived an axiomatic approach for the derivation of a similar welfare function from the rationality postulates of the von Neumann-Morgenstern 1947 utility function.

equiprobability principle to this situation delivers

$$W_{0,i} = \frac{1}{n} \sum_{j=1}^k U_{0,j}^f + \frac{1}{n} \sum_{j=k+1}^n U_{0,j}^h, \quad (2)$$

where  $W_{0,i}$  is the welfare function of the  $i$ th individual in the initial state 0 without migration,  $U_{0,j}^f$  is the utility level an individual receives in country  $f$ , which is affected by human rights violations, and  $U_{0,j}^h$  the utility level an individual enjoys in country  $h$ , which is not affected by human rights violations.

The implications are most intuitive if we consider the special case where  $U_{0,1}^f = U_{0,2}^f = \dots = U_{0,k}^f = U_0^f$  and where  $U_{0,k+1}^h = U_{0,k+2}^h = \dots = U_{0,n}^h = U_0^h$ , i.e. the case where we have only two states. In this case, the welfare function of individual  $i$  equation (2) simplifies to the weighted average of being persecuted or not, i.e. to

$$W_{0,i} = p \times U_0^f + (1 - p) \times U_0^h, \quad (2')$$

where  $p = \frac{n^f}{n}$  denotes the probability of living in a situation with the threat of human rights violations,  $1 - p = \frac{n^h}{n}$  the counter probability of living in a situation without. Moreover,  $n^f$  is the population in country  $f$ , and  $n^h$  the population in country  $h$ . Note that the simplifying assumption implies that individuals in the two states are identical and that we have ignored all other utility differences resulting from other circumstances than living with the threat of human rights violations or not.

If we now allow migration for humanitarian purposes, an individual who is sheltered in a safe host country receives utility  $U_1^f$ , which is, by assumption, higher than the utility of remaining in the country of origin, i.e.  $U_1^f > U_0^f$ .<sup>11</sup> On the other hand, those individuals providing protection receive the utility  $U_1^h$ . We assume here that a utility loss arises from sheltering refugees, i.e. that  $U_1^h < U_0^h$ .<sup>12</sup>

We thus get the following welfare difference between the two states with and without admitting humanitarian migrants:

$$\begin{aligned} W_{1,i} - W_{0,i} &= p \left( U_1^f - U_0^f \right) - (1 - p) \left( U_0^h - U_1^h \right) \\ \Leftrightarrow \Delta W_i &= p \times b - (1 - p) \times \bar{c}, \end{aligned} \quad (3)$$

<sup>11</sup> Note that we continue to denote the utility level of individuals living in the initial state in country  $f$  by the superscript  $f$ , although they have moved to country  $h$  in state 1.

<sup>12</sup> Note that this is not necessarily the case, e.g. if preferences are altruistic or if refugees contribute to economic, cultural or social well-being in receiving countries, but we apply the assumption of a net cost here.

where  $\Delta$  is the difference operator,  $b \equiv U_1^f - U_0^f$  are the net benefits from receiving protection by migrating to a safe country and  $\bar{c} \equiv U_0^h - U_1^h$  are the average net costs from providing protection per individual in the host country population. Under the assumption that  $b > 0$ , all individuals from country  $f$  would move to country  $h$  if they have the opportunity to do so in this simplified case. The per capita costs of the host country individuals equal  $\bar{c} = \frac{n^r}{n^h} c = \frac{p}{1-p} c$ , i.e. the (average) costs per refugee,  $c$ , times the number of refugees per person of the host country population. From this we can derive the following fundamental condition for improving social welfare through humanitarian migration:

$$p \times b \geq (1 - p) \times \bar{c} \quad (4)$$

$$\Leftrightarrow b \geq c.$$

Thus, under the strong assumption that both the benefits of individuals affected by human rights violations and the costs of hosting refugees are linear in the number of migrants,<sup>13</sup> it follows that humanitarian migration is welfare-improving as long as the net benefits from migration exceed the net costs per protected individual. This holds true in the linear case, irrespective of the number of individuals affected by human rights violations. This perhaps counter-intuitive result can be traced back to the fact that, under the assumption of linearity, the utility gains and the costs increase (decrease) by the same amount if more (less) individuals are affected by war, persecution and other human rights violations.

