

RESEARCH REPORT

The Electoral System of the US: Reform Proposals from a Political Economy Point of View

Friedrich L. Sell and Jürgen Stiefl

REFORM MODEL

Lessons Learned from the Failure of “Make in India” Industrial Reform Policy

Chang Woon Nam

DICE DATA ANALYSIS

Following the Online Trail of Ukrainian Refugees through Google Trends

Joop Adema and Maitreyee Guha

Prospects for Integration of Ukrainian Refugees into the German Labor Market: Results of the ifo Online Survey

Tetyana Panchenko

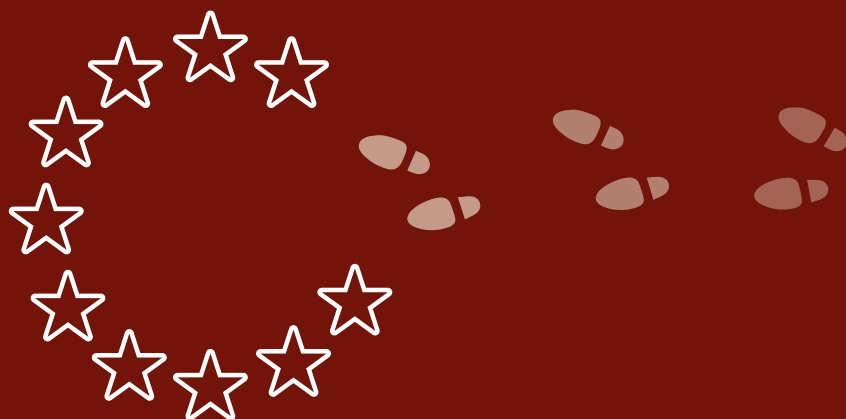
MACRO DATA INSIGHTS

Statistics Update

FOCUS

How Can Europe Handle the Ukrainian Refugee Challenge?

Anders Åslund, Clara Albrecht and Tetyana Panchenko, Florian Trauner and Gabriele Valodskaitė, Lucas Guichard, Joël Machado and Jean-François Maystadt, Lea Best and Manuel Menkhoff, Maciej Duszczczyk and Paweł Kaczmarczyk, Herbert Brücker



CESifo Forum
ISSN 1615-245X (print version)
ISSN 2190-717X (electronic version)

A bi-monthly journal on European economic issues
Publisher and distributor: ifo Institute, Poschingerstr. 5, 81679 Munich, Germany
Telephone +49 89 9224-0, telefax +49 89 9224-98 53 69, email ifo@ifo.de
Annual subscription rate: €50.00
Single subscription rate: €15.00
Shipping not included
Editors: Yvonne Giesing, Christa Hainz, Chang Woon Nam
Editor of this issue: Chang Woon Nam
Copy editing: Clara Albrecht and Tanja Stitteneder
Indexed in EconLit
Reproduction permitted only if source is stated and copy is sent to the ifo Institute.

www.cesifo.org

4/2022

CESifo FORUM

The Russian invasion of Ukraine has driven many people from their homes. Most of them are now seeking refuge in Europe. Fortunately, EU member states have learned from previous refugee crises: this time, they are willingly accepting people. For the first time, the EU has granted temporary protected status to all newly arriving Ukrainians. The European countries and the EU Commission are now working together to find efficient solutions and effective strategies to cope with the enormous challenges involved: UNHCR estimates that there will be nearly 8 million war refugees by June 2022. They need to be housed, they need healthcare, they need to be integrated into the education system and into the labor market. Currently, refugees are mainly concentrated in Eastern European countries. This entails additional costs for the respective governments.



It is therefore of particular importance to find solutions for a fair distribution of the refugees and to share the financial burden among the EU member states. Ultimately, this orchestrated coordination will enable a better EU migration policy. In this issue of the CESifo Forum, our authors discuss how Europe can better and more efficiently address and solve all these challenges. The authors also provide helpful policy recommendations for national governments and for the EU.

FOCUS

How Can Europe Handle the Ukrainian Refugee Challenge?

A New Perspective on the Ukrainian Refugee Crisis <i>Anders Åslund</i>	3
Refugee Flow from Ukraine: Origins, Effects, Scales and Consequences <i>Clara Albrecht and Tetyana Panchenko</i>	8
The EU's Temporary Protection Regime for Ukrainians: Understanding the Legal and Political Background and Its Implications <i>Florian Trauner and Gabriele Valodskaitė</i>	17
The Location of Asylum Seekers in Europe Before and After Russia's Invasion of Ukraine <i>Lucas Guichard, Joël Machado and Jean-François Maystadt</i>	21
The EU's Social Connectedness to Ukraine and Its Implications for the Distribution of Ukrainian Refugees <i>Lea Best and Manuel Menkhoff</i>	28
Poland and War Refugees from Ukraine – Beyond Pure Aid <i>Maciej Duszczyk and Paweł Kaczmarczyk</i>	36
War in the Ukraine: Consequences for the Governance of Refugee Migration and Integration <i>Herbert Brücker</i>	41

RESEARCH REPORT

The Electoral System of the US: Reform Proposals from a Political Economy Point of View <i>Friedrich L. Sell and Jürgen Stiefl</i>	49
--	----

REFORM MODEL

Lessons Learned from the Failure of “Make in India” Industrial Reform Policy <i>Chang Woon Nam</i>	57
--	----

DICE DATA ANALYSIS

Following the Online Trail of Ukrainian Refugees through Google Trends <i>Joop Adema and Maitreyee Guha</i>	62
Prospects for Integration of Ukrainian Refugees into the German Labor Market: Results of the ifo Online Survey <i>Tetyana Panchenko</i>	67

MACRO DATA INSIGHTS

Statistics Update	76
--------------------------	----

How Can Europe Handle the Ukrainian Refugee Challenge?

The Russian invasion of Ukraine has driven many people from their homes. Most of them are now seeking refuge in Europe. Fortunately, EU member states have learned from previous refugee crises: this time, they are willingly accepting people. For the first time, the EU has granted temporary protected status to all newly arriving Ukrainians. The European countries and the EU Commission are now working together to find efficient solutions and effective strategies to cope with the enormous challenges involved: UNHCR estimates that there will be nearly 8 million war refugees by June 2022. They need to be housed, they need healthcare, they need to be integrated into the education system and into the labor market. Currently, refugees are mainly concentrated in Eastern European countries. This entails additional costs for the respective governments. It is therefore of particular importance to find solutions for a fair distribution of the refugees and to share the financial burden among the EU member states. Ultimately, this orchestrated coordination will enable a better EU migration policy. In this issue of the CESifo Forum, our authors discuss how Europe can better and more efficiently address and solve all these challenges. The authors also provide helpful policy recommendations for national governments and for the EU.

Anders Åslund

A New Perspective on the Ukrainian Refugee Crisis

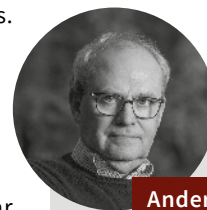
In 2015, Europe was hit by one big refugee crisis and in 2022 by another one. The first consisted of Syrian refugees and the second of Ukrainian refugees. Both refugee crises were very sudden and their size was similar, about six million people in each case, but the public reaction was very different. How can we explain that? The simplistic explanation is that Europeans felt sympathy with white Christian Ukrainians, but uncomfortable with Syrian Arabs, but this paper argues that the issue was much more complex.

Why were these two overtly similar refugee issues received so differently? There are many alternative answers. What mattered? Understanding of the cause of the refugee crisis? The size of the refugee flow? Its suddenness? Experiences of immigration? EU policy? Composition of the refugees? Costs? Duration? This paper considers all these factors and has attempted to assess what matters the most. It arrives at two major answers, which are not the usual explanations for the difference in response to the crises. First, the public understanding of the cause of the conflict was vital. Second, EU policy was of major importance to the public reaction.

THE IMPORTANCE OF A CREDIBLE NARRATIVE

Traditionally, people humanely sympathize with refugees. They are suffering from something evil, and we who do not suffer want to help them. The Syrian civil war was incomprehensible even to well-informed Europeans. Syria is known as a most colorful agglomeration of ethnic groups and religions, and such a state is difficult for outsiders to understand. On the one side stood the inhumane dictator Bashar Al-Assad. On the other side stood ISIS, the fanatical Islamic State, while all kinds of other ethnic and religious groups fell in between.

Dozens of foreign parties aggravated Syria's domestic complexity. Russia, Turkey, and a score of Western countries had small numbers of special forces



Anders Åslund

is Senior Fellow at the Stockholm Free World Forum and Adjunct Professor at the Georgetown University. As leading specialist on economic policy in Russia, Ukraine and Eastern Europe, he has authored 15 books, most recently *Russia's Crony Capitalism: The Path from Market Economy to Kleptocracy*.

on Syria, overtly to fight ISIS, but also to check one another. The civil war slowly gained momentum from 2011 to the great exodus of 2015. Nobody succeeded in explaining to the public what the horrific civil war in Syria really was about. Several of the few heroic journalists who went there were killed. Therefore, no narrative evolved that evoked sympathy for the suffering Syrian refugees. Were they Muslims? Did they sympathize with ISIS? Were they Christians? If so, why did they sympathize with Assad? Without a credible narrative that arouses sympathy, no refugees are likely to attract much popular support among outsiders at any time.

The Ukrainian case could not be more different. From the outset, it was seen as a war between good and evil, between black and white. The situation was amazingly well known, because Russia had started its arms buildup in April 2021 and maintained it until its attack on February 24, 2022. To Europeans, it was obvious that Ukraine was a free, fairly democratic society, while Russia was an authoritarian, repressive society. Russia offered no explanation of its troop concentrations around Ukraine and until the moment of its assault it insisted that it would not attack Ukraine.

The United States and the United Kingdom did something innovative. From October 2021, their governments reported daily about the Russian arms buildup around Ukraine and assessed the risk that Russia would attack Ukraine based on fresh and highly-reliable intelligence. This was a novel way of using intelligence for public diplomacy. As a consequence, a few hundred international journalists flooded Ukraine, reporting from every corner of the country for three months before the war. Meanwhile, Russia imposed severe press restrictions, compelling most foreign correspondents to leave Russia. Thus, the media picture changed. Western journalists no longer reported from Moscow with an unintended but all too obvious Russian bias towards Ukraine. Instead, prominent international journalists without prejudices from the region conveyed what they saw, changing the international public perception to the benefit of Ukraine. Europeans saw a free country that was being threatened by an authoritarian aggressor for no acceptable reason.

The pro-Ukrainian narrative was reinforced by the start of the war. It was all too obvious that Russia launched a war of aggression on Ukraine without any decent excuse. The Kremlin's official claim was to defend the peoples of the dictatorial "Donetsk People's Republic" and the "Luhansk People's Republic," two Russian-constructed statelets, against aggression from Ukraine, which did not exist. The authoritarian Kremlin claimed to desire the "de-nazification" of Ukraine, which was a democracy with a Jewish president. The Kremlin mendacity was as blatant as it was pervasive and convinced nobody outside of Russia. Virtually the whole of Europe saw the Russian-Ukrainian war in black and white. Russia was the aggressor and Ukraine was the victim that needed support.

THE SHOCK OF RUSSIA'S ATTACK

The Syrian civil war started in 2011 and evolved during several years without any clear direction. The civil war turned much worse in 2015, especially with the Russian bombing of Aleppo, but this was not well understood in Europe. After all, ISIS was a serious problem in Syria, and Russia was supposed to combat it. Media reported Russia's extensive bombing of hospitals, but that was only part of the reporting and did not arouse a strong public reaction.

The European perception of the war in Ukraine was very different. In the morning of 24 February 2022, Russia launched a full-scale assault on Ukraine, although the Russian leaders had claimed for months that they had no intention of attacking Ukraine. By and large, Europeans had not expected this war, at least not on this scale. Europe was shocked and came together as never before, imposing severe sanctions on Russia, but also welcoming Ukrainian refugees. The European reaction was stark, and it was both at a national and popular level. Rarely has Europe been as united as it was on February 24. The European understanding of Russia's invasion of Ukraine was crystal clear from February 24. Russia was the culprit, and Ukraine was the victim. Good Europeans felt a duty to help Ukraine and Ukrainians.

DEMOGRAPHIC DEVELOPMENT

An issue that has received surprisingly little attention is the prior migration inflows. Two West European countries had received large inflows from the Middle East, namely Germany (mainly Turks and Kurds) and Sweden (many Christian Syrians, Iraqis, and Kurds). These were the two countries that welcomed Syrian refugees in 2014. In Southern and Eastern Europe, by contrast, surprisingly few people from the Middle East had arrived previously. The upshot is that locals are more prone to accept newcomers of nations that they know.

The Ukrainian migration to Europe was very different. It had been large for years. After Ukraine became independent in 1991, many Ukrainians went to various European countries to work or to study. Numerous Ukrainians, probably most, went home to Ukraine intermittently and then out to earn more money again. Ukraine's population statistics are highly unreliable as these migrant workers were usually registered as living in Ukraine, but the total number of Ukrainians in other European countries was probably 5–6 million before the war. Predominantly, they came from Western Ukraine. Most saved money while working abroad and built a house or set up a small enterprise after returning to Ukraine.

This vast Ukrainian migration attracted minimal public attention because it was appreciated. Central Europe saw many citizens move to Western Europe to earn more money. About two million Poles emigrated

to the EU and perhaps has many as one million Hungarians. As a consequence, all these countries suffered from a shortage of labor, but their populations were kept stable largely by the inflow of Ukrainians. The Ukrainian immigrants typically worked in agriculture, construction, and household, low-paid and temporary jobs. They were rarely competing with locals. Many Ukrainian migrants went back and forth. Many worked for a few months in Central Europe and then returned to Ukraine.

Most Ukrainians stayed in the four Visegrad countries, Poland, Czechia, Slovakia, and Hungary, which together probably absorbed about three million Ukrainian migrants before the war. Poland alone received at least one and a half million Ukrainian migrants, Czechia 600,000, Slovakia a couple of hundreds of thousands, and Hungary a bit more. The Ukrainians who went to Poland predominantly came from Western Ukraine. Many had Polish names and spoke perfect Polish. Ukrainian and Polish are close linguistically, and numerous West Ukrainian spoke Polish of old.

Ukrainians could also easily learn Czech or Slovak, West Slavic languages close to Ukrainian. Hungarian is a very different language, but Ukraine harbors a significant ethnic Hungarian population. Many of them emigrated to Hungary, which offers all people with ethnic Hungarian credentials Hungarian citizenship, which means EU citizenship – highly attractive to Ukrainians. Thus, these four countries, which had been most reluctant to receive Syrian refugees, had a long-standing habit of welcoming large numbers of Ukrainians.

The rest of the Ukrainian migrants were spread over many European countries. A few countries, such as Italy and Portugal, happily provided them with work permits, notably in construction and households. Poland and Germany competed for Ukrainian workers. On 1 March 2020, Germany introduced new labor regulations for non-EU citizens, the Germany Skilled Immigration Act, which made it much easier for Ukrainians to be legally employed in the country. Germany wanted to offer half a million Ukrainians work permits to ease the shortage of workers. This sparked concern in Poland, which feared losing its excellent Ukrainian workers (Khrebet 2020).

