

Creating a market for refugees in Europe♦

by Peter H. Schuck

This year we have seen a record number of refugees trying — and too often dying — to get across Europe's Mediterranean frontier, propelled by brutal wars, the collapse of Libya and other states, environmental disasters and grinding poverty that both cause and feed on this human misery.

The seemingly unending flow of migrants, on top of earlier flows by economic migrants desperately seeking entry to Europe's common labor market, has thrown the Continent's politics and policy makers into crisis, placing support systems under strain and fueling a surge in right-wing extremism.

Given Europe's commitment to a humanitarian policy, the question is not whether to let the genuine refugees in, but where they should go. The European Union is considering a system of quotas that can both distribute the burdens of refugee protection among participating states and create alternatives so that migrants won't be forced to pay smugglers to cram them into unseaworthy vessels and dump them near shore, or worse.

Negotiating such a system will be very difficult. Countries have an incentive to free-ride on their neighbors' benevolence. They also know that it gets harder to send refugees back home the longer they remain, so they offer only temporary safe haven, if that. Some states, like Germany and Sweden, did more than their share in past crises and may want their quotas lowered to reflect this.

Refugees also have diverse incentives: Although all want protection, many hope to end up in prosperous countries where they might settle permanently; others hope to return home as soon as conditions permit.

A scheme allocating protection burdens according to each state's capacities, much as the European Union is likely to adopt, is essential. A regional authority should calculate each state's fair share using objective criteria such as gross domestic product, population and land mass. (The formula might also grant credits for past protection efforts.) It should also estimate how many refugees need protection, temporary or permanent, and how many of those can legally qualify for it — mere economic migrants cannot.

Here's my proposed innovation: The agency should create and regulate a market in which states can buy and sell all or part of their protection quota obligations. Both the agency

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and the selling state must enforce international standards to ensure that the receiving state protects the human rights of those it agrees to accept.

Just as cap-and-trade schemes enhance environmental protection, this market would maximize the number of refugees protected by exploiting differences in states' resources, politics, geography and attitudes toward newcomers. A more ethnically homogeneous or xenophobic state might eagerly pay a high price (in cash, credit, commodities, political support, development assistance or some other valuable) to more refugee-friendly states to assume its burden, rather than having to bring them in-country.

Such payments already take place, in a way: The United States and other countries sometimes pay other states to harbor immigrants; Australia just agreed to give Cambodia \$32 million to do so.

Almost by definition, such a market would produce more protection than the status quo does, while ensuring that each state does its share in one form or another and that human rights are respected.

Other questions must be resolved. For example, how much of a refugee's identity could states learn before trading? Could refugees veto being sent to a particular protecting state? (International law would say no — it merely bars returning them to persecution and requires a harboring state to meet their basic needs.) How would the agency enforce these obligations?

Some will object that the market element offends common morality by "commodifying" refugees. But if trading protects more refugees than the status quo does, under conditions at least as favorable to their human rights, the newly protected will surely welcome it — just as environmentalists now endorse the trading of pollution rights.

Critics need a reality check. Whether they object on the grounds of national interest, weak enforcement or on the fear of dehumanizing the people they are trying to help, they must recognize that these problems apply to an even greater extent to current refugee arrangements. We must not let the perfect be the enemy of the better; even an imperfect reform may still make more refugees better off.

Europe has several advantages in designing such a system. It is wealthy, faces long-term worker shortages because of low fertility, can work with the European Union's institutions and resources, and knows that prompt collective action is urgent — in contrast to, say, the Association of Southeast Asian Nations' recent disarray in the face of large refugee flows from Myanmar and Bangladesh.

Europe also can build on an earlier model. The Vietnam War and its aftereffects pushed out millions of refugees, who were then often turned back by some countries of first asylum. In 1979, after a tragically slow start, the United States assembled a large coalition to provide both temporary relief and permanent resettlement for some 1.7 million refugees — though not before countless thousands died. Adding a market element might have protected even more.