Of course, this is a special case. It is reasonable to assume that the marginal benefits from protection tend to decline in the number of refugees, for instance if the risks from war and human rights violations vary across the sending country population individually. If we rank the individuals by these risks from 1, 2 ...  $k$  in declining order, we receive a concave function of the benefits from receiving shelter, where the marginal benefits tend to decline with the number of (potential) migrants. Similarly, the costs per refugee may tend to increase with the number of refugees sheltered in the host country, such that we receive a convex cost function. In this case, for a welfare maximum we achieve the condition

$$b(m^*) = c(m^*), \quad (5)$$

i.e. the welfare maximum is achieved if the benefits from protection for the *marginal* refugee equal the *marginal* costs for hosting.

Of course, it is not necessarily true that the marginal costs for hosting refugees tend to increase with the number of refugees. On the one hand, there may be fixed

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<sup>13</sup> Technically, it is sufficient that the benefits and costs are linear-homogenous functions in the number of migrants.

costs involved in hosting refugees, e.g. for the relevant infrastructure, such that marginal costs may tend to decline with the number of refugees hosted. On the other hand, congestion or, as some pessimists argue, negative spillovers for the institutional framework and the social life in hosting societies may tend to increase disproportionately with the number of humanitarian immigrants. This is an empirical question eventually. However, if we assume that the costs of hosting are constant, the welfare maximum is achieved when the benefits from protection of the marginal refugee equal these constant costs.

Note that both the net benefits and the net costs are measured in utility terms here, i.e. that they cover both monetary and non-monetary arguments of the utility function. In this case, the migrants' utility may increase by living in a stable and safe environment, higher earnings and other monetary benefits in the host country, but may also adversely affected by the monetary, psychic and social costs of moving and leaving a familiar social environment. In case of the host country population, it may comprise utility losses from monetary transfers to the refugee population, but also many other aspects which affect welfare in one way or another the utility function: Wage effects and job creation or replacement effects depending on whether the immigrants are complements or substitutes for host country workers in the labor market, criminality risks, the benefits and costs which are associated with higher cultural diversity, the benefits of a highrr variety of consumption goods, and many other aspects. Note that the assessment of these benefits and costs depends on individual preferences: Some individuals might have a higher preference for variety and diversity, while others might have more xenophobic preferences. Consequently, different individuals may have different value judgments regarding the rules admitting humanitarian migrants, which is reflected by the index  $i$  of the welfare function.

There is another aspect which is worthwhile to highlight: the utilitarian criterion does not suggest that humanitarian migrants have to be admitted without limitations. In particular, if the marginal costs of hosting are non-negative, the utilitarian welfare criterion sets a clear limit to immigration depending on the marginal costs for host countries.

### 3.2 Comparison with Alternative Approaches

Altogether, we can conclude from the utilitarian approach that humanitarian migration is welfare-improving under the fundamental condition that for the marginal refugee the benefit from protection equals the costs of hosting. For a deeper understanding of the consequences, it is worthwhile to briefly discuss

the differences between this approach and other foundations of humanitarian migration.

### 3.2.1 Humanitarian Migration as a Non-alienable Human Liberty

One strand in the literature derives a right of humanitarian migration, or, more radically, of all types of migration, from a fundamental set of entitlements (liberties) which should be assigned to everyone by the right of nature or the constitution of individuals as human beings. The concept that there should be a protected set of fundamental liberties is widely acknowledged by very different philosophical scholars (e.g. Kant 2011[1775]; Mill 1859; Hayek 1960; Gramsci 1971; Nozick 1973; Rawls 1971), although the contents and range of this set of essential liberties differ. As an example, Immanuel Kant (2011[1775]) argues in his famous essay *On Perpetual Peace (Zum ewigen Frieden)* that a temporary right of ‘hospitality’ (‘Besuchsrecht’) belongs to the set of universally applicable and non-alienable human rights. It is derived by the virtue of the common possession of the surface of the earth and must not be refused if such a rejection would involve the destruction (‘Untergang’) of the individual. In contrast, the entitlement to a more permanent stay (‘Besuchsrecht’) is subject to a mutually beneficial contract which can be rejected by sovereign national states (see Benhabib 2004, for a detailed discussion). More radical views building on the libertarian concept of a minimalistic state (Nozick 1974) define individual entitlements much broader, such that international migration belongs to the set of essential individual liberties which have to be assigned to everyone (Carens 1997; 2013).

These approaches differ substantially regarding the contents of liberties assigned to each individual and their logical derivation. What they have in common is that they assign a set of non-alienable human rights to individuals which should not be restricted by collective choice, or, in our terminology, by a social welfare function. Robert Nozick (1973; 1974) argues that there is a set of individual rights which each person can exercise as she or he chooses and which constrains the domain of social choice on the social ordering, i.e. that these rights are not subject to social choices as part of welfare considerations. The difference between this line of thinking and the approach applied here is that welfare judgments on the social ordering have to take everything into account, such that the exercise of individual rights, including basic human rights, must enter the welfare function or judgments on social welfare eventually. This does not rule out the rankings of rights, e.g. prioritizing human rights as compared to other social rules (for a detailed discussion see Sen 1976).