In attempt to explain the differences in the responses to the refugee crises, too much public attention is being devoted to old history, claiming that South and East Europeans do not like Muslims because of their experiences with the Ottoman Empire, while recent experiences with different ethnic groups appear more important. Germany and Sweden that had accepted recent immigration from the Middle East were happy to accept more, while those that had no such recent experience reacted negatively. Conversely, the Central European countries that had extensive experience with Ukrainian migrants were happy to welcome more Ukrainians. This was also true

of Europe more broadly. It had extensive experience with Ukrainian migrants, and they had faced few or no problems. Ukrainians were known and welcome, even desired, before Russia attacked Ukraine.

THE IMPORTANCE OF EU POLICY

The EU had a clear refugee policy both in the case of Syria and Ukraine, but these policies could not have been more different. The EU policy on Syrian refugees was a legacy policy on political refugees not designed for Syria, while the EU adopted a specific policy on Ukrainian refugees.

Streams of refugees from Syria began in 2011. They flew primarily to Turkey, Lebanon, and Jordan. In 2014, the flow continued from Turkey to Greece. Suddenly, in 2015 Greece received more than 800,000 Syrian refugees, and the EU woke up to a serious Syrian refugee crisis.

The EU had a legacy policy for political asylum seekers, the so-called Dublin Regulation of 2003, which was replaced by a law in 2013. It stated that political refugees were supposed to apply for asylum in the first EU country they entered (European Parliamentary Research Service 2020). In practice, that meant that refugees usually stayed in the first country, but Greece, a relatively poor country with a population of 10 million, was overwhelmed by refugees. In 2015, a flow of Middle Eastern refugees, mainly Syrians, but also some Afghans and others, started literally marching up along the highways through Europe. They were blocked at some borders, such as Hungary, while Germany welcomed more than one million and Sweden 160,000, though most other EU countries closed their borders. The total number of refugees was not large but the process was fairly anarchic and politically contentious.

The EU decided to try to resolve the Syrian refugee problem by persuading Turkey to stop them from crossing the border to Greece and keeping them in Turkey. This meant that the EU in fact declared that it did not want Syrian refugees if it could avoid them. In March 2016, the EU agreed with Turkey to limit the number of asylum seekers entering Greece. Irregular migrants attempting to enter Greece would be returned to Turkey. In exchange, the EU agreed to resettle Syrian refugees from Turkey on a one-to-one basis, reduce visa restrictions for Turkish citizens, pay 6 billion euros in aid to Turkey for Syrian migrant communities, update the customs union, and re-energize stalled talks regarding Turkey's accession to the EU (Terry 2021).

Europe never embraced the Syrian refugees. Few tried to understand them or their cause. Almost the whole of the EU, with the exception of Germany and Sweden, reckoned that the inflow of Syrian refugees was undesirable, and that the EU thought it worthwhile to stop this inflow and contain it in Turkey even at a high monetary cost.

The EU developed a futile policy of trying to allocate quotas of Syrian refugees to various countries. Everything went wrong with this policy. The Syrians did not want to be ordered to certain countries but preferred to choose themselves, and the East Europeans did not want to accept quotas of refugees. It led to a major tension between the European Commission and the new East European members, which was highly unnecessary because the refugees did not want to stay in those relatively poor countries in any case. In practice, nothing really came out of it apart from a lot of intra-EU tensions and the conclusion that this divisive policy should not be continued or repeated.

EU policy on Ukraine could not have been more different. It consisted of three major steps. The first and formally most important step was the conclusion of an extensive “EU-Ukraine Association Agreement” of more than 2,000 pages. It was completed and signed in March 2014, just after the Euromaidan, but it came officially into force on September 1, 2017.¹

For ordinary Ukrainian citizens, the second step of visa freedom agreement that came into force in June 2017 was far more important. It allowed Ukrainian nationals who held biometric passports to travel visa-free to Schengen Area countries for up to 90 days within a 180-day period (Barry, Appleman & Leiden 2017). This opened the floodgates of temporary Ukrainian migration to Europe for holidays, work, and study. Before the war, probably 40,000 Ukrainian students studied at Polish universities for free and without bureaucratic hazards.

These two decisions inadvertently prepared the ground for the unexpected Ukrainian inflow of refugees from February 24. The EU offered quite extraordinary “temporary protection” for people fleeing Ukraine: “At a special meeting of the European Council, on 24 February 2022, the EU’s Heads of State or Government expressed full solidarity with Ukraine and its people and invited the European Commission to put forward contingency measures. Three days later, on 27 February, the Justice and Home Affairs ministers indicated “broad support” during their extraordinary meeting for the idea of activating the Temporary Protection Directive (Directive 2001/55/EC). On 2 March, the Commission formally proposed to grant temporary protection in the EU to those fleeing the war in Ukraine. On 4 March, the Justice and Home Affairs Council unanimously adopted an implementing decision introducing temporary protection due to the mass influx of persons fleeing Ukraine due to the war” (European Parliamentary Research Service 2022).

This decision applied to Ukrainian nationals, but also to other nationals who resided in Ukraine when the war broke out. All refugees from Ukraine received work and resident permits for three years with full

social benefits for up to three years in any EU country without any particular permission. It did not force refugees to stay in one specific country, so the Ukrainian refugees were allowed to move freely within the EU once admitted to EU territory (European Parliamentary Research Service 2022). The EU treatment of the refugees from Ukraine was really quite extraordinary. Since it also applied to other nationals who resided in Ukraine, the potential complaint about discrimination against other nationals was avoided.

The EU decision on refugees from Ukraine was adopted unanimously at the time of the Russian invasion of Ukraine. Everything was different from the treatment of the refugees from Syria. The EU had solved the problem by activating its old Temporary Protection Directive of 2001. Its rules were clear, requiring no further discussion. No negotiation was required about where the refugees were to stay. So far, nearly half the refugees have chosen to stay in Poland and the rest are predominantly in Central Europe and Germany. Because of the horrendous Russian aggression, the Ukrainian refugees have been widely welcomed by ordinary Europeans.

Hopefully, the EU will draw substantial conclusions from these two very different policies with equally different outcomes. First, the Dublin principle turned out to be dysfunctional, leading to an excessive burden on the first arrival country, Greece for Syrian refugees, and intra-EU conflicts. Fortunately, it was abandoned for the Ukrainian exodus. Second, the idea of quotas of refugees for different countries had no attraction for either refugees or receiving countries. It is good that it has been abandoned. Third, clear general rules for work, residence, and social benefits should be established, as has been that case with refugees from Ukraine. Finally, it is important that bureaucracy is minimized. Thus, it appears as if the EU has drawn all the right lessons from the Syrian refugee drama and applied them appropriately on the Ukrainian conundrum.

THE COMPOSITION OF REFUGEES AND THE PERCEIVED DURATION

A few words should be devoted to the composition and perceived duration of the refugees. Europe has received plenty of migrants from Eastern Europe. Many of these migrants are temporary and go back and forth. The same was true of Polish migrants in Western Europe in the 1980s. Naturally, much depends on what will happen to Ukraine in the next few years. If it takes off, as Poland did from 1989, people are likely to go back in large numbers. Even in the highly successful United States, the overall statistics indicate that half of all the emigrants have returned to their countries of origin. Many in Europe, not least Poles, draw parallels between Ukraine and Poland, expecting that many will return home. The Syrian migration has been quite different since Syria has been in

¹ ASSOCIATION AGREEMENT between the European Union and Its Member States, of the One Part, and Ukraine, Official EN Journal of the European Union, 29 May 2014, https://trade.ec.europa.eu/doclib/docs/2016/november/tradoc_155103.pdf.

a terrible state for a long time. The main traditional European recipient countries, Germany and Sweden, have not seen much of a return of migrants to Syria for that reason.

The composition of the refugees has also been very different. From Syria, families or young men emigrated. The prominence of young men aroused the suspicion that the real aim was for work, which has been less appreciated. From Ukraine, the outflow has consisted of three groups: women, children, and old-age pensioners, but virtually no men since Ukrainian men of the age 18–60 have not been allowed to leave the country because of potential military service. Women and children arouse compassion and no fear. Given that only some members of the families depart, the perception that they will return dominates.

CONCLUSIONS

This discussion of the similarities and differences between the two main refugee flows into Europe after World War II leads to two major conclusions. What matters most appear to be two points, the narrative as understood in Europe and EU policy.

Europeans did not understand what the civil war in Syria was about or who fled and why. Therefore, they had little sympathy for the refugees from Syria. Russia's invasion of Ukraine, in contrast, was as plain as it gets. It was a war of aggression without any plausible excuse, so Europeans embraced the case of the Ukrainians both at a political and a personal level. In Syria, the main concern was perceived to be ISIS, and Russia was supposed to fight it, and so was the Syrian government, while dozens of other countries were somehow involved. The drama was too complex. In Ukraine, it was black against white. Russia was the attacker, and Ukraine the defender. Russia is a cruel authoritarian state, while Ukraine is a free and basically democratic state.

EU policy is to a considerable extent driven by public perception within Europe, but it is also dependent on prior EU rules. The transformation of the EU policy on refugees from Syria to Ukraine illustrates how flexible and sensible the EU can be because it has several alternative sets of policies that it can apply. The Syrian refugee drama showed that the Dublin principle made little sense, so it was discarded. The country quotas for reception of refugees were highly contentious, so they were abandoned. What was needed was general liberal rules for refugees, and the EU had such rules on its books and dug them up.

While the EU confusion over the refugees from Syria was a considerable embarrassment, the EU's deft handling of the refugees from Ukraine to the apparent appreciation of all member states is a considerable achievement.

REFERENCES

Barry, Appleman & Leiden (2017), "EU-Ukraine Visa-Free Agreement Takes Effect", 9 June, <https://www.bal.com/bal-news/eu-ukraine-visa-free-agreement-takes-effect/#:~:text=The%20European%20Union's%20visa%20free,within%20a%2018%20day%20period.>

European Parliamentary Research Service (2020), *Dublin Regulation on International Protection Applications*, [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/642813/EPRS_STU\(2020\)642813_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/642813/EPRS_STU(2020)642813_EN.pdf).

European Parliamentary Research Service (2022), *Temporary Protection Directive*, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/729331/EPRS_BRI\(2022\)729331_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/729331/EPRS_BRI(2022)729331_EN.pdf).

Khrebet, A. (2020), "Germany and Poland Compete for Ukrainian Migrant Workers", *Ukraine Alert*, Atlantic Council, 3 March, <https://www.atlanticcouncil.org/blogs/ukrainealert/germany-and-poland-compete-for-ukrainian-migrant-workers/>.

Terry, K. (2021), "The EU-Turkey Deal, Five Years On: A Frayed and Controversial but Enduring Blueprint", *Migration Policy Institute*, Washington DC, 8 April, <https://www.migrationpolicy.org/article/eu-turkey-deal-five-years-on#:~:text=The%20European%20Union%20agreed%20to%20provide%206%20billion%20euros%20in,Turkey%20between%202016%20and%202019.>

Clara Albrecht and Tetyana Panchenko

Refugee Flow from Ukraine: Origins, Effects, Scales and Consequences*



Clara Albrecht

is Specialist at the ifo Center for International Institutional Comparisons and Migration Research.



Tetyana Panchenko

is Specialist at the ifo Center for International Institutional Comparisons and Migration Research, where she works on the project “Adaptation and Survival Strategies of Refugees from Ukraine in Germany: Between Work and Social Welfare.”

The Russian Federation’s military offensive in Ukraine has triggered one of the fastest-growing refugee crises since World War II. During the first three months of the war, over 14 million Ukrainians (IOM 2022b) or one-third of Ukraine’s population¹ fled their homes, 7.2 millions of whom crossed the Ukrainian Border (UNHCR 2022b). Despite the many civilian casualties and the enormous scale of the damage, not everyone is fleeing the war and there are those who are returning. Before explaining why some flee, others stay or return, why refugees go to certain countries and how they adapt in host countries, as well as assess the overall scale and consequences of current relocations of refugees from Ukraine, it is appropriate to look at the history of migration movement from Ukraine.

rectly involved in the war. So, the first – the pre-war wave began in the last quarter of the 19th century and lasted until the beginning of the First World War, the second – the interwar wave dates from the period between the First and Second World Wars, the third – the post-war wave began during the Second World War, covered the post-war period, and lasted until 1980s (Encyklopediya suchasnoyi Ukrayiny 2009; Klyuchkovska and Gumnyczka 2010). Among the representatives of the second and third waves are certainly those who moved to Russia or other former Soviet states during the Soviet era, but we are interested in those who traveled outside the USSR. Only the fourth wave (since the collapse of the USSR) was associated mainly with labor migration, which takes various forms (temporary, seasonal, permanent). Also, temporary migration often turns into permanent emigration.² As a result of all four waves of migration from Ukraine, from 12 to 20 million people of Ukrainian origin live outside Ukraine (declared by the World Congress of Ukrainians in 2020) (Aristova et al. 2022). At the same time, according to the UN, as of 2020, 6.1 million people born in Ukraine lived outside Ukraine, and their number has been growing rapidly over the last decade (see Figure 1).

ORIGINS OF REFUGEE MOVEMENT

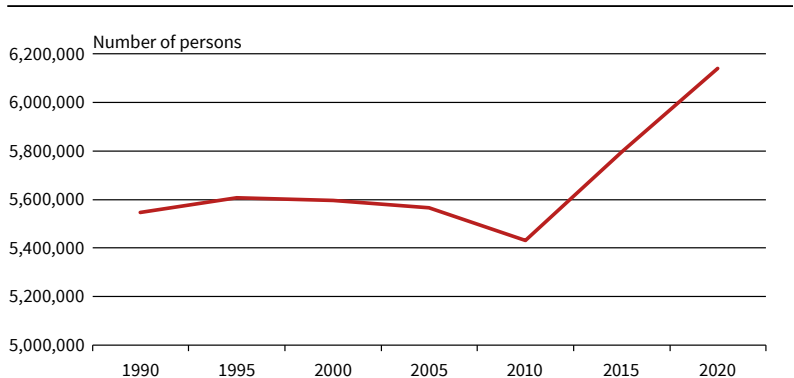
Emigration from Ukraine has more than a century of history, linked to the history of world wars. Three of the four waves of Ukrainian emigration have the word “war” in the title, although only one of them was di-

* We thank Panu Poutvaara for helpful comments and revisions.
¹ In May 2021, the population of Ukraine was 41.4 million, excluding the annexed territory of the Autonomous Republic of Crimea and the city of Sevastopol (IOM 2021)

In each wave of emigration, there were people fleeing persecution by the ruling regime or war, and the last fourth wave is no exception (see Figure 2). Although the number of refugees from Ukraine has been small in recent decades, since the beginning of the armed conflict in eastern Ukraine in 2014, the UN Refugee Agency has recorded a 37-fold increase in the number of refugees compared to the previous year. In 2015, the number of refugees and asylum seekers from Ukraine increased by another 36 percent to a peak of 343,749 citizens. After that, the number of refugees and asylum seekers from Ukraine decreased by 20–30 percent annually (Figure 2). On the eve of the war in 2021, there were 53,474 registered Ukrainian refugees and asylum seekers worldwide including 17,720 in EU countries (UNHCR 2021). The insignificant interest in Ukrainian asylum seekers can be explained by the fact that the number of Ukrainian refugees recognized by EU-courtiers, who are granted protection in accordance with international agreements, is small. In particular, the acceptance rate in EU countries in 2020 ranged from 0 to 7.5 percent, except for Belgium, where it was 25 percent (Laenderdaten.info 2020). These data indicate that the number of refugees from

² For more information about the waves of migration from Ukraine, see Albrecht and Panchenko (2022).

