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House Committee on Foreign Affairs

“An Economist’s View of the Security Implications of the Refugee Crisis in Europe”
Challenge to Europe: The Growing Refugee Crisis

Before the Subcommittee on Europe, Eurasia, and Emerging Threats
United States House of Representatives

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Distinguished members of the Subcommittee on Europe, Eurasia, and Emerging Threats, thank you for inviting me to provide testimony on an economic view of the security implications of the refugee crisis in Europe.

I can offer two distinct perspectives on this challenge to the committee today. As a behavioral scientist and as a former senior official at U.S. Customs and Border Protection, I have spent a lot of time thinking about how understanding essential characteristics of human behavior can inform our understanding of organized violence and thereby promote security.

I have divided my comments into three sections: the first provides an economist’s view of a way to think about security and the refugees; the second discusses my experience as a practitioner of national and homeland security; and the third suggests a framework for committee members to consider when hearing testimony in future hearings on policy options.

I. A Behavioral Economist’s Perspective of the Refugee Crisis

Economists see all human interaction as exchanges taking place within markets, with individuals – regardless of race, religion, or ethnicity – making decisions that maximize benefit and welfare for ourselves, our families, and our communities. Competitive marketplaces demand cooperation in order to maximize our goals, leading individuals to divide the world into ‘us’ and ‘them’ on the basis of perceived or actual kinship. Political violence such as insurgency and terrorism occurs when scarce conditions allow violence to become economically feasible. In

other words, people choose violence when it is the best way to achieve their goals in the face of scarce resources.

Applying this Perspective to Europe:

In Europe today, continuing mass refugee streams will continue to strain resources of European states and populations, creating conditions of scarcity that highlight competition and sharpen divides between host and refugee—between “us” and “them”—communities.

As we may have predicted, we have witnessed political parties imbuing their rhetoric with divisive language, manipulating the ‘us vs. them’ narrative and exacerbating tensions:

- The Budapest Times recently published an OpEd comparing the migrant populations to a Trojan Horse full of “unwanted Muslims” and possible terrorists aiming to conquer Europe; [2]
- Germany’s increasing political violence associated with the refugee crisis, including the recent stabbing of a senior official responsible for welfare in Cologne, has sparked debates on censoring hate speech on social media. [3]

This increasingly divisive rhetoric recalls historical examples of politicians using “hate-creating stories” to discredit opponents and better their own positions. For example, Harvard economist Edward Glaeser points to three examples: Anti-Black hatred in the American South; Anti-Semitism in Europe; and Anti-Americanism in the Arab World.[4]

- Following the American Civil War, changes in the political landscape and redistributive policies led to hateful narratives portraying Blacks as dangerous to Whites, exacerbating racial tensions;
- Late 19th-century right-wing politicians in Germany, Austria, and Russia used anti-Semitic language to discredit Jewish leftist politicians and left-wing policies that would redistribute wealth; and
- Anti-American narratives in the Arab and Islamic worlds point to Western colonial actions and more recent U.S. support to Israel to justify political violence.

These hateful narratives led Glaser to point out that when populations are socially isolated but politically relevant, stories of hatred are likely to take hold. *And recruitment and violence can follow*. These stories, although not based in fact, can allow for political movements to avoid wealth-redistributing policies.

European states and the EU stand at a crossroads between becoming a melting pot or remaining a federation of nations with distinct national, ethnic, and religious identities. The economist's view would suggest that, regardless of the choice, policies that create politically relevant and socially isolated populations be avoided.

How would we do this?

II. Reflections as a Practitioner of National and Homeland Security

If one were to choose to prevent some or all refugees from crossing a border, we know how to do this. We obtain operational control of borders through the effective application of three resources: people, technology, and infrastructure. We apply these three resources optimally, depending on factors such as terrain and population characteristics such as density and diversity.

Although we know how to control borders, implementing these controls poses serious fiscal challenges to the government. We know this well in the United States. Applying this perspective to Europe, it seems that the response to Europe's refugee crisis must be collectively shared.

Regarding security challenges, concern primarily focuses on two vectors: the possibility for terrorists to embed within refugee streams, and the potential radicalization among refugee communities.