### 3.2.2 Equity and Migration

The second alternative to the approach applied here derives free migration rights from equity considerations. In contrast to the libertarian approach it does not single out a set of essential liberties from welfare comparisons, but applies different equity principles as compared to the utilitarian approach. While the utilitarian approach maximizes the arithmetic mean or the sum of individual utility, the influential approach of John Rawls (1971) proposes that ‘primary goods’ should be distributed in a way such that they favor the least-advantaged person most. Although John Rawls (1993) refused to apply his principles of justice in the international context as well, there are a number of scholars who use John Rawls’ equity norms for an ethical assessment of migration rules (Carens 1997; 2013; Cassee 2016).

Formally, John Rawls’ (1971) famous ‘difference principle’ can be stated in terms of a function which maximizes the welfare<sup>14</sup> of the least advantaged individual, i.e.  $W = \text{Min}_i W_i$  (*maximin criterion*). One can state the difference principle also in lexicographic form, i.e. that a social state is assessed first against the impact on the least affected individual, than against the impact of the 2<sup>nd</sup> least affected individual and so forth (*leximin criterion*). Note that maximin and the leximin criteria use another type of welfare information as compared to the utilitarian approach: they are concerned solely with the interpersonal comparison of welfare levels, while the utilitarian approach outlined above also analyses gains and losses of welfare, i.e. the changes of welfare in utility units. Thus, while the latter is based on cardinal information, ordinal rankings are sufficient for the Rawlsian approach.

At first glance, the application of the Rawlsian approach to humanitarian migration seems to be straightforward: a free migration policy is preferred if it favors the least-advantaged person globally. However, it is less straightforward than one may think at first glance if we apply the leximin criterion: according to this criterion one would admit only refugees (or other migrants) who are worse off than the least-advantaged individual in the destination country. If they are better off, and if the least advantaged-individual in the host country also bears some costs for refugee migration, the leximin criterion would rule out any further refugee migration. Note that this may involve a substantial welfare loss from the perspective of the utilitarian criterion, since the benefits for the marginal refugee might well exceed marginal costs for providing protection in this case.

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<sup>14</sup> While many scholars apply the Rawlsian criteria in the area of utility comparisons in literature, Rawls referred to the concept of ‘primary goods.’

Thus, the application of other welfare criteria such as the leximin criterion to humanitarian migration may deliver different outcomes, which will not necessarily result in extended humanitarian protection as compared to the utilitarian approach.

### 3.2.3 Comparison with the Communitarian Approach

The utilitarian approach presented here is applied universally, i.e. the utility of individuals is treated in the same way, irrespective of their nationality, religious and political affiliations, culture, gender, etc. This follows from Adam Smith's postulate that welfare judgments have to be undertaken from the position of an impartial observer who does not treat those with closer social ties better. One can also refer to the Kantian principle of universality. This view is not shared by advocates of a so-called 'communitarian approach', who argue that ethical judgments have to be embedded in social contexts. Consequently, those who are closer to the person undertaking the judgment are valued higher, e.g. family members, friends or the citizens of the same national state (Miller 2016). Ethical judgments are therefore not undertaken from the position of an impartial observer, but from the perspective of national partisanship. It is thus ethically not only legitimate, but also required, to favor individuals from the same national, cultural, religious, etc. contexts relative to 'strangers'. Accordingly, international migration should be limited in order to maximize the well-being of citizens of the national state or to preserve the reproduction of institutions there. Note, however, that the strict application of the communitarian approach would not only result in an unequal treatment of individuals, within a utilitarian perspective it could also reduce global welfare since it suggests rejecting migration also in cases in which the benefits accruing to migrants exceed potential net costs to host countries.

There clearly is a fundamental difference between the universalistic character of utilitarian welfare economics as outlined here and the 'communitarian' view, which rejects all forms of universalistic welfare statements. Applied consequently, however, it is difficult to base social rules in the international context, such as rules governing humanitarian migration on an approach which refuses to treat different individuals equally. David Miller (2016) is aware of this problem and argues in favor of a 'weak cosmopolitanism' which is based on the distinction between humanitarian and other forms of migration. Human rights, and, hence, the rules of humanitarian migration are understood as pre-political individual rights of subsistence in this view. These minimum rights are guaranteed to each individual. This can result in the obligation of sovereign national states to host humanitarian migrants. Depending on how these definitions are understood, this

may result in an effective protection of the (potential) victims of human rights violations. The line of reasoning, however, is different as compared to the utilitarian approach applied here, since the view that welfare judgments have to be undertaken from the perspective of an impartial observer is not supported by the ‘communitarian’ approach.