Figure 1
Ukrainian Diaspora



Source: UN (2020).

© ifo Institute

Ukraine in the EU countries until 2022 was insignificant. The war in Ukraine dramatically changed the situation.

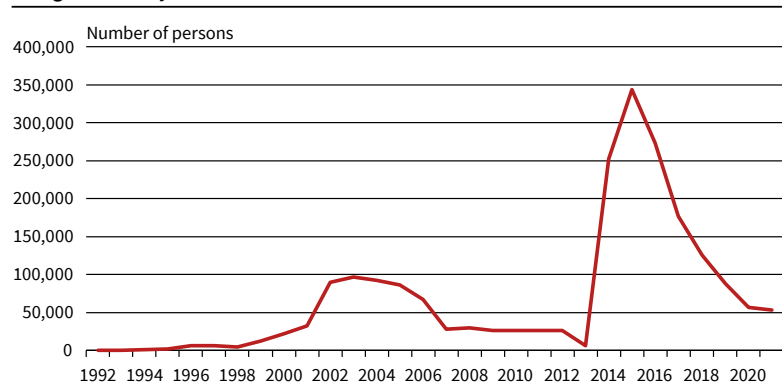
CHRONICLE OF THE WAR IN UKRAINE AND ESCAPE ROUTES

In the early morning of February 24, Russia launched missile attacks on Ukrainian cities and then began a large-scale invasion. In the following days, Ukrainian cities in the east and south of the country, as well as Kyiv, were subjected to rocket attacks. At the same time, Russian troops tried to break through the defenses in many directions. While in the first days of the war, rocket attacks mainly hit strategic infrastructures, in the following weeks civilian targets – hospitals, schools, kindergartens, universities, cultural institutions, and architectural monuments – were increasingly attacked. Cities such as Mariupol, Kharkiv, Izum, Chernihiv, Sumy, Kramatorsk, Donetsk, Lugansk, Volnovakha, Berdyansk, Melitopol, Nova Kachovka Akhtyrka, Kherson, Mykolaiv, Zaporizhzhia, as well as small towns near Kyiv, including Bucha, Hostomel, Irpin, Makariv were or still remain in a dire humanitarian situation. After two weeks of war, residents no longer felt safe in any part of the country, and the constant threat of nuclear disaster due to military action near nuclear power plants also alarmed residents across Europe. By the end of March, when the whole world learned about the Russian military atrocities near Kiev and appreciated the courage of the Ukrainian army and the resistance of the civilian population, it was clear that the war would not end quickly. Fighting has escalated in eastern Ukraine since late April as Russia seeks full control of Donbas and the south of the country. Also, air attacks continue throughout Ukraine and the nuclear threat remains.

More and more of those affected are therefore fleeing within Ukraine or abroad. According to the International Organization for Migration (IOM), as of 3 May 2022, there were 8 million internally displaced persons (IDPs) in Ukraine, which is 18.2 percent of the country's population. This is 24 percent more than on March 16, when the first round of the IOM Survey took place (IOM 2022b).

The IDPs in Ukraine are often families with men aged 18 to 60 who are not allowed to leave Ukraine. They often travel in their own car because the chance for men to get a seat on an evacuation train or bus is quite small. The IDPs seek refuge mainly in the western regions of the country (2.9 million), although they are in the center (1.7 million), east (1.5 million) and north (1.2 million), where there is no fighting, too. According to the IOM (2022b), they are fewest in the south of the country (0.5 million). According to the IOM Survey among IDPs,³ 63 percent are women,

Figure 2
Refugees and Asylum Seekers from Ukraine



Source: UNHCR (2021).

© ifo Institute

and 37 percent are men, representing different age groups. 84 percent of the IDPs surveyed said that at least one of their current family members is a child. Of interest is the fact that 47 percent of respondents consider moving further from their current location, with the share of IDPs considering relocating more than doubling since March 16. Obviously, the increase in the number of IDPs ready for relocation is due to the growing trend of their return to permanent residence. In particular, among all respondents who are currently in their usual place of residence, 8.9 percent said they had returned after at least two weeks in another region as IDPs. This is an estimated 2,715,000 returnees (IOM 2022b).

It should be noted that moving around Ukraine, especially by one's own car, is not safe due to constant shelling and possible looting, and not everyone is ready to take such a risk. That is why many men who serve neither in the army nor in the Territorial Defense of Ukraine (an organization of the Ukrainian Armed Forces consisting of reservists and volunteers) often stay with their families in war zones. Civilians remain in the war zones for other reasons: unwillingness to leave their homes or their families, poor health, etc. It is estimated by IOM in April 2022, that about 30 percent of the population in Ukraine have left their homes. Most of them are from Kyiv (53 percent), in the second place are residents of the east and north of the country (34 and 32 percent), in the third place are residents of the south (24 percent). Only 13 and 16 percent of respondents left the central and western regions (IOM 2022a). It is also worth noting that according to the IOM survey in May, the remainder are a relatively large proportion of men (44 percent) and dominated by the elderly population (including 44 percent over 50 and older and 22 percent in the 40–50 age group). Those who remained are mostly not willing to move in the future. Only 4 percent of them said they were considering leaving, and 7 percent said "it depends" (IOM 2022b).

³ The general population survey was conducted by dialing random telephone numbers, which anonymously surveyed 2,000 unique re-

spondents aged 18 and over using the automated telephone survey method between 29 April 2022 and 3 May 2022.

Another point to note is the perception of the security of IDPs and those who remain. 3 percent of respondents feel that IDPs are “in complete danger” and another 19 percent are “in partial danger.” Of those who have remained, 7 percent said they were “in complete danger” and 26 percent “in partial danger.” But the share of those who feel completely safe is the same among IDPs and those who remain – 16 percent (IOM 2022b). Obviously, it is the subjective perception of security and danger that is the most important factor in the displacement of populations in conditions of war. Many of those who decided to leave the country were probably guided by them.

Refugees seeking support abroad are mostly women with children, including those whose husbands either serve in the Armed Forces of Ukraine/Ukrainian Territorial Defense or work as volunteers and critical infrastructure workers. Many of them used evacuation vehicles to leave the war zone. Although people are fleeing to all neighboring countries, the majority choose to flee to or through Poland (Figure 3). Far fewer Ukrainians fleeing to the EU cross the Hungarian, Romanian, Slovakian, or Moldovan borders. The fewest people choose Belarus as a destination. As for border crossings with Russia, the situation here is not unambiguous. The recent increase in the number of its crossings is often due to the fact that many of those who move in this direction do it against their will or have no other choice to get out.

Figure 3 clearly shows that the main flow of refugees is to EU countries. After all, the EU states agreed to accept war refugees from Ukraine quickly and without bureaucracy and to treat them equally in accordance with the law, granting them the right to temporary protection without an asylum procedure. At the same time, data on recorded and registered refugees from Ukraine show that Hungary and Romania are considered by Ukrainians as transit countries. Ukrainians mainly enter the Schengen area through these countries and go to other EU states. In Poland, about a third of those who arrived remain and register for temporary protection. In Slovakia about a sixth of those who arrived do the same.

REFUGEE ARRIVALS FROM UKRAINE SINCE FEBRUARY 24, 2022

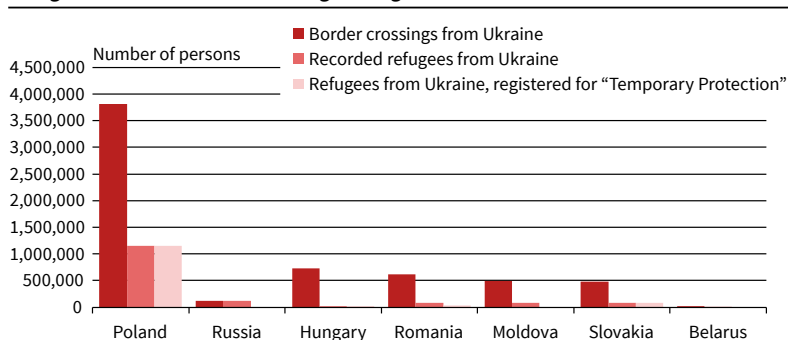
As mentioned above, from the outbreak of war to the beginning of June 2022, over 7.2 million people have fled Ukraine (UNHCR 2022b). In addition, there are 8 million IDPs and another 1.2 million who are estimated by the IOM (2022b) to be actively considering leaving their usual place of residence as a result of the war. The data on external refugees is provided daily by the UNHCR. Figure 4 shows the cumulative and daily number of people that have left Ukraine and fled into a neighboring country since 24 February 2022. We clearly see a significant increase in border crossings from Ukraine in the second and third weeks since hostilities began and a moderate decrease in border crossings from the fourth week onwards. The largest outflow of people occurred on March 7, when over 200,000 people fled Ukraine in only one day. After this date, the size of these flows of refugees from Ukraine gradually decreased until March 20, when the number of refugees who left the country per day was about 60,000. After that, during the month one can observe constant fluctuations in the daily number of refugees in the range from 30 to 70 thousand per day. Only on certain days – April 24 and May 25, a smaller number of refugees from Ukraine were recorded.

On the eve of those dates on which we record a daily increase in the number of refugees from Ukraine, sad well-known events took place in Bucha and Borodyanka, and the situation in Mariupol and other cities of Ukraine escalated. The dissemination of information about the victims among the civilian population obviously contributed, if not to an increase of migration flows, then at least to stop the decline.

Nevertheless, these observations point to a trend towards a further decrease of the number of border crossings and, accordingly, a slower increase of the number of external refugees. However, the extent to which the number of people fleeing Ukraine will actually increase depends largely on the further development of the war, its duration, and specific events.

In addition, one should consider the trend of increasing border crossings in the opposite direction from the EU to Ukraine. Figure 4B shows that on some days, the number of those returning to Ukraine exceeded the number of those leaving the country. Although, according to UNHCR data, as of 7 June 2022, more than 2.3 million Ukrainians have already returned to their homeland (UNHCR 2022a), the UNHCR insists that due to the unstable and constantly changing situation in Ukraine, it is premature to subtract the number of those who returned to Ukraine from the total number of refugees (UNHCR 2022b). However, according to the results of UNHCR survey at the borders of Ukraine,⁴ 83 percent of respondents

Figure 3
Refugee Influx from Ukraine in Neighboring Countries^a

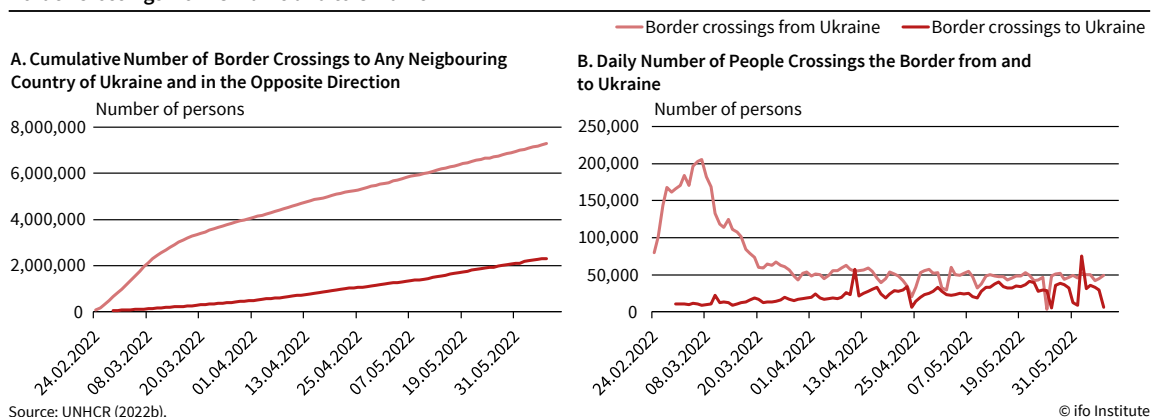


^a From Februar 24 to June 7, 2022. Source: UNHCR (2022b).

© ifo Institute

⁴ 846 interviews were conducted with people crossing to Ukraine neighboring countries at checkpoints, reception centers, and railway stations near the Ukrainian border from 3 April to 27 April. The sam-

Figure 4
Border Crossings from Ukraine and to Ukraine



reported intention to return to their area of origin in Ukraine, mainly to Lviv, Kyiv regions, and the city of Kyiv. Two-thirds of those surveyed reported either the reunion with family or perception of safety in the area of return as their reasons for returning and only 15 percent of respondents called their visit temporary to get supplies or to see family (UNHCR 2022a).

Unfortunately, the intentions and expectations of Ukrainians are not always justified: some of those who have returned will leave their homes again. In our opinion, it is still too early to talk about a steady trend in the return of Ukrainians to their homeland, but the potential number of those ready to return if the situation stabilizes is obviously large. This is evidenced by a significant difference in the new data of UNHCR on those who crossed the border with Ukraine, who was recorded in Europe, and who was registered for temporary protection. According to the UNHCR, as of June 7, the number of border crossings from Ukraine was 7,270,939, the number of individual refugees from Ukraine recorded across Europe was 4,816,923, and the number of registered refugees for temporary protection was 3,204,047 (UNHCR 2022b). These data also confirm that the actual number of Ukrainian refugees (especially those who registered for temporary protection) is lower than the number of those who left the country. Data on cross-border movements cannot be a reliable source of information on the number of refugees and those who have returned.

Data on the number of refugees in individual host countries have become available relatively recently. Prior to this, migration researchers assumed that the main host countries would be countries with a large Ukrainian diaspora,⁵ which, through their existing networks, would be able to support flight and migration from Ukraine and facilitate the integration of refugees. According to UN data on the number of people born in Ukraine and living in other countries in 2020, most Ukrainians abroad before the war lived in Poland, It-

ple is not statistically representative, and results should therefore only be considered as indicative (UNHCR 2022a).

⁵ In 2020, there were 1,714,656 Ukrainians living in Europe (excluding Ukraine and Russia), which is equivalent to more than three Ukrainians per 1,000 inhabitants (CREAM 2022).