The high levels of single men in the refugee populations raises concerns that extremist groups such as ISIL have embedded members in the refugee streams. Asylum records state that nearly 70% of migrants and refugees are men, frequently seeking opportunities abroad to send money back to their families who remained in conflict zones.[5]

However, terrorism expert Dan Byman has pointed to ISIL's operational focus on drawing Muslims to the conflict, rather than pushing them away, and the lack of empirical evidence that terrorists use refugee streams as bases of operation, provide indication that these fears are currently only speculative.[6]

Existing radicalization in European societies, coupled with the widening gulf between host and guest communities, raises real concerns on the potential for refugees to radicalize and become

violent. Violence does not stem from the marginalization itself, but rather marginalization creates opportunities that facilitate the entrepreneurs of organized violence. Think of recruitment.

With regard to border security, the United States offers a comparative approach to the European stance.

- The United States screens for terrorist risk factors throughout the screening and asylum processes at our borders.
- The United States does a good job of integrating immigrants and refugees.
- And significantly, the United States does not require border states such as California, Arizona, New Mexico, and Texas to take full responsibility for border security costs. Instead, the bulk of the responsibility is shared across the tax base of all states.

This poses the comparative question: is the European Union as a collective capable of sharing both benefits and costs of screening and integration? To what extent should border states, such as Hungary and Slovenia, bear the brunt of this responsibility alone?

III. Some Thoughts on a Response Framework

The European Union is capable of benefiting from the refugee streams if it approaches the refugees as a source of needed workers *while managing risks*.

Despite this potential benefit, EU member states may not have the capacity to address the speed and scale of the current refugee flows from either a fiscal or security standpoint, especially in the border states where initial asylum claims are made.

Issues of preserving national identity are real and must be treated as legitimate policy goals. As a result, governments will need to choose who is permitted to enter Europe by increasing screening measures, limiting entry, and sharing the fiscal responsibilities.

- Screening measures might include: expanding background checks, improving international communication and data sharing; and focusing intelligence resources on migrant populations;^[7]
- Limiting entry might focus either on the most vulnerable populations, such as women and children, or on populations fleeing the United States' and Europe's primary adversaries, such as ISIL-controlled areas;

- Integrating refugee populations into the labor force might mitigate fears of radicalization by avoiding isolation and minimizing social welfare costs.

The majority of migrants and refugees are neither impoverished, nor uneducated, as they are the individuals who can afford to pay smugglers to cross the border. Capitalizing on existing skill sets and providing legitimate work opportunities might reduce the opportunities for violent entrepreneurs to take advantage of economic marginalization.

Additionally, it will be necessary to avoid perceptions of unfair political advantage in order to lessen the divide between refugee and host communities. Political rhetoric vilifying refugee populations builds on the perception that refugees strain host country resources. Providing work opportunities and assistance to migrant populations may further exacerbate these tensions by appearing to favor 'the other,' increasing competition for jobs, housing, and resources. Combatting this rhetoric and implementing programming to build resiliency between host and refugee communities will be essential to successful integration.

Key Takeaways and Conclusion

1. Regardless of the decisions made on numbers and locations of refugee flows, threats may emanate from socially isolated and politically relevant populations.
2. The EU can manage risks associated with terrorism and other organized violence, but perhaps not each member state possess these capacities, so we need to think about shared costs and shared benefits.
3. The EU is capable of benefiting from the refugee streams if it approaches the problem as an opportunity to integrate a needed work force.

Thank You.

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[2] George F. Hemingway, "Migrants or Conquistadors, the New Europeans." *The Budapest Times*. October 25, 2015.

[3] Allison Smale, "Anti-Immigrant Violence in Germany Spurs New Debate on Hate Speech," *The New York Times*. October 21, 2015.

[4] Edward L. Glaeser, "The Political Economy of Hatred," *The Quarterly Journal of Economics*. 120 (1). 2005.

[5] "Asylum Statistics," *Eurostat*. May 21, 2015. <http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_statistics>

[6] Daniel Byman, "Do Syrian Refugees Pose a Terrorism Threat?" *The Brookings Institution*. October 27, 2015.

[7] Seth Jones, "Testimony before the House Homeland Security Committee, Subcommittee on Counterterrorism and Intelligence: The Terrorism Threat to the United States and Implications for Refugees," *RAND*. June 24, 2015.