## 4 Practical Consequences for the Governance of Humanitarian Migration

The conclusion that humanitarian migration is welfare-improving if the utility gains of the marginal refugee exceed marginal costs for sheltering refugees has numerous policy implications. Only an outline of these practical implications can be given here. I will focus on three controversial issues here, which, in my view, are essential for the governance of humanitarian migration—although they cover only part of the problem: First, the Geneva Refugee Convention regulates the treatment of asylum seekers and refugees after arrival, but not the entry conditions. This is the major weakness of the current governance of humanitarian migration in my view, resulting in the contradiction that many host countries in the EU and the OECD treat refugees properly according to the rules of the Geneva Convention after arrival, but try to prevent the arrival of refugees by all available means. The utilitarian approach does not suggest that immigration should be unlimited but defines an admission criterion. This, in turn, requires that the entry remains regulated. Market mechanisms such as auctions and immigration fees will tend to fail to deliver sufficient information on the benefits of those who request protection. Consequently, we need screening or filtering mechanisms which deliver imperfect, but sufficient information for the entry of migrants applying for humanitarian protection. Second, the costs of hosting refugees and, hence, the level of humanitarian protection depends on the number of countries which are willing to provide protection. As the failure of the Dublin system in the EU demonstrates, mechanisms which distribute the costs of protection unequally result in a sub-optimal level of protection. This calls for policy coordination and rational mechanisms for cost-sharing. Third, the failure to provide legal entry channels in conjunction with the non-refoulement clause of the Geneva Convention has created a smuggling industry, which involves high risks for refugee and other forms of migration. Although irregular migration will take place and the smuggling industry will stay in business as long as immigration restrictions are effective, the size of this industry and the risks of migration can be reduced substantially if a



reform of the governance of humanitarian migration opens legal entry channels—the same holds true for liberalizing the entry conditions for labor migration.

#### 4.1 Legal Gateways and Filtering Asylum Applications

The Geneva Refugee Convention from 1951 and its Protocol from 1967<sup>15</sup> define the criteria for qualifying individuals as refugees and outlines the entitlements and obligations of those who receive protection. Moreover, the non-refoulement clause rules out the deportation of individuals if there is a serious threat to their life or personal well-being. However, it does not clarify the entry conditions, i.e. the conditions for those who seek protection to cross the border legally. It solely prevents penalizing irregular border-crossings if individuals apply for asylum. Thus, the Geneva Refugee Convention regulates the treatment within asylum, but not the rights to asylum.

The Dublin Regulation of the EU is less parsimonious regarding the entry conditions for asylum seekers. It states that all applications for international protection have to be processed by EU Member States, which also includes applications which are submitted at the border of a Member State or in transit zones.<sup>16</sup> This is, however, hardly enforced by the current asylum policies of the EU in practice. Most countries at the outer borders of the EU do not accept asylum applications at their borders, and, hence, the entry of asylum seekers. Moreover, the EU and its Member States effectively prevent that asylum seekers reach the outer borders of the EU by agreements restricting refugee migration with neighboring countries, countries with coasts at the Mediterranean Sea and other countries along the routes of refugee migration (see e.g. Koch et al. 2018).

These policies are effective in the sense that they actually have reduced the influx of humanitarian migrants and increased the costs and risks of refugee migration (see *section 4.3*). At the same time, they also increase the number of irregular border crossings, since hardly any legal entry ways exist for humanitarian

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<sup>15</sup> *Convention Relating to the Status of Refugees* also known as the *1951 Refugee Convention* and its Protocol from 1967. Formally, the term ‘Geneva Refugee Convention’ is a misnomer, since this convention does not belong to the Geneva Conventions which establish the standards of international law for humanitarian treatment in war.

<sup>16</sup> Article 3, Regulation (EU) No 604/2013 of the European Parliament and the Council of 26 June 2013 establishing the criteria and mechanism for determining the Member State responsible for examining an application for international protection lodged in one of the Member States by a third-country national or a stateless person.

migration.<sup>17</sup> Needless to say that closing the channels for humanitarian migration involves substantial welfare losses according to the utilitarian criterion, since (i) the level of humanitarian migration is below the welfare optimum and (ii) irregular migration distorts the selection of the refugee population since it is not determined by the potential benefits from humanitarian migration, i.e. those who are most in need do not necessarily possess sufficient resources and abilities to cross borders irregularly.