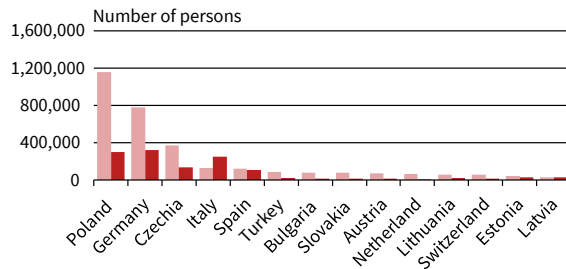
aly, and Germany (from 250,000 to 300,000 in each country). More than 100,000 Ukrainians also lived in Czechia and in Spain (UN 2020). The national statistics of these countries and other sources often operate with higher figures. The most significant discrepancy between UN data, official statistics, and other sources is characteristic of Poland, where, according to many experts, there were about 2 million Ukrainians before the Corona crisis (Kellermann 2018; Vinikuriv 2019). Geographical proximity to Ukraine and similarities in language and culture make Poland the most attractive for both Ukrainian labor migrants and refugees from the war in Ukraine. It is Poland, where as of 7 June 2022, a number of 1,152,364 Ukrainians were recorded and registered (3,051 Ukrainians per 100,000 population), which has become the undisputed leader among the host countries. If in the case of Poland the hypothesis regarding the role of the diaspora was fully confirmed, then in the case of other countries the situation is not unambiguous. Figure 5 shows data on the number of registered refugees from Ukraine in individual countries, which, as of June 7, 2022, accepted more than 50 thousand Ukrainians or more than a thousand Ukrainians per 100,000 population of the country compared with the number of representatives of the Ukrainian diaspora, as well as their number per 100 thousand inhabitants of the country.

The graphs in Figure 5 clearly show that the number of registered refugees in most countries has already exceeded the number of representatives of the Ukrainian diaspora. If Poland is the undoubted leader in the number of accepted refugees, then among European countries that do not have borders with Ukraine, most of the refugees from Ukraine were accepted by Germany, where according to the Federal Ministry of the Interior, between February 24 and May 28, 2022, a number of 802,500 entries of war refugees from Ukraine were documented (Mediendienst Integration 2022),⁶ which has already more than doubled the number of pre-war emigrants from Ukraine. Germany is

⁶ According to the UNHCR data, which is presented in Figure 5, in Germany, as of 2 June, 780,000 refugees were recorded and only 565,821 refugees were registered for temporary protection.

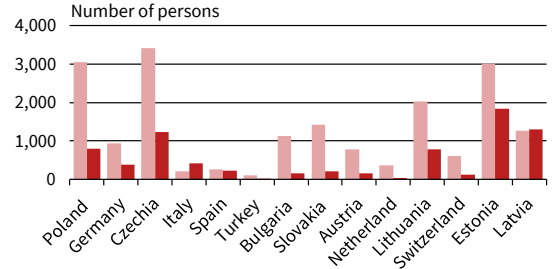
Figure 5
Ukrainians in Selected European Countries: Refugees after February 24, 2022 and the Ukrainian Diaspora

A. The Number of Registered Refugees from Ukraine Compared with the Number of Representatives of the Ukrainian Diaspora



Source: UN (2020); Eurostat (2021); UNHCR (2022b).

B. The Number of Registered Refugees from Ukraine per 100,000 Inhabitants Compared with the Number of Representatives of Ukrainian Diaspora per 100,000 Inhabitants



© ifo Institute

followed by Czechia, where the number of registered refugees exceeds the number of emigrants who lived before the war by almost three times. Italy, which is in the third place in terms of the number of registered refugees among countries that do not share borders with Ukraine, has registered 125,907 refugees as of May 31. This is less than half the number of Ukrainians living in Italy as emigrants. This is followed by Spain, where the number of refugees (as of 5 June, 118,199) has already surpassed the number of representatives of the diaspora. In other countries, which received more than 50,000 refugees, the number of representatives of the Ukrainian diaspora does not exceed 20,000. Moreover, in countries such as Turkey and the Netherlands, which received 85,000 and 60,000 Ukrainians, the share of Ukrainian emigrants is insignificant (23 and 41 per 100,000 population of these countries).

Figure 5B demonstrates that Czechia experiences the greatest burden of accepting refugees, where there are 3,415 refugees from Ukraine per 100,000 inhabitants, which exceeds the corresponding indicator of Poland, the leader in the number of refugees. In addition, Estonia has almost reached the indicator of Poland, where the number of refugees per 100,000 inhabitants exceeds 3,000. In addition, it is worth noting that there is a significant burden for Lithuania, Slovakia, Latvia, and Bulgaria, where there are from 1,000 to 2,000 refugees per 100,000 inhabitants. Attention should also be paid to the fact that in countries such as Austria and Switzerland, where there was a small Ukrainian diaspora, the number of refugees per 100,000 population is higher than in Italy and Spain. It should also be noted that in Latvia and Italy the number of refugees still did not exceed the number of the Ukrainian diaspora.

SOCIO-DEMOGRAPHIC PROFILE OF REFUGEES FROM UKRAINE TO GERMANY AND FEATURES OF THEIR ADAPTATION

Based on the results of a representative survey among refugees from Ukraine, which was conducted on be-

half of the Federal Ministry of Interior and Home Affairs at the end of March,⁷ the following is a socio-demographic profile of refugees from Ukraine. Of those surveyed, 84 percent were women and 16 percent men, which is quite natural in conditions where men from 18 to 60 years old are forbidden to leave the territory of Ukraine. Only fathers of three or more minor children, children with disabilities, single fathers as well as persons exempted from military service for health reasons may leave Ukraine. The above categories and men over 60 years of age correspond to a small proportion of men-refugees from Ukraine (the quota of men in the population of Ukraine is 46 percent (Eurostat 2021).

The results of the study show that the age composition of refugees who arrived from Ukraine also does not correspond to the population of Ukraine as a whole. Most of the refugees are parents with children, which is consistent with the fact that 55 percent of respondents came to Germany with their children. Among women, the quota for women with children is slightly higher – 58 percent– but the highest quota for people with children is among the working-age population; in particular among 30–49 year old it is over 70 percent. It should be noted that the average age of the refugees interviewed is 38.2 years and only a small fraction of those surveyed are under working age or over 60. These data confirm our hypothesis that the majority of those who came to Germany are of working age. Moreover, the quota of refugee of working age exceeds the quota of people between 15 and 64 years in the population of Ukraine, which according to data of Eurostat from 2021 was 67 percent (Eurostat 2021).

It is also of interest that the share of employed people among respondents who came from Ukraine after 24 February 2022, exceeds the Ukrainian average share of employed people. According to the data of State Statistics Service of Ukraine the quota of those employed between the ages of 15 and 64 in 2018 (be-

⁷ From March 24 to March 29, 2022, 1,936 interviews were conducted (including 511 face-to-face interviews at relevant registration points in Berlin, Hamburg, and Munich and 1,425 web interviews on the websites of BMI, BAMF, and Germany4Ukraine.de) (INFO 2022).

fore Covid-19 crisis) was 61.6 percent, with 57.5 percent of women and 66 percent of men (State Statistics Service of Ukraine 2019). Women’s employment opportunities are generally limited due the lack of part-time jobs, limited availability of preschool facilities for children, and the widespread practice of unpaid parental leave. Restrictions related to Covid-19 caused further pressure on women to combine their professional duties with their household duties and care work. To illustrate, in 2020, women’s employment rates were lower than men: 51 percent versus 62 percent. The socioeconomic impact of the crisis since 2014 has affected women and men’s access to paid work, increasing unemployment by 30 percent (UN Women 2022).

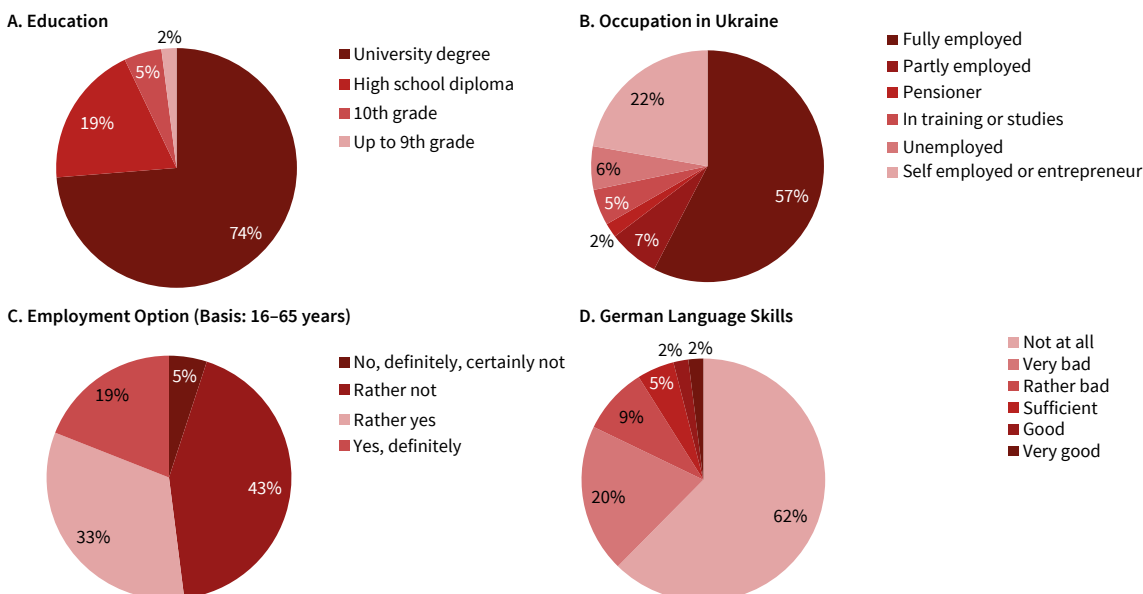
Despite the fact that the refugees who came from Ukraine are predominantly women with children, these studies demonstrate high rates of their employment in Ukraine: 57 percent of those surveyed worked full-time as employees, 7 percent were part-time, and another 22 percent were self-employed. It is likely that almost everyone was engaged in skilled labor, as 73 percent of those surveyed had a university degree and 19 percent had a high school diploma (Figure 6a). Although the level of education of refugees who came from Ukraine is quite high, the above data suggest that the quote of refugees from Ukraine with university degree corresponds to the share of persons with university degree in Ukraine or lower. According to the data of the State Statistics Service of Ukraine, 75.4 percent of those employed in 2018 had a complete higher education (72 percent of women and 79.9 percent of men). Experience with other refugees, which shows that they have a significantly higher level of schooling and vocational training than the populations of the countries of origin (Guichard 2020; Aksoy

und Poutvaara 2021), cannot be directly transferred to refugees from Ukraine.

Returning to the survey data (INFO 2022), the fact that 52 percent of respondents are considering the possibility of working in Germany deserves special attention. However, only 19 percent said they were sure they wanted to and could work. The latter can probably be explained by the fact that only 4 percent of those surveyed rated their knowledge of German as good or very good, and 63 percent said they did not know German at all (Figure 6C).

In addition to the direct socio-demographic characteristics of the surveyed refugees, which can only partially be transferred to the entire general population, the respondents’ answers to questions regarding the choice of the host country and their accommodation deserve attention. It should be noted that the overwhelming majority of those surveyed (82 percent) specifically chose Germany as a target country and only a few considered other countries such as Poland, Switzerland, Italy, Czechia, and the Netherlands. Not all of them were seeking a specific location in Germany: almost a quarter of those surveyed made their decision on the way, and one-fifth reached their destination completely by chance. 42 percent of respondents are currently staying in large cities with 500,000 or more inhabitants. For the majority of respondents, the choice of a particular destination was due to friends or relatives living there (61 percent), which indicates the decisive role of the diaspora at choosing a host country. Moreover, it was friends and relatives who provided housing for 43 percent of those surveyed. Obviously, their role in finding another place to live is also great. It should be noted that most refugees found accommodation in private housing. Only 7 percent were living in refugee camps at the time of

Figure 6 Selected Social Characteristics of the Respondents of the Systematic Survey among Refugees from Ukraine



Source: INFO GmbH (2022).

© ifo Institute

the survey, even fewer were living in hotels, social housing, and only 1 percent of those surveyed had no accommodation (INFO 2022). It is highly likely that most refugees living with relatives, friends, or in other private accommodation will soon face the problem of finding long-term accommodation. The difficulties associated with this can significantly affect the future of refugees from Ukraine.

Despite considerable help from friends and relatives, 95 percent of those surveyed consider financial assistance and social assistance to be important or very important. It was this item that turned out to be the most important of all the proposals for support in Germany that were proposed for the assessment of the respondents. Also important for the interviewed refugees were medical care (93 percent), assistance with visits to authorities (90 percent), free local transport (85 percent), provision of own apartment (80 percent), and procurement of temporary accommodation (76 percent). Non-financial assistance was important for a slightly smaller number of respondents. In particular, support services such as Ukrainian-speaking contact persons and psychological assistance were found to be important for 71 percent and 52 percent of respondents (INFO 2022).

PROSPECTS OF UKRAINIAN REFUGEES: RETURNEES, ONWARD TRAVELERS, LABOR MIGRANTS AND ASYLUM SEEKERS

The duration of the war is not only a decisive factor for the number of refugees from Ukraine but also for their further life planning. The sooner the war ends, the more people will return to Ukraine as soon as

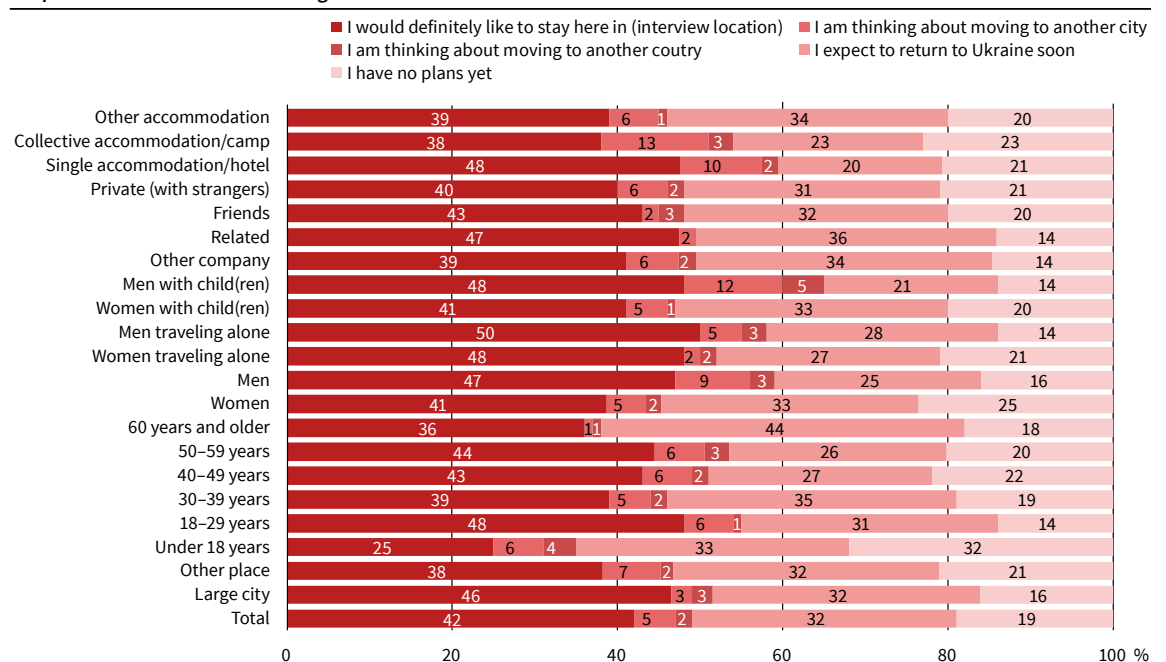
possible. Still, some will not be in a hurry to return home. Many of them will not want to return to the destroyed cities, and some will simply have nowhere to go, having become homeless. Among them will be those who will seek asylum in host countries. Those who take up work will have the opportunity to change their status and join the ranks of migrant workers.

The longer the war lasts, the fewer people will want to return home and the more they will seek ways to settle and integrate permanently in host countries. By far the most favorable path to integration is through employment. Many will need to learn the language, have their educational qualifications recognized, or retrain. Children will attend local schools, make friends in the area, and be ahead of their parents at integrating. In the event of a prolonged war, the number of asylum seekers will also increase, and the likelihood that asylum applications made will be accepted will be very high. Undoubtedly, there will be people who will not stay long in the host country and will try to find their fortune elsewhere, hoping for personal contacts, better chances of finding a job, or social benefits.

In any scenario of further development in Ukraine, four categories of Ukrainian refugees – returnees, onward travelers, labor migrants, and asylum seekers can be expected. Depending on the duration of the war and its outcome, the number of these groups will vary greatly.

The results of German Federal Ministry of the Interior and Home Affairs (INFO 2022) allow us to look at the short-term plans for refugees from Ukraine as well as their variations of different social groups (see Figure 7, which demonstrates respondents’ answers

Figure 7
Respondents’ Plans for the Coming Months



Source: INFO GmbH (2022).

© ifo Institute

to the question “What are your plans for the next few months?” as well as their distribution by gender, age, place, accommodation, and also depending on who they came to Germany with). Figure 7 shows that 42 percent would definitely like to stay in the following months in the interview location. Moreover, the number of those who want to stay is significantly higher among those who are in large cities, live with relatives, or in separate apartments or hotels, than other categories. In addition, among those who want to stay are more men, young people from 18 to 29 years, as well as those who travel alone. It is difficult to say today whether these people will remain. Much will depend on the migration policy of Germany, their success in integration, professional skills, and the specific biographical situation of each migrant.

The results of the survey show that not many would like to move on in the next few months – only 2 percent are thinking about moving to another country – and 5 percent of those surveyed are thinking about moving within Germany. It should be noted that among those who are ready to move to another country, there are slightly more young people under 29 years, those who have settled in large cities, and men, especially men with children. Most of those who are thinking about moving within the country live in camps (13 percent) and hotels (10 percent), which is understandable. In addition, men (especially those with children) are more prepared to move within Germany than women.

One-third of those surveyed (32 percent) said they wanted to return to Ukraine as soon as possible. It should be noted that there are significantly more people over 60 years old (44 percent) among those who want to return than among other age categories. Among those who want to return are fewer men (again, especially men with children) than women, there are somewhat fewer people aged 40 to 60 than representatives of other ages. In addition, the smallest proportion of those wishing to return are those who live in single accommodation or hotels (20 percent) and refugee camps (23 percent). The latter can obviously be explained by the fact that they are those who most of all sought to get to Germany, daring to take such a step without having friends and relatives in the country.

Finally, the last category, but not in terms of numbers and significance, are those who do not yet have definite plans. At the end of March, they were 19 percent of the total number of respondents. It is the life strategies of representatives of this category that are most affected by the duration of the war. Among the undecided, most are under 18 years old (32 percent), which is easily explained by their dependence on adults, and there are also significantly more women than men. The smallest number of undecided is among people aged 18 to 29 and among those who found accommodation in big cities or live with relatives.

INFO-study on the immediate plans of the refugees surveyed only allow us to conclude that the category of onward travelers will be small, at least in Germany (in other EU countries, it can be much larger). How the rest of the categories we have chosen will be distributed will depend not only on the duration of the war but also on living conditions and the level of support in the host country. When it comes to the chances of Ukrainian refugees to find work in Europe, one must also take their level of education, their qualifications, their motivation, and their willingness to learn into account. So far, there is not enough data on the above components of success in the labor market. All we know, including thanks to this study, is that the majority of new arrivals from Ukraine are women with children who were employed in Ukraine and were engaged in skilled work, as well as that their language skills are insufficient. As for other characteristics, this group can be quite heterogeneous. Mentions in the mass media about the high level of education and employment of pre-war Ukrainian migrants, as well as their successful integration, cannot be extrapolated to people who immigrated from Ukraine after February 24.

It should be remembered that such an influx of refugees from the war from a democratic country, where the nation has united in a few months, increased confidence in the president and other authorities, and has strengthened faith in winning the war,⁸ has never happened before. Therefore, it is quite natural that many of the most active and motivated people stay in Ukraine or will return to Ukraine to help the army or those who need or to fight with weapons in their hands or on the information front. In addition, some active and motivated people left Ukraine before the war, when corruption, undemocratic practices, and distrust of state institutions were still widespread. It is likely that those who left Ukraine after 24 February 2022, are people who are most in demand in the labor markets of the countries to which they have moved, in particular, specialists who have a high level of qualification and education. Also, there are people who agree to jobs that for various reasons are not occupied by the local population. However, some of the women who are in demand in their professions are in a difficult situation, perhaps having lost relatives and left the country to save their children. Some of them will need psychological help and will not be able to quickly find their place in the European labor market. These are also the people who can claim high social protection. It is large families, people with disabilities, and the elderly who are the more vulnerable categories and receive much more social protection abroad than they can have in Ukraine. In order to reveal all these categories of Ukrainians, their potential in the

⁸ Four waves of Gradus Research surveys conducted in Ukraine in February, March, April and May by self-completion in a mobile application show a steady increase in national unity, trust in the president, and faith in victory among the Ukrainian population (GRADUS 2022).

European labor market or the possible burden on the social protection system, further research is needed.

REFERENCES

- Aksoy, C. G. and P. Poutvaara (2021), "Refugees' and Irregular Migrants' Self-selection into Europe", *Journal of Development Economics* 152, 102681, <https://doi.org/10.1016/j.jdevco.2021.102681>.
- Albrecht, C. and T. Panchenko (2020), "Fluchtbewegungen aus der Ukraine: Ursachen, Auswirkungen und Prognosen", *ifo Schnelldienst* 75, Special Issue, April, 29-36.
- Aristova, A. V., N. A. Gavrilishina and S. I. Girik (2022), "Ukraïns'ka diaspora", in: *Velika Ukraïns'ka encyklopediya*, https://vue.gov.ua/%D0%A3%D0%BA%D1%80%D0%B0%D1%97%D0%BD%D1%81%D1%8C%D0%BA%D0%B0_%D0%B4%D1%96%D0%B0%D1%81%D0%BF%D0%BE%D1%80%D0%B0.
- Brücker, H., L. Goßner, A. Hauptmann, P. Jaschke, K. Kassam, Y. Kosyakova and I. Stepanok (2022), "Die Folgen des Ukraine-Kriegs für Migration und Integration: Eine erste Einschätzung", *IAB-Forschungsbericht* 2/2022, <http://www.iab.de/de/publikationen/forschungsbericht.aspx>.
- GRADUS (2022), *Public Reports: Gradus Research Company*, <https://gradus.app/en/open-reports/>.
- CREAM (2022b), *Ukrainians in Europe*, The Centre for Research and Analysis of Migration, <https://cream-migration.org/ukraine-detail.htm?article=3538>.
- Guichard, L. (2020), "Self-selection of Asylum Seekers: Evidence from Germany", *Demography* 57, 1089-1116.
- Encyklopediya suchasnoyi Ukrainy (2009), http://esu.com.ua/search_articles.php?id=17837.
- Eurostat (2021), *Population on 1 January by Age Group, Sex and Country of Birth*, https://ec.europa.eu/eurostat/databrowser/product/page/MIGR_POP3CTB__custom_2507157.
- INFO GmbH Markt- und Meinungsforschung (2022), "Geflüchtete aus der Ukraine", Bundesministerium des Innern und für Heimat, Pressegespräch, 4 April, https://www.bmi.bund.de/SharedDocs/downloads/DE/veroeffentlichungen/nachrichten/2022/umfrage-ukraine-fluechtlinge.pdf;jsessionid=9087A8889121AE48FA5156788899C878.1_cid287?__blob=publicationFile&v=2.
- IOM (2021), *Migration in Ukraine: Fact and Figures*, the UN Migration Agency, https://iom.org.ua/sites/default/files/migration_in_ukraine_facts_and_figures_2021-eng_web.pdf.
- IOM (2022a), *Ukraine Displacement Report – Area Baseline Report: General Population Survey, Round 2*, 1 April, <https://displacement.iom.int/reports/ukraine-displacement-report-area-baseline-report-zakarpatska-and-lvivska-oblastst-round-2>.
- IOM (2022b), *Ukraine International Displacement Report. General Population Survey, Round 4*, 3 May, <https://displacement.iom.int/reports/ukraine-internal-displacement-report-general-population-survey-round-4-29-april-3-may-2022>.
- Kellermann F. (2018), "Zwei Millionen Ukrainer in Polen", *Deutschlandfunkkultur.de*, 27 February, <https://www.deutschlandfunkkultur.de/ife-nuetzlichen-migranten-zwei-millionen-ukrainer-in-polen-100.html>.
- Klyuchkovska, I. and N. Gumnyczka (2010), "Ukrayinska diaspora v ob'yektyvi suchasnosti – nacionalno-politychnyj ta duxovno-kulturnyj fenomen (persha – tretyaya xvyli emigraciyi)", MIOK: Mizhnarodnyj isny-tut osvity i kultury i zavyzkiv z diasporoyu, <http://miok.lviv.ua/?p=379>.
- Laenderdaten.info (2020), "Asylanträge von Flüchtlingen aus der Ukraine", <https://www.laenderdaten.info/Europa/Ukraine/fluechtlinge.php#:~:text=Asylantr%C3%A4ge%20und%20Fl%C3%BCchtlinge%20aus%20der%20Ukraine.%2016.634%20Menschen,L%C3%A4ndern%20gestellt.%20Das%20entspricht%20ca.%200%2C037%25%20aller%20Einwohner>.
- Mediendienst Integration (2022), "Flüchtlinge aus der Ukraine", <https://mediendienst-integration.de/migration/flucht-asy/ukrainische-fluechtlinge.html>.
- Ministry of Defence GB (2022), "Russians Attacks and Troup Location", Defence HQ Official Corporate News Channel of the UK Ministry of Defence, <https://twitter.com/DefenceHQ/status/1529410421463056386/photo/1>.
- Schöler G. and C. Hanelt (2018), *Wege aus der Flucht: Warum Menschen fliehen*, Verlag Bertelsmann Stiftung, Gütersloh.
- State Statistics Service of Ukraine (2019), *Economic Activity of Population in Ukraine 2018*, Statistical publication/State Statistics Service of Ukraine, Kyiv, http://www.ukrstat.gov.ua/druk/publicat/kat_e/2019/zb_zb_lfs_2018.pdf.
- UN (2020), International Migrant Stock, United Nations Department of Economic and Social Affairs, Population Division, <https://www.un.org/development/desa/pd/content/international-migrant-stock>.
- UN Women (2022), *Rapid Gender Analysis of Ukraine: Secondary Data Review*, United Nations Entity for Gender Equality and the Empowerment of Women, Europe and Central Asia Regional Office, <https://www.unwomen.org/en/digital-library/publications/2022/04/rapid-gender-analysis-of-ukraine-secondary-data-review>.
- UNHCR (2021), *Refugees and Asylum-seekers from Ukraine*, <https://data2.unhcr.org/en/dataviz/107>.
- UNHCR (2022a), *Situation Overview: Movement of Ukrainians Back into Ukraine – 28 April 2022*, <https://data2.unhcr.org/en/documents/details/92439>.
- UNHCR (2022b), *Ukraine Refugee Situation*, <https://data2.unhcr.org/en/situations/ukraine>.
- Vinokurov, J. (2019), *Minsozpolitiki: u Polnoneschtschi prazju: 2 mln Ukraïnziv, lischje polovina – ljejalnoneno*, Hromadske.ua, 21 January, <https://hromadske.ua/posts/minsopolitiki-u-polshi-pracyuye-2-mln-ukrayinciv-lishe-polovina-legalno>.

Florian Trauner and Gabriele Valodskaite

The EU's Temporary Protection Regime for Ukrainians: Understanding the Legal and Political Background and Its Implications

On February 24, 2022, Russia started a military invasion of Ukraine. Russian President Vladimir Putin probably calculated that a large number of Ukrainians fleeing to Europe would add to the pressures of and on EU member states, similar to prior migration crises. According to the UN's Refugee Agency, Russia's attack will likely create "Europe's largest refugee crisis this century" (UNHCR 2022). Still, the EU has reacted differently to the mass influx of Ukrainians compared to former migration crises. The EU member states have opened their borders and welcomed the Ukrainians. The EU as a whole has granted all newly arrived Ukrainians with a temporary protection status. This has been uncharted waters for the EU. The EU's asylum system is usually based upon an individual assessment of a migrant's protection claims. Such an individualized approach does not work in view of the high numbers of Ukrainians displaced from the conflict.

This article analyzes the origin, background, and implications of the EU's temporary protection regime for Ukrainians. It poses the question of why the EU Temporary Protection Directive (TPD) has never been used until the Russian invasion (albeit already established in 2001) and how it is working now that it has been triggered. The article concludes with a brief discussion regarding the likely consequences of this temporary protection regime for EU asylum policy at large.

THE EU TEMPORARY PROTECTION DIRECTIVE

The TPD was adopted in 2001 in view of the experience with the refugee crises in the 1990s induced by the Yugoslav wars. This EU-wide mechanism allows responding to mass influx of refugees and provides a group-based temporary protection status (European Commission 2016). The Directive sets minimum standards for temporary protection and seeks to promote a "balance of effort between Member States" regarding the reception and protection of displaced persons covered by the mechanism (Council Directive 2001/55/EC 2001). The directive is flexible in the sense that it can be activated as soon as member states perceive a "mass influx" (European Commission 2016). This flexibility and the rather vague definition of mass influx, however, also imply that it is essentially a political decision if or when to use the directive.

On 4 March 2022, the EU interior ministers triggered the directive for the first time and provided people fleeing the Russian invasion with temporary protection. The directive covers Ukrainian nationals and third-country nationals under international protection (e.g., refugee status) who were residing in Ukraine and have been displaced on or after 24 February 2022, along with their families. Under the directive or national law, the protection is also extended to stateless persons and third-country nationals permanently residing in Ukraine who are unable to safely return to their place of origin (Council Implementing Decision (EU) 2022/382). Those granted protection will be able to obtain a temporary residence permit, gain access to education, the labor market, and other social service benefits. These measures will last for an initial period of one year and can be extended by two six-month periods. Additionally, the Council, on the Commission's proposal, may extend the temporary protection up to one more year if necessary. It should be noted that third-country nationals temporarily staying in Ukraine are not covered by the Directive. However, they are allowed to enter the EU's territory, where they receive immediate support and assistance to return to their country of origin (Council Implementing Decision (EU) 2022/382).