Nevertheless, unlimited migration is not advocated by the utilitarian criterion. It requests assessing the benefits and costs of providing protection in the admission procedure. This is far from trivial, since the potential utility gains from receiving protection and the utility losses from sheltering refugees depend on individual preferences which are not directly measurable. The economic concept of revealed preferences is neither applicable here: given that most refugees have only limited resources, their willingness or ability to pay is hardly an indication of the benefits from protection. In other words, market mechanisms such as auctions, fees, etc. tend to fail in the context of humanitarian migration, since the price mechanism cannot deliver the relevant information needed to measure the potential benefits from refugee migration.

As a consequence, we have to use other pieces of information, however imperfect they may be. The objective of current asylum procedures is an assessment of the individual risks of becoming victims of wars, persecution and other forms of violence based on the claims of the asylum seekers and other types of information. From an economic perspective, those procedures can be regarded as a filter. If handled efficiently, the outcome of asylum procedures should be positively correlated with the potential threats of war, persecution and other human rights violations, and, hence, with the utility gains one receives from receiving protection. These filter and screening mechanisms are far from perfect, but an appropriate application may deliver a sufficiently reasonable assessment as to whether the potential benefits from protection exceed or equal the costs for host countries.

Note that we have similar filter and screening mechanisms in place in other areas as well which are socially and economically relevant, for example, in education, where the admission to educational institutions and educational degrees provide imperfect measures for individual productivity and abilities (Arrow 1973; Spence 1973). True, the application of filter or screening mechanisms is more sensitive in the context of humanitarian migration, since these have more severe con-

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<sup>17</sup> About 10 percent of the asylum seekers in Germany arrived either within other visa categories or belonged to the small group of contingent refugees who received a visa before arrival (own calculations based on the IAB-BAMF-Refugee Survey).

sequences. Although all filter and screening mechanisms are imperfect, there is, in my view, no alternative to using them if one wants to receive information on the potential gains of humanitarian migrants since the price mechanisms will fail to deliver the relevant information.

The weakness of processing asylum applications in host countries is that the arrival of asylum seekers whose asylum claims are eventually rejected involves social costs, i.e. if there is an influx of asylum seekers where the benefits from protection exceed the costs from sheltering. This would not create a problem in a frictionless world where screening or filtering can be carried out perfectly without any delays and where return migration or deportation is costless. In this case, one could perform the asylum procedures upon arrival in the destination countries or also in transit countries or the countries of origin. In the real world with imperfect information and mobility costs, however, the processing of asylum applications is time-consuming and delivers imperfect results. It is thus very likely that processing asylum applications abroad does not only involve substantial costs and risks for asylum seekers during the waiting period, but will also deliver much poorer information as compared to asylum procedures processed in the destination country. We thus face a trade-off between the potential costs resulting from the influx of individuals whose asylum applications are eventually rejected and the costs resulting from poor processing of information abroad and delays in the provision of protection for those who are in need.

A practical solution for addressing this problem is a two-step filter mechanism, where in the first step all asylum applicants who have sufficiently good prospects of receiving protection receive a humanitarian visa which entitles them to legal entry for humanitarian purposes, and, in a second step, the final processing of asylum applications in host countries. This would allow for increasing the efficiency of information processing, while the costs for asylum seekers are reduced. One could e.g. use aggregate information on the political or human rights situation in sending and transit countries which might deliver sufficiently good information for the later prospects of achieving protection. Again, similar two-step procedures are regularly applied elsewhere, for instance, in educational systems.

Finally, it is worth noting that the welfare effects of filter and screening mechanisms critically depend on how the criteria are applied and enforced in practice. This means that they depend on the willingness to accept asylum seekers as long as one can reasonable assume that their benefits from protection exceed or equal costs for providing protection in host countries. This naturally creates a tension between the ethical judgment derived from the utilitarian welfare criterion and the self-interest of the population or policy makers in host countries which must bear potential costs. The Geneva Refugee Convention is ambiguous in this respect. On the one hand, it is legally binding, on the other hand, there exist no means

for the enforcement of its rules. It is thus essential that the definition of the criteria and their enforcement is delegated to institutions which are able to pursue ethical objectives, i.e. have an impartial, non-partisan view. That can be legal institutions in host countries or supranational institutions which take the utility of individuals applying for asylum and those who provide protection into account. Note that the conflict between rational rules increasing total welfare and the self-interest of individuals or collective entities such as national states is not a unique problem of the rules governing humanitarian migration, but is a common feature of almost all rules and norms constraining social or economic behavior.

## 4.2 Policy Coordination

According to UNHCR (2018a), 67.5 million individuals belonged to the forcibly displaced population worldwide in the year 2017. 40 million or 59 percent of those have been displaced within the countries of origin. Among the 23 million refugees and asylum seekers who have left their home countries (without the 4.5 million Palestinians under the UNWRA mandate), about 18.5 million (80 percent) are hosted by developing countries, one third by least-developed countries. The EU Member States hosted 5 percent of the refugees and asylum seekers worldwide by the end of 2017, the remaining countries of the European Economic Area and Switzerland 0.3 percent, and the remaining highly developed countries in the world (Australia, Canada, Japan, Korea, New Zealand, USA) another 1.7 percent.<sup>18</sup> Despite this imbalance, there is an increasing debate in countries hosting refugees whether asylum seekers and refugees should be hosted solely in the regions where they originally come from and that the contribution of the EU and other highly developed countries should be limited to admitting rather small contingents of refugees (e.g. John 2018).

This argument involves two questions: First, what are the welfare implications if part of the safe countries opt-out from providing protection. Second, are there allocation mechanisms across countries which might reduce costs for providing protection, and, hence, will eventually increase humanitarian migration and welfare in terms of the utilitarian criterion.

It is obvious that reducing the number of safe countries hosting refugees reduces the level of protection. In a situation where the marginal costs of sheltering refugees tend to increase with the share of the refugees in the population of the destination country, the level of migrants who are admitted and the total welfare

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<sup>18</sup> The figures refer to the total population of concern as defined by the UNHCR 2018.

gains from providing protection tend to decline, the more safe countries refuse to shelter refugees. Note also that the incentives for the remaining countries providing protection for admitting further refugees tend to fall if more countries opt out. A similar argument has been made by Timothy Hatton (2004; 2009), who finds under the assumption that humanitarian migration has the character of a public good that countries admit less refugees than would be optimal if asylum policies are internationally uncoordinated. This is an outcome from positive spill-over effects which emerge if other countries host refugees, such that countries tend to free-ride on protection.

Thus, those who argue that one has to provide no protection if other countries are already doing so have the logical problem that it remains unexplained why the remaining countries should continue to provide protection. Eventually, non-coordinated policies will yield suboptimal levels of protection in equilibrium if the asylum system does not even fail at all. The effects of ill-designed or uncoordinated international asylum policies are *inter alia* demonstrated by the failure of the Dublin system. The rationale of the Dublin system is that those countries of the EU which asylum seekers have entered in the first place are also in charge for processing the asylum applications and hosting these individuals.<sup>19</sup> This implies that the countries at the outer borders of the EU have to bear the overwhelming share of the costs of humanitarian migration in Europe. This, in turns, has created strong incentives for closing-the-border policies, the non-registration and poor treatment of refugees in order to create incentives for asylum seekers to leave the countries of first residence. As an example, the European Court of Justice ruled out returning refugees to Greece, i.e. the country most affected by the first entry of asylum seekers, due to non-compliance to humanitarian standards there in 2013 (Court of Justice of the European Union 2013). This and similar circumstances in EU Member States along the routes of refugee migration ruled out the application of the rules of the Dublin system during the years 2014 to 2016. Moreover, we can observe that countries in the immediate neighborhood of the crisis countries in the Middle East, i.e. Jordan, Lebanon and Turkey, have eventually restricted the influx of refugees due to the rising costs of refugee migration. All these examples demonstrate that non-coordinated asylum policies or systems which distribute the costs of protection on few countries increase the incentives for non-compliance of humanitarian standards and fail to achieve the goal of efficient allocation of asylum seekers.

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<sup>19</sup> The rules of the Dublin system are more complex, since applicants may be entitled to move to other Member States if members of the core family reside there.