Following the activation of the directive, messages of solidarity and unity were at the core of EU officials' communications. To exemplify, European Commission's President von der Leyen (2022) wrote that "refugees from Ukraine deserve our solidarity and support, and so do the countries that welcome



Florian Trauner

holds the Jean Monnet Chair at the Brussels School of Governance of the Vrije Universiteit and also co-directs the Brussels Interdisciplinary Research Centre on Migration and Minorities. His research concerns the European integration process with a focus on EU asylum, migration, border control, and counter-terrorism policies.



Gabriele Valodskaite

is a master's student of European and International Governance at the Vrije Universiteit Brussel. Her fields of interest include EU migration and asylum policies as well as external relations of the EU.

them.” Similar views were echoed in the words of the High Representative/Vice President Josep Borrell, when he assured that the EU would protect everyone fleeing Russia’s aggression. Commenting on the swift decision to provide temporary protection, Commissioner for Home Affairs Ylva Johansson argued that “this is Europe at its best” (European Commission 2022b).

WHY HAS THE DIRECTIVE NEVER BEEN USED?

There have been several “migration crises” in Europe since the TPD was established in 2001, the most relevant of which probably was the Syrian crisis of 2015 and 2016 (Trauner 2016). Still, the EU member states never used the TPD, leading some authors to believe that the law would be dead letter (for example, see İneli-Ciğer 2015). One of the main reasons why it was never activated relates to the decision-making procedures: at any given crisis, usually only a few member states are particularly exposed to the mass influx. However, the TPD needs a qualified majority in the Council to take effect. This has proven difficult (European Commission 2016; İneli-Ciğer 2015). Second, instead of the TPD, the EU and its member states gave preference to alternative tools to deal with refugee influxes, such as emergency funding, reinforced assistance by the European Asylum Support Office, a mechanism for early warning, preparedness, and crisis management (European Commission 2016).

Another reason relates to the substance of the directive. Several member states considered the law as too liberal. Compared to an asylum procedure, it provides rather generous rights and no individualized (and lengthy) asylum procedure. Access to the labor market is provided instantly. This level of rights was seen as too costly by some member states, leading them to oppose the activation. Some member states also feared that the activation of the directive would create a “pull-factor” for more migrants of a crisis region to come to the EU. Last but not least, member states had very different political preferences in the field of asylum, notably regarding the issue of the responsibility-sharing regarding newly arrived refugees and displaced persons (European Commission 2016).

WHY HAS THE UKRAINIAN DISPLACEMENT BEEN DIFFERENT?

The Russian invasion of Ukraine has created a context in which most of these concerns of member states were no longer of relevance. To start with, no member state disputed that the Ukrainian displacement was a situation of a “mass influx.” A few days before the activation of the directive, more than 1 million people had fled Ukraine, while more than 650,000 people reached the EU by 1 March 2022 (Council Implementing Decision (EU) 2022/382). The European Commission (2022c)

estimated that up to 6.5 million Ukrainians could become displaced by the conflict.

Second, the decision-making procedure was swift and uncontested. Between the Commission’s proposal and the Council’s decision were only a few days. There were no lengthy discussions or a high level of politicization, which has characterized many negotiations on EU asylum law in recent years. An agreement was reached in a period of one week after the outbreak of the war.

Third, the particular nature of Russia’s invasion of Ukraine has shocked many Europeans, which facilitated the quick activation of the TPD. According to İneli-Ciğer (2022), a justification that Russia put forward for its invasion was its disapproval of Ukraine integrating into the Euro-Atlantic structures (NATO and the EU). The Union has hence had a stake in this war as well as sympathy towards Ukrainians fleeing the Russian aggression. The Commission, the Council, and other EU actors have regularly emphasized a need for solidarity with people fleeing the Russian aggression (see Peseckyte 2022; Council Implementing Decision (EU) 2022/382; European Commission 2022a).

Finally, the “whiteness” or “Europeanism” of Ukrainians is also frequently mentioned as one of the reasons why the directive was triggered. When referring to Ukrainians fleeing the war, politicians and journalists would often refer to them as “people like us.” To exemplify, the Bulgarian Prime Minister Petkov said: “this is not the refugee wave we have been used to, people we were not sure about their identity, people with unclear pasts, who could have been even terrorists.” According to him, “these people are Europeans” and hence the EU needs to show strong support towards them (Sajjad 2022). Euro-Med Human Rights Monitor (2022) argues that statements like these uncovered racist tendencies in EU migration policies and discrimination against non-Europeans. Similarly, İneli-Ciğer (2022) writes about double standards in the treatment of refugees in Europe, arguing that the directive was activated because “Ukraine is acknowledged as a European country and the Ukrainians are white Christian Europeans.”

THE IMPLICATIONS OF THE TEMPORARY PROTECTION REGIME

The directive should avoid overwhelming the national asylum systems by reducing formalities and procedures to a minimum. Moreover, the TPD lays down the minimum standards for protection, so every member state can grant more generous rights and introduce national variations in the eligibility scope or application processes (Council Implementing Decision (EU) 2022/382).

The TPD defines a range of obligations by the member states towards people eligible for temporary protection. Inter alia, the member states are required

to provide residency permits over the duration of protection, access to accommodation, education, and labor markets, and offer social welfare assistance and medical care (Council Directive 2001/55/EC).

The directive calls for solidarity among EU member states to ensure a proper implementation of temporary protection. Member states should cooperate regarding their reception capacity and transfers of displaced persons from one state to another, seeking a “balance of effort” throughout the Union (Council Directive 2001/55/EC). The TPD stipulates that solidarity should come in a dual form: through financial support and reception capacity. In the current crisis, financial assistance comes from resources such as the Asylum, Migration and Integration Fund (AMIF) and Cohesion Policy funds, while member states’ reception capacities are consulted and coordinated within the Solidarity Platform (European Commission 2022c).

However, solidarity expressions in terms of relocations of Ukrainians are essentially voluntary for member states. This may hamper an equitable distribution of protection responsibilities (Ineli-Ciğer 2015). In the early stages of the Russian invasion, there was no debate on a lack of solidarity among EU member states. Poland welcomed almost two million refugees from Ukraine in the first month after the invasion.¹ In contrast to the hard-line stance in the past, the Polish Minister of Interior Mariusz Kamiński assured that “anyone fleeing from bombs, from Russian rifles, can count on the support of the Polish state” (Ministry of the Interior and Administration 2022). But it remains to be seen whether the distribution issue will not become more relevant if even higher numbers of displaced Ukrainians come to Poland or other Eastern European states. The Council can propose measures to moderate uneven pressures and ensure a fairer sharing of responsibilities (Ineli-Ciğer 2015).

OUTLOOK: WILL THE TEMPORARY PROTECTION REGIME CHANGE EU ASYLUM POLICY AT LARGE?

It is still too early to evaluate the impact of the temporary protection regime on EU asylum policy at large. However, there are two likely outcomes. It could be that the Ukrainian displacement remains largely decoupled from EU asylum policy. Alternatively, the Ukrainian crisis may foster the reform of EU asylum policy, reinforcing, for instance, existing solidarity tools.

In the early stages of the Russian aggression, the temporary protection regime for Ukrainians has remained largely decoupled from the EU’s asylum policy. There were different procedures (group protection vs. individualized examination of protection claims) and diverging sets of rights and duties for the affected individuals. A more hospitable reception of Ukrainians by the EU member states, including staunch support-

ers of restrictive anti-migration policies such as Poland and Hungary, has been obvious. Warsaw refused to take in asylum seekers in 2015 and pushed against EU’s open-door policy towards refugees (Ciobanu 2022). Sierakowski (2022) emphasizes that Poland’s current leadership invoked a strong anti-refugee sentiment in 2015, which is in sharp contrast to the current message of solidarity with Ukraine. However, Poland continued to have a very different border and migration policy towards migrants (from countries in the Middle East and elsewhere) seeking to come from Belarus. The Polish government has not lifted its emergency state at this border, which has been accompanied by a policy of pushing back migrants to Belarus.

The two-tracked approach towards Ukrainians and the rest can also be observed in other member states. The extraordinary nature of the Russian war has led to an exceptional policy towards Ukrainians. Thus far, there have been few signs that the hospitality levels will increase for refugees from other world regions, too. There were even reports that the member states were discriminatory towards Ukrainian minorities or non-Ukrainians arriving from Ukraine. Lighthouse Reports (2022) collected accounts of certain people being prohibited from boarding evacuation trains, among others. Moreover, Carrera et al. (2022) note that Ukrainian minorities (e.g., Roma), people without biometric passports, and unaccompanied children have also encountered difficulties during evacuation and reception processes. Some of the narratives created by political leaders and media further reinforced the notion of double standards of refugee protection and revealed racist tendencies in EU migration and asylum policies (Brito 2022; Carrera et al. 2022).

Still, the Ukrainian crisis has the potential to alter the dynamics of negotiating EU asylum laws in the medium to long term. The Eastern European member states have been at the forefront of preventing the EU to install a mandatory relocation quota for newly arrived asylum seekers in the EU (Zaun 2018). They did not want to allow a physical relocation of migrants from Greece or Italy to their territory. However, their political preference may now shift given the evolving situation on the ground. They may no longer face demands to relocate migrants from Southern Europe to their territory. In case more and more Ukrainians arrive, these states may rather get in the position to ask other member states to bring migrants physically away from Eastern Europe. To exemplify, the Mayor of Warsaw R. Trzaskowski suggested that due to the enormous influx of refugees into Polish territory, the country’s reception capacities would be quickly exhausted. To deal with such situation, he called for a more “synchronized and structured” system of relocation support on the European or international level (BBC Newsnight 2022).

The EU is currently negotiating a package of EU asylum laws first presented in the “new Pact of Migra-

¹ UNHCR, Situation Ukraine – Refugee Situation, <https://data2.unhcr.org/en/situations/ukraine>.

tion and Asylum” in September 2020. A key objective of this pact was to achieve “a new balance between responsibility and solidarity” (European Commission 2020). The Pact foresees several types of solidarity: relocation, return sponsorship as well as operational support and capacity building. Thym (2020) notes that for all the pledges to reboot the solidarity framework, it remains to be of a voluntary nature in normal times. Although in a moment of crisis solidarity becomes mandatory, the EU capitals can still decide if they want to assist in terms of relocation or return. The negotiations on this Pact may get a new stimulus through the Ukrainian displacement in terms of even getting to a compromise or allowing for more binding solidarity commitments. The UN High Commissioner for Refugees F. Grandi already sees a risk of overburdening some EU member states. He calls for a revision of the solidarity mechanism from a more “spontaneous” burden sharing towards a more structured one (Barigazzi 2022).

Overall, therefore, the temporary protection regime has been a watershed moment for the EU. It has presented the EU with a refugee challenge of unprecedented scale. The support of and welcome to Ukrainians differs from prior situations of “mass influxes” into the EU. In the early stages of the Russian invasion, the temporary protection regime for Ukrainians has remained relatively decoupled from the ways in which the EU treats other asylum seekers. The EU member states are likely to keep this differentiated treatment between Ukrainians and asylum seekers. Still, the Ukrainian displacement has the potential to alter the dynamics of negotiating EU asylum laws, most importantly regarding a more binding EU solidarity mechanism.

REFERENCES

- Barigazzi, J. (2022), “UN Refugee Chief Fears Solidarity with Fleeing Ukrainians May Curdle into Backlash”, *POLITICO*, 24 March, <https://www.politico.eu/article/un-refugee-chief-fears-solidarity-ukraine-un-refugee-agency-europe/>.
- BBC Newsnight (2022), *Mayor of Warsaw @trzaskowski_Tells #Newsnight Europe Needs “a Relocation System of Refugees”*, <https://twitter.com/BBCNewsnight/status/1503725200784994309>.
- Brito, R. (2022), “Europe Welcomes Ukrainian Refugees — Others, Less So”, *AP NEWS*, 28 February, <https://apnews.com/article/russia-ukraine-war-refugees-diversity-230b0cc790820b9bf8883f918fc8e313>.
- Carrera, S., M. Ineli-Ciğer, L. Vosyliute and L. Brumat (2022), “The EU Grants Temporary Protection for People Fleeing War in Ukraine. Time to Rethink Unequal Solidarity in EU Asylum Policy”, *CEPS Policy Insights* No 2022-09, <https://www.ceps.eu/ceps-publications/eu-grants-temporary-protection-for-people-fleeing-war-in-ukraine/>.
- Ciobanu, C. (2022), “Selective Sympathy: Poland’s Contrasting Treatment of Those Seeking Refuge”, *Balkan Insight*, <https://balkaninsight.com/2022/03/03/selective-sympathy-polands-contrasting-treatment-of-those-seeking-refuge/>.
- Council Directive 2001/55/EC, *On Minimum Standards for Giving Temporary Protection in the Event of a Mass Influx of Displaced Persons and on Measures Promoting a Balance of Efforts between Member States in Receiving Such Persons and Bearing the Consequences Thereof*, Official Journal of the European Communities, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:percent3A32001L0055>.
- Council Implementing Decision (EU) 2022/382, *Establishing the Existence of a Mass Influx of Displaced Persons from Ukraine within the Meaning of Article 5 of Directive 2001/55/EC, and Having the Effect of Introducing Temporary Protection*, Official Journal of the European Communities, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022D0382&pk_campaign=todays_oj&pk_source=EURLEX&pk_medium=TW&pk_keyword=Ukraine&pk_content=decision.
- Euro-Med Human Rights Monitor (2022), *Europe’s Official, Media Handling of Ukrainian Crisis Exposes Deep-rooted, Racist Policy against Non-Europeans*, <https://euromedmonitor.org/en/article/4934/Europe-percent27s-official-media-handling-of-Ukrainian-crisis-exposes-deep-rooted-racist-policy-against-non-Europeans>.
- European Commission (2016), *Study on the Temporary Protection Directive: Final Report*, Publications Office of the European Union, Luxembourg, https://ec.europa.eu/home-affairs/system/files/2020-09/final_report_evaluation_tpd_en.pdf.
- European Commission (2020), *New Pact on Migration and Asylum: A Fresh Start on Migration in Europe*, https://ec.europa.eu/info/strategy/priorities-2019-2024/promoting-our-european-way-of-life/new-pact-migration-and-asylum_en.
- European Commission (2022a), *Ukraine: Commission Proposes Temporary Protection for People Fleeing War in Ukraine and Guidelines for Border Checks*, Press Corner, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1469.
- European Commission (2022b), *Ukraine: EU Steps Up Solidarity with Those Fleeing War*, Press Corner, https://ec.europa.eu/commission/presscorner/detail/en/IP_22_1610.
- European Commission (2022c), *Ukraine: EU Support to Help Member States Meet the Needs of Refugees*, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1946.
- Ineli-Ciğer, M. (2015), “Has the Temporary Protection Directive Become Obsolete? An Examination of the Directive and Its Lack of Implementation in View of the Recent Asylum Crisis in the Mediterranean”, in C. Bauloz, M. Ineli-Ciğer, S. Singer and V. Stoyanova, eds., *Seeking Asylum in the European Union: Selected Protection Issues Raised by the Second Phase of the Common Asylum System*, Brill Academic Publishers, Leiden, 223–246.
- Ineli-Ciğer, M. (2022), “5 Reasons Why: Understanding the Reasons behind the Activation of the Temporary Protection Directive in 2022”, *Odysseus Network*, <https://eumigrationlawblog.eu/5-reasons-why-understanding-the-reasons-behind-the-activation-of-the-temporary-protection-directive-in-2022/>.
- Lighthouse Reports (2022), *1/ “They’re Not Letting the Black Girl Go”*, <https://twitter.com/LHreports/status/1498333865148133386?s=20&t=AcQBusQUSCGdPj4burQaA>.
- Ministry of the Interior and Administration (2022), *Minister Kamiński: We Will Show Solidarity and Support to All Our Ukrainian Brothers*, <https://www.gov.pl/web/mswia-en/minister-kaminski-we-will-show-solidarity-and-support-to-all-our-ukrainian-brothers>.
- Peseckyte, G. (2022), “EU Ministers Activated Temporary Protection Directive for Ukrainians”, *EURACTIV*, 11 March, <https://www.euractiv.com/section/europe-s-east/news/eu-ministers-activated-temporary-protection-directive-for-ukrainians/>.
- Sajjad, T. (2022), “Ukrainian Refugees Are Welcomed with Open Arms – Not So with People Fleeing Other War-torn Countries”, *The Conversation*, 9 March, <https://theconversation.com/ukrainian-refugees-are-welcomed-with-open-arms-not-so-with-people-fleeing-other-war-torn-countries-178491>.
- Sierakowski, S. (2022), “Poland’s Refugee Crisis in Waiting”, *Project Syndicate*, 22 March, <https://www.project-syndicate.org/commentary/poland-ukrainian-refugee-crisis-by-slawomir-sierakowski-2022-03?barrier=accesspaylog>.
- Thym, D. (2020), “European Realpolitik: Legislative Uncertainties and Operational Pitfalls of the ‘New’ Pact on Migration and Asylum”, *Odysseus Network*, 28 September, <https://eumigrationlawblog.eu/european-realpolitik-legislative-uncertainties-and-operational-pitfalls-of-the-new-pact-on-migration-and-asylum/>.
- Trauner, F. (2016), “Asylum Policy - the EU’s ‘Crises’ and the Looming Policy Regime Failure”, *Journal of European Integration* 38, 311–325.
- UNHCR (2022), *UNHCR Mobilizing to Aid Forcibly Displaced in Ukraine and Neighbouring Countries*, 1 March, <https://www.unhcr.org/news/briefing/2022/3/621deda74/unhcr-mobilizing-aid-forcibly-displaced-ukraine-neighbouring-countries.html>.
- Von der Leyen, U. (2022), *The EU Is Providing a First Tranche of €500 Million to Help Refugees*, <https://twitter.com/vonderleyen/status/1500166316971470852?s=20&t=XzXih3bMVfp-6KfsOSyteg>.
- Zaun, N. (2018), “States as Gatekeepers in EU Asylum Politics: Explaining the Non-adoption of a Refugee Quota System”, *Journal of Common Market Studies* 56, 44–62.

Lucas Guichard, Joël Machado and Jean-François Maystadt

The Location of Asylum Seekers in Europe Before and After Russia's Invasion of Ukraine

Three months after Russia's invasion of Ukraine on February 24, 2022, more than 4.7 million asylum seekers from Ukraine were recorded across Europe (including Russia) and close to 7 million crossings were registered at the country's borders by the end of May (UNHCR 2022). The number of forcibly displaced is approaching the worldwide Ukrainian diaspora recorded at the end of June 2020 (6.1 million; UNDESA 2022). It exceeds the total number of asylum applications observed between 2016 and 2020 in EU27 countries (3.4 million; UNHCR 2021). A large share of the displaced population, estimated at around 58 percent at the end of May 2022, is hosted in one of Ukraine's neighboring countries, including 25 percent in Russia and Belarus. This is consistent with the fact that geographical distance is the main determinant of asylum location choices (Beine et al. 2021; World Bank 2018). In fact, before the onset of the Ukrainian war, 70 percent of refugees worldwide were hosted in a region bordering their origin country (UNHCR 2021).

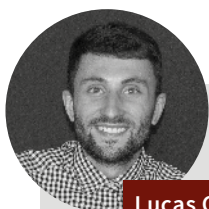
The current EU hotspots of inflows from Ukraine differ from those observed during the 2015–2016 surge in asylum applications, and the resulting distributions of forced migrants are heterogeneous across host countries. The former episode saw most asylum seekers going to Germany, in part due to Chancellor Merkel's decision (September 2015) to let refugees (mainly from Syria) who were in Hungary enter the country. Other top destinations, in absolute numbers, were France, Italy, and Spain (see Table 1, column 2). Without coordination among EU countries on the relocation of asylum seekers from Ukraine, their distribution across space is likely to remain unbalanced due to location choices driven by the proximity of their home country and/or the presence of co-nationals in some specific destination countries.

In this article, we contrast the (estimated) current distribution of Ukrainians with the one associated to asylum seekers who arrived before the war in Ukraine and the one that would be obtained based on the allocation scheme proposed by the European Commission in 2015. This allows us to discuss how a reallocation of refugees across destinations would lower pressure for neighboring countries of Ukraine and, at the same time, how this would reshape the location of forced migrants within Europe.

CURRENT DISTRIBUTION OF ASYLUM APPLICATIONS AND UKRAINIAN INFLOWS

A first aspect worth highlighting is the sheer scale of forced displacements. Whereas the UNHCR registered about 3.4 million first-time asylum applications in EU27 countries over the five-year period 2016–2020, by June 1, over 4.7 million individuals had left Ukraine and 2.8 million had applied for Temporary Protection in a EU27 country. Ukraine's neighboring countries, such as Poland, Romania, Hungary, and Slovakia, host large numbers of asylum seekers (Table 1, columns 3 and 4). This pattern is shown in Figure 1, which reports the estimated current distribution of Ukrainian temporary protection applications on June 1, 2022 relative to the population size (i.e., expressed as applications per 1,000 inhabitants) of each receiving country. This protection also extends, under certain conditions, to stateless persons or nationals of third countries other than Ukraine, who have been displaced from Ukraine. Throughout this paper, the use of "Ukrainian" refers to all people coming from Ukraine, independent of their nationality.

As highlighted by the UNHCR (2022), compiling and updating statistics on displacements is challenging. Following a recent update, the UNHCR "Ukraine



Lucas Guichard

is a researcher at the Luxembourg Institute of Socio-Economic Research (LISER). His research focuses on the economics of (forced) migration, with core interest in the study of the determinants of international migrant flows and gravity models, as well as the relationship between migration and other phenomena such as populism and segregation.



Joël Machado

is a researcher at the Luxembourg Institute of Socio-Economic Research (LISER) and a research fellow at IZA, DEM (Univ. Luxembourg), and IRES (UC Louvain). His research focuses on the causes and consequences of migration as well as the impact of policies on the management of migrant flows and the integration of immigrants in the destination countries.



Jean-François Maystadt

is Professor and FNRS Research Associate at UC Louvain and at the Institut de Recherches Economiques et Sociales (IRES/LIDAM). He is also affiliated with Lancaster University (UK). His research focuses on the causes and consequences of conflicts and forced migration.

Table 1
Volumes

	Population (1)	Total asylum applications 2016–2020 (2)	Ukrainian temporary protection applications (3)	Ukrainian individual records (4)	Simulation 7M: temporary protection (5)	Simulation 7M: EU allocation (6)
Austria	8,901,064	98,410	68,747	68,747	167,710	172,274
Belgium	11,522,440	82,575	44,645	45,227	108,913	214,746
Bulgaria	6,951,482	30,460	110,616	78,714	269,851	74,887
Croatia	4,058,165	6,520	13,374	13,375	32,626	47,715
Cyprus	888,005	34,685	11,980	14,862	29,226	13,396
Czechia	10,693,939	6,075	361,419	361,560	881,693	148,794
Denmark	5,822,763	16,785	27,208	29,191	66,375	135,282
Estonia	1,328,976	565	25,693	39,802	62,679	18,515
Finland	5,525,292	16,510	24,455	26,196	59,659	112,102
France*	67,485,531	515,360	93,000	93,000	226,876	1,089,378
Germany	83,166,711	1,327,695	329,340	780,000	803,435	1,487,733
Greece	10,718,565	284,585	13,400	13,400	32,690	128,731
Hungary	9,769,526	32,530	23,347	23,347	56,956	119,484
Ireland	4,964,440	15,075	32,421	32,421	79,092	144,907
Italy	59,641,488	357,530	97,314	125,907	237,400	870,730
Latvia	1,907,675	1,200	23,375	23,382	57,024	24,059
Lithuania	2,794,090	2,205	53,891	53,913	131,469	37,006
Luxembourg	626,108	10,110	5,300	5,300	12,930	23,053
Malta	514,564	11,805	922	994	2,249	7,910
Netherlands	17,407,585	92,100	60,020	60,020	146,421	352,581
Poland	37,958,138	19,470	1,142,964	1,142,964	2,788,295	462,137
Portugal	10,295,909	5,600	39,789	39,884	97,066	141,269
Romania	19,328,838	16,980	33,217	84,470	81,034	221,655
Slovakia	5,457,873	890	78,568	78,756	191,669	71,001
Spain	47,332,614	302,930	109,468	109,541	267,050	641,013
Sweden	10,327,589	99,500	37,995	39,592	92,690	209,167
Total	447,485,231	3,400,735	2,869,405	3,391,502	7,000,000	7,000,000

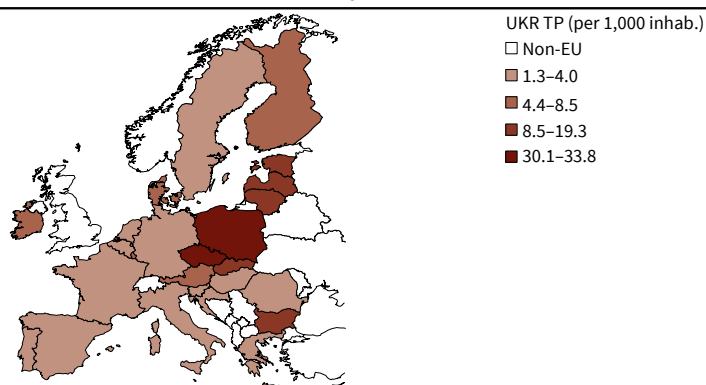
Note: Data are obtained from Eurostat (2022) and UNHCR (2021 and 2022).

*The value provided for France for columns 3 and 4 on UNHCR (2022) is from April 27, 2022. We updated this figure to 93,000 as provided on May 24, 2022 by Libération (source).

Refugee Situation” online portal provides estimations of border crossings, individuals recorded across Eu-

rope, and registrations for the Temporary Protection (or similar) schemes. Current estimates on the number of Ukrainian refugees in a given country are likely approximate. They might underestimate the real number of asylum seekers if some of them have not yet applied for temporary protection in the host country. In contrast, they do not account for applicants who have moved to a different country (and thus could include multiple counts) or returned to Ukraine. Where available, we base our estimations on individuals who have applied for the Temporary Protection status and complement it with the number of recorded individuals when this information is not available. The location where an individual applies for temporary protection might arguably be seen as more permanent than the location where the individual is recorded (e.g., while crossing a border or in a train during transit towards a different destination). In Table 1, we provide statis-

Figure 1
Estimated Current Distribution of Ukrainian Asylum Seekers



Note: Data obtained from UNHCR (2022) and Eurostat (2022), as explained below Table 1.

© ifo Institute

Table 2
Asylum Seekers per 1,000 Inhabitants under Different Scenarios

	Total asylum applications 2016–2020 (1)	Ukrainian temporary protection applications (2)	Ukrainian individual records (3)	Simulation 7M: temporary protection (4)	Simulation 7M: EU allocation (5)
Austria	11.1	7.7	7.7	18.8	19.4
Belgium	7.2	3.9	3.9	9.5	18.6
Bulgaria	4.4	15.9	11.3	38.8	10.8
Croatia	1.6	3.3	3.3	8.0	11.8
Cyprus	39.1	13.5	16.7	32.9	15.1
Czechia	0.6	33.8	33.8	82.4	13.9
Denmark	2.9	4.7	5.0	11.4	23.2
Estonia	0.4	19.3	29.9	47.2	13.9
Finland	3.0	4.4	4.7	10.8	20.3
France	7.6	1.4	1.4	3.4	16.1
Germany	16.0	4.0	9.4	9.7	17.9
Greece	26.6	1.3	1.3	3.0	12.0
Hungary	3.3	2.4	2.4	5.8	12.2
Ireland	3.0	6.5	6.5	15.9	29.2
Italy	6.0	1.6	2.1	4.0	14.6
Latvia	0.6	12.3	12.3	29.9	12.6
Lithuania	0.8	19.3	19.3	47.1	13.2
Luxembourg	16.1	8.5	8.5	20.7	36.8
Malta	22.9	1.8	1.9	4.4	15.4
Netherlands	5.3	3.4	3.4	8.4	20.3
Poland	0.5	30.1	30.1	73.5	12.2
Portugal	0.5	3.9	3.9	9.4	13.7
Romania	0.9	1.7	4.4	4.2	11.5
Slovakia	0.2	14.4	14.4	35.1	13.0
Slovenia	6.0	3.3	3.3	8.1	14.5
Spain	6.4	2.3	2.3	5.6	13.5
Sweden	9.6	3.7	3.8	9.0	20.3

Note: Ratios are computed based on Table 1.

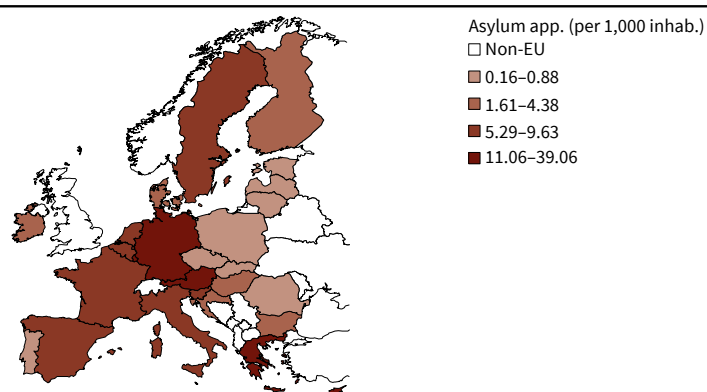
tics based on individuals registered with the Temporary Protection status (in column 3) and individuals recorded (in column 4) as published by the UNHCR (2022) on June 1.

Expressing the asylum aggregates per thousand inhabitants allows accounting for the heterogeneous size of EU member states. Besides neighboring countries, Czechia (33.8), Estonia (19.3), and Lithuania (19.3) are among the top destinations for asylum seekers from Ukraine. A majority of hotspots for Ukrainian inflows had relatively few asylum applications before the onset of the war. In thirteen countries, the number of Ukrainian temporary applications exceeds the sum of asylum applications over the period 2016–2020. These countries include all Eastern European member states, except Slovenia and Hungary, as well as Croatia, Denmark, Finland, Ireland, and Portugal (Table 1).

The spatial distribution of Ukrainian temporary protection applications in Europe is almost diametrically opposed to the one of pre-2021 asylum applications. Figure 2 depicts the distribution of total asylum

applications (per 1,000 inhabitants) over the period 2016–2020 within EU27 countries (see Table 2 column 1 for detailed statistics). Relative to their population size (in thousands), the five main hosting countries are Cyprus (39.1), Greece (26.6), Malta (22.9), Luxembourg (20.7), and Poland (12.2).

Figure 2
Pre-war Distribution of Asylum Seekers



Note: Data obtained from UNHCR (2022) and Eurostat (2022), as explained below Table 1.

© ifo Institute

(16.2), and Germany (16). In contrast, the five countries at the bottom of the list, which hosted less than 0.5 refugees per 1,000 inhabitants in 2020, are Slovakia, Estonia, Poland, and Portugal. Figure 2 suggests thus that, until 2020, the Eastern European member states were receiving relatively few asylum applications, while the opposite is true for small EU member states, Germany, and Greece, which received a large number of applications relative to their population between 2016 and 2020.

The post-war distribution of asylum seekers from Ukraine across host countries remains uncertain at this stage. The activation of the Temporary Protection Directive, granting temporary protection to Ukrainian nationals residing in Ukraine and displaced following the country's invasion, allows forced migrants to settle in the EU member state of their choice. This implies that countries not bordering Ukraine should gradually expect to receive more individuals coming from Ukraine. As of June 1, more than 1,700,000 temporary protection applications have been registered in these non-bordering destination countries (i.e., more than 42 percent of all temporary protection applications). Within EU member states, those with a large Ukrainian diaspora are expected to progressively host more Ukrainians, as networks have been proven to facilitate migrants' access to employment, housing, schooling, and other key dimensions for their integration at destination (Beaman 2014; Munshi 2014; Dagnelie et al. 2019; Brell et al. 2020).

REALLOCATION OF ASYLUM SEEKERS USING THE EU SCHEME

From what we have learned from previous episodes of massive asylum flows, individuals from Ukraine are expected to have minor economic effects at destination in the medium term (Guichard et al. 2022a and 2022b). Nonetheless, such outcomes do not materialize immediately in the economy of the host country. Although offering a short-lived status, the activation of the Temporary Protection Directive withdraws a major barrier for newcomers to access the labor market and social services of receiving countries (Dustmann et al. 2018; Fasani et al. 2021 and 2022). Beyond these key features, it has been shown to be crucial to implement integration policies aiming to help refugees acquire the language of the destination country and other specific knowledge to quickly access its labor market (Arendt et al. 2022). This is particularly important for refugees, who are generally less prepared and face more difficulties associated with a lack of skills compared to economic migrants (Brell et al. 2020). The demographic composition of current asylum flows, with an important number of children and a high proportion of women, might involve new challenges for destination countries. These include providing education opportunities to a large number

of children and childcare facilities to facilitate women's labor market participation.

However, integration policies will be hard to implement if the distribution of asylum seekers is concentrated in a few EU countries. Despite important numbers of Ukrainian protection applications not lodged in Ukraine's neighboring countries, we estimate that the latter still host around 57 percent of all asylum seekers (see Table 1, column 3, for country-specific numbers). The total number of asylum seekers that will eventually leave Ukraine is difficult to predict. We base our numerical exercises on a total number of 7 million individuals from Ukraine, which represents the current number of crossings registered at the Ukrainian borders (UNHCR 2022). However, as the war is still ongoing, numbers are likely to keep increasing. Current predictions range from 9.9 million (Düvell and Lapshyna 2022) to 15 million refugees (Betts 2022) if the war persists.

Assuming that 7 million asylum seekers from Ukraine would follow the currently observed distribution of temporary protection applications in the EU would lead to a large imbalance in the distribution of forced migrants per capita across countries. More specifically, this scenario would imply less than 4 Ukrainian asylum seekers per 1,000 inhabitants in France and Greece, more than 40 in Lithuania and Estonia, and more than 70 in Poland and Czechia (see column 4 in Table 2). If asylum seekers were to move progressively close to their co-nationals or to the most attractive countries for recent Ukrainian diasporas prior to 2022, we would also obtain a skewed distribution towards countries neighboring Ukraine and towards Germany (see Guichard et al. 2022a and 2022b). The corresponding large inflows in Eastern Europe are likely to be unsustainable and the related countries could face hurdles to set up relevant measures to minimize the short-run costs and maximize potential medium-term gains triggered by the inflows. European citizens have so far shown high solidarity with Ukrainians; however, maintaining it in the long run is certainly demanding.

Questions on how to cope with the massive arrival of individuals from Ukraine have raised discussions on the implementation of a common asylum policy at the EU27 level. The first-time enactment of the Temporary Protection Directive represents a direct and major reaction to provide a protective status and a fast process of applications from individuals pushed out of Ukraine. In the last decade, political debates within EU member states have mainly focused on simple allocation schemes or quota systems, based on criteria such as each country's population size and GDP. Such criteria were already suggested by the European Commission in 2010. In previous work (see Guichard et al. 2022a and 2022b), we quantified potential distributions across EU destination countries based on GDP, population, or a mix of both (inspired by the German Königsteiner Schlüssel) using data

for the year 2020. In May 2015, the European Commission proposed another scheme based on population (40 percent), GDP (40 percent), unemployment (10 percent), and past hosting efforts apprehended through the number of asylum applications received during the previous five years (10 percent). However, no official agreement has been reached so far at the European Council.

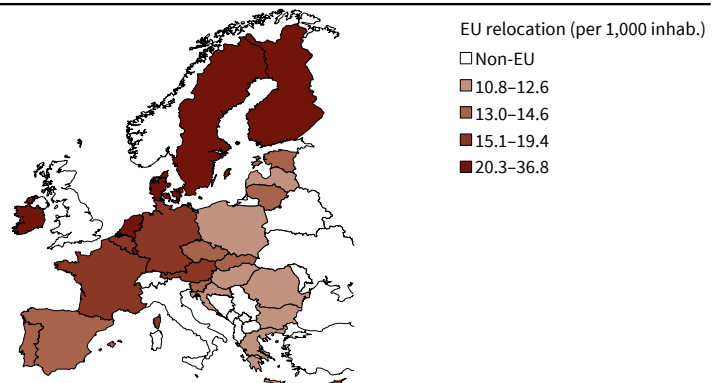
We show in Figure 3 how such an allocation key, applied to 7 million asylum seekers from Ukraine, would translate in terms of forced migrants per 1,000 inhabitants across EU27 countries. The technical appendix below explains the formula that we use, while column 5 of Table 2 reports the related numbers. The distribution derived with the EU key would imply between 10.8 (Bulgaria) to 36.8 (Luxembourg) asylum seekers from Ukraine per 1,000 inhabitants. Distributing 7 million individuals in a homogeneous way across Europe would imply 15.6 asylum seekers from Ukraine per 1,000 inhabitants. Applying the EU key would translate into 17 countries hosting a number of individuals per inhabitant below this average. The other ten, mostly high-income Western European countries, including Germany, France, Ireland, or Luxembourg would host a number above the EU average.

TOWARDS A SHARED RESPONSIBILITY IN EU ASYLUM POLICY

The implementation of the EU allocation scheme would reshape the total number of hosted asylum seekers towards a more balanced distribution, thus paving the way for a more equal sharing of responsibilities within Europe. To emphasize this finding, Figure 4 conveys three types of information. Countries are ordered following the light blue bars, which represent the sum of total asylum seekers from 2016–2020 and current (estimated on a total of 7 million) Ukrainian asylum seekers per 1,000 inhabitants. The dark blue area shows the part of this value registered before the onset of the Ukrainian war. Finally, the dark bordering area shows the number of asylum seekers per 1,000 inhabitants that each country would host under the EU allocation scheme with a scenario of 7 million asylum seekers from Ukraine. The exact values in terms of total and per capita numbers for the different scenarios are provided in Tables 1 and 2, respectively.

Without surprise, the impact of the Ukrainian exodus is reflected in the neighboring countries listed at the top of the figure. Cyprus, Luxembourg, and Austria also appear in the top 10 countries because of their relatively high (population-weighted) effort provided before the onset of the Russian invasion. Receiving countries hosting, as of today, few individuals from Ukraine are located in the lower part of the figure. Those countries, such as Portugal, Hungary, or Croatia, also welcomed a limited number of asylum seek-

Figure 3
Distribution of Asylum Seekers under the EU Allocation Scheme



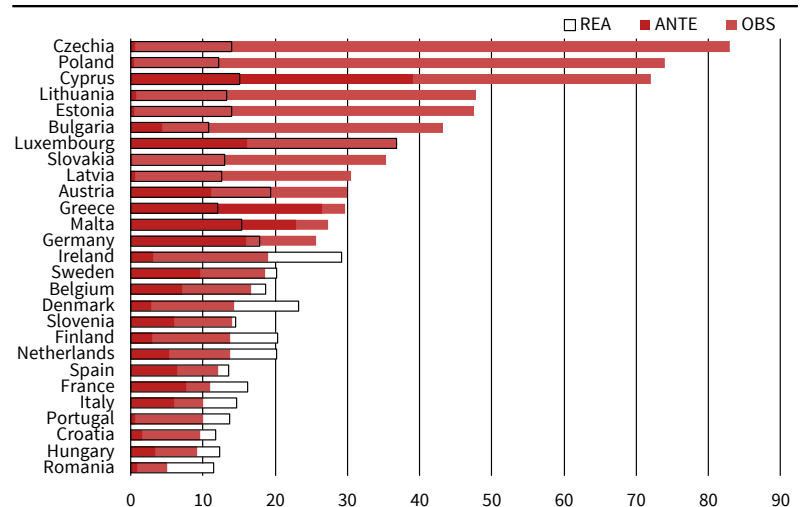
Note: Data obtained from UNHCR (2022) and Eurostat (2022), as explained below Table 1.

© ifo Institute

ers, relative to their population, during recent asylum episodes (especially in 2015–2016) compared to the small European countries and other top destinations such as Germany, Austria, and Greece.

The reallocation of asylum seekers based on the EU key implies that the bordering countries of Ukraine would face a much lower pressure on their hosting capacities, which could be beneficial for them to absorb the shock. The displaced Ukrainian population would be resettled in other EU member states, with heterogeneous effects across countries. Larger relocation would take place in countries hosting, in general, relatively few asylum seekers per 1,000 inhabitants (e.g., Denmark, Finland, Ireland, and the Netherlands). The EU scheme would also affect destinations already welcoming asylum seekers in Southern Europe (e.g., Greece, Cyprus, or Malta), or a few Western European countries like Austria or Germany, as it is assumed to be applied only to refugees from Ukraine, disregarding

Figure 4
Contrasting the Pre-Ukrainian, Current and Reallocated Distributions of Asylum Seekers from Ukraine



Notes: The light blue bars, denoted OBS, represent the sum of total asylum seekers over the period 2016–2020 and current (estimated on a total of 7 million) Ukrainian asylum seekers per 1,000 inhabitants. The dark blue area, denoted ANTE, shows the sum of total asylum seekers from 2016–2020 before the onset of the war in Ukraine. The dark bordering area, denoted REA, shows the number of asylum seekers per 1,000 inhabitants that each country would host under the EU allocation scheme with a scenario of 7 million asylum seekers from Ukraine. Source: UNHCR (2021 and 2022).

© ifo Institute

past asylum applications in the country. All in all, this highlights that applying the EU scheme would help smooth the burden across countries. It would support bordering countries of Ukraine in coping with the asylum inflows through a transfer of efforts to other (in particular Western) EU countries with higher leeway in terms of hosting capacities.

In principle, more sophisticated mechanisms could be used to relocate asylum seekers across destination countries. This is the case of tradable quota schemes that have been discussed in the literature (Fernández-Huertas Moraga and Rapoport 2014; de la Croix and Docquier 2015). Their underlying objective is to maximize coordination between countries, assuming that a quota system has been agreed upon, e.g., each country is required to host a certain number of asylum seekers. In addition, some systems can account for asylum seekers' preferences. In practice, these proposals lack political consensus in Europe, which might explain why political discussions have so far mainly focused on simpler allocation settings based on socio-economic characteristics of EU countries.

DISCUSSION

We have compared the distribution of 7 million asylum seekers from Ukraine under two different scenarios: a replication of the distribution observed early June 2022 with larger total outflows from Ukraine and a distribution based on the allocation scheme proposed by the European Commission in 2015. We contrasted both scenarios to the asylum hosting efforts provided by EU countries over the period 2016–2020. The current Ukrainian inflows are mostly concentrated in neighboring countries, which were receiving relatively few asylum applications before the onset of the war. In that sense, the current asylum episode is rebalancing the distribution of forced migrants in Europe.

Yet, the current inflows, if persistent over time, are likely to be unsustainable for most neighboring countries. A coordinated relocation of asylum seekers could allow for a better sharing of responsibilities across EU member states. Applying the allocation scheme suggested by the European Commission in 2015 to 7 million asylum seekers from Ukraine would lower the pressure on neighboring countries and lodge applications in countries that have, so far, received relatively few claims, such as France and Italy.

However, the practical implementation of allocation mechanisms remains highly disputed. It seems unlikely to apply this type of scheme to the entire outflow of asylum seekers from Ukraine. It might rather be implemented to specific contingents of this population, who need to be resettled from a given destination country facing hurdles in hosting them. In addition, some recent studies argue that individuals with personal networks should be allowed to benefit from them and thus be excluded from reallocation

settings. Brücker et al. (2022) make this point in the context of within-Germany dispersal of asylum seekers, arguing that allocation schemes should only be applied to individuals requiring public housing. They further defend that the efficiency of the distribution settings could be increased by better accounting for the profile and the needs of each asylum seeker. For instance, in the case of Ukrainian women, accounting for the availability of childcare facilities to ease their labor market integration could be an important criterion in redistribution schemes applied at a more local level.

More broadly, matching the applicants' profile to the economic opportunities in the receiving areas is an important determinant of their long-term integration (Arendt et al. 2022). Our paper provides a first exercise to quantify the effect of a reallocation scheme on the EU-wide spatial distribution of asylum seekers, and in particular on how such a redistribution contrasts with past asylum applications. Further analysis, e.g., within countries and/or at the individual level (depending on data availability), could refine and complement this paper. Notwithstanding the persisting uncertainties, the current Ukrainian exodus may constitute an historical opportunity to reform the EU asylum policy.

REFERENCES

- Arendt, J. N., C. Dustmann and H. Ku (