Thus, the coordination of asylum policies across countries and sharing the costs for protection are better suited to fulfill the requirements of the utilitarian criterion as compared to non-coordinated policies. From an economic point of view, one of the conditions for an optimal outcome is to equalize the marginal costs for refugee migration across the countries hosting refugees. This is far from trivial, since refugee migration involves social costs beyond the monetary costs for providing means-tested benefits or housing. It depends on the preferences of individuals in host countries regarding both monetary and non-monetary aspects affecting the utility of the populations in host countries. Jesús Fernández-Huertas Moraga and Hillel Rapoport (2015) have developed a procedure where (i) tradable asylum quotas are assigned to each Member State of the EU, and (ii) a matching mechanism is established which takes both the preferences of asylum seekers for countries of destination as well as that of host countries for different types of asylum seekers into account. After allocating a quota to each Member State depending on population size and economic performance, these quotas are traded among the Member States. Theoretically, an auction of migration quotas delivers a Pareto-efficient outcome, since there is true revelation of the potential costs of hosting refugees and the price mechanism minimizes the costs by equalizing marginal costs among the participating countries. This, in turn, increases the space for humanitarian migration according to the utilitarian criterion, since lower marginal costs results in a higher number of refugees who can be admitted. Of course, this is based on the assumption that those who act on behalf of the citizens of their country are able to aggregate individual utilities. The matching mechanism is based on a mechanism where refugees rank their preferred countries of destination in a lexicographic order, while the preferred countries rank their preferred type of refugee in a lexicographic order as well. It can be shown that this mechanism is also Pareto-efficient in the sense that after the allocation, each refugee participating in the mechanism is in a position which is at least as good as remaining in the current country of residence (e.g. the country of first entry), while the same holds true for countries which change the composition of their refugee types.

Still, there is a weakness in the approach of Fernández-Huertas Moraga and Rapoport (2015): the preferences of the asylum seekers are only taken into account when they rank their countries. This improves their well-being relative to the country of residence for given migration quotas. However, there may be additional benefits from moving to other countries which may exceed marginal costs for providing protection there. In brief, the approach provides an efficient solution for the distribution of refugees within the constraints of a given migration quota and a given initial distribution of refugees, but it does not take the preferences of (potential) refugees into account when the quotas are determined. Thus, while it might not violate the Pareto criterion to leave individuals under the threat of hu-

man rights violations in origin or transit countries (including those in the EU), this would violate the utilitarian criteria under reasonable assumptions on the costs for sheltering refugees. Consequently, it is still unavoidable that a club of high-income countries such as the EU proves in the first place whether the benefits of the (marginal) refugees from receiving protection exceeds marginal costs there before applying an allocation mechanism such as the one suggested by Fernández-Huertas Moraga and Rapaport (2015).

Altogether, two conclusions can be drawn from these considerations: First, a state where safe countries refuse to provide protection to refugees is worse relative to a state where all safe countries participate in an internationally coordinated asylum system. Second, policy coordination can prevent not only free-riding behavior, it can also develop allocation mechanisms which reduce the marginal costs of hosting refugees and, hence, increase the number of those who benefit from asylum according to the utilitarian criteria.

### 4.3 The Impact on Smuggling

Although smuggling is often perceived as the cause for irregular border crossings of refugees, one can also argue that the causality runs the other way around: the evolution of a smuggling industry is the consequence of closing legal entry ways into the EU and other high-income countries. This, of course, holds not only true for humanitarian migration, but also for other types of migration that are beyond the scope of this contribution. Irregular migration involves high migration costs and risks: as outlined above, the mean costs of refugee migration amount to some 5,900 Euros among the arrivals in Germany, 40 percent of those are spent to pay smugglers. Moreover, almost two thirds of the asylum seekers arriving in Germany have used the Eastern or Central Mediterranean refugee route by boat; 16 percent of those have experienced ship wrecking.<sup>20</sup> According to the UNHCR, there have been more than 15,000 deaths and missing persons along the routes of the Mediterranean Sea from 2014 to 2017 (UNHCR 2018b). The death toll along the routes in Africa through the Sahara is estimated to be about three times higher.

Thus, the current governance of humanitarian migration has three consequences: it (i) reduces the number of individuals who are able to apply for protection, (ii) distorts the selection of individuals in the sense that only those who have the necessary abilities and resources to take the risks and costs of refugee mi-

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<sup>20</sup> Own calculations based on the IAB-BAMF-SOEP-Refugee Survey.

gration have a chance to apply for protection, and (iii) it increases the costs and risks of refugee migration, including a substantial death toll.

The policy solutions discussed here will hardly solve this problem, they will only reduce it. Increasing the legal entry channels into the EU by the double-filtering mechanism and the provision of visa for humanitarian purposes as suggested in *section 4.1* will reduce incentives to cross borders irregularly, and, hence, reduce the costs and risks of refugee migration. However, there remain incentives for irregular migration if the individual benefits exceed the costs and risks. Moreover, as Auriol and Mesnard (2016) have convincingly demonstrated, there exists substantial room for the smuggling business to reduce prices given that they act under imperfect competition. Visa auctions and immigration fees will therefore have only a limited impact on smuggling and irregular migration (see *section 2*). The same holds true for opening legal entry channels for humanitarian migration as suggested here. Altogether, creating legal entry ways for humanitarian migration and liberalizing the access to the labor markets will mitigate incentives for irregular migration and smuggling, but not abolish it. This would require migration to be almost entirely liberalized.

## 5 Concluding Remarks

The strict application of utilitarian welfare criteria of maximizing the average or the sum of individual utility delivers a simple ethical principle for humanitarian migration: admitting humanitarian migrants is welfare-improving as long as the individual benefits of the marginal humanitarian migrant exceeds the (marginal) cost of sheltering this individual in host countries. As outlined above, this principle is based on the proposition that welfare judgments have to be undertaken from the position of an empathic, but impartial or non-partisan observer, as Adam Smith (1976[1759]) has demanded it in his *Theory of Moral Sentiments*. This can be formalized by deriving rational ethical decision rules from a situation where the individuals are not aware of the social position they have in society, or, in our case, where they do know only the probabilities whether they will live in a country under the threats of war, persecution and other forms of violence or in a country where this is not the case. Applying the same rationality criteria which we are using for forming rational expectations about the future in a situation with risk or uncertainty, the simple rule outlined above emerges.

In my view, this is based on less demanding ethical requirements than approaches which derive the rules for humanitarian migration from other universalistic principles. This holds true both for approaches which derive ethical prin-



ciples from some essential human entitlements which are not part of a social welfare function and for approaches which apply more demanding equity criteria such as John Rawls' (1971) famous 'difference principle' to the international migration context. Nevertheless, this is not meant to deny that one can also derive rules for humanitarian and other types of migration from different ethical assumptions. However, there is a striking difference to communitarian approaches, since the utilitarian approach applied here as well as other approaches in welfare economics rely on the postulate that different individuals are treated equally and that there is no preferential treatment of those to whom closer social ties exist. In my view, it is difficult to logically derive ethical norms in the international context from approaches which require preferential treatment of those who are closer to the observer.

One can argue that the utilitarian principle outlined above can also be applied to other forms of migration, e.g. labor migration. There are, however, some differences. An important difference is that potential labor migrants can compensate individuals in host countries for the potential costs of immigration at least in the case of perfect credit markets—if those costs exist at all in case of labor migration. Note that standard economic models predict that the total income of natives in receiving countries tends to increase in case of labor migration, although empirically, this is more complex in economies with imperfect labor markets and welfare states.

I have also ignored the impact of humanitarian migration on the welfare of natives left behind in sending countries. This can easily be justified for forced migrations where staying is not an option. However, there may be options to stay which have to be considered not only with respect to the welfare of the potential migrant as has been done here, but also with respect to the populations in the sending countries. Taking this into account may create another source of costs of humanitarian migration, and, hence, affect its impact on welfare. However, this is difficult to assess in practice, particularly under the circumstances of war, persecution and other forms of violence. Also note that remittances, networks and other factors may also improve the well-being of the population in the sending countries.

Relative to the status quo, the utilitarian criterion outlined here is likely to increase humanitarian migration, since common sense suggests that the potential gains from migration for those affected by wars, persecution and violence exceed the costs of sheltering humanitarian migrants in many host countries. This is, however, an empirical question. Trading migration quotas, as suggested by Jesús Fernández-Huertas Moraga and Hillel Rapoport (2015), can reveal preferences and provide price information regarding the actual costs of hosting refugees and asylum seekers. Unfortunately, a similar mechanism does not exist for the calcula-

tion of potential benefits of humanitarian migrants, since the limited resources of (potential) migrants do not allow utilizing the price mechanism. However, as I argued above, filter mechanisms such as asylum procedures may provide reasonable approximations of the benefits from humanitarian migration if they are handled properly, i.e. in a non-partisan way.

From the utilitarian perspective outlined here, the positive welfare effects from humanitarian migration can be increased substantially if a reform of its governance fulfills two requirements: first, if it delivers legal and safe entry ways by the provision of humanitarian visa for those who are in need and will therefore benefit most from protection, and, second, if fair and efficient distribution mechanisms are implemented, which increase both the efficiency of protection as well as the willingness of destination countries to comply with the humanitarian standards of the Geneva Refugee Convention and similar norms.

**Acknowledgment:** The author is grateful to a referee and to the editors who provided intellectually very insightful comments which contributed substantially to improve the paper. The author also gratefully acknowledges the very helpful comments and suggestions by Andreas Hauptmann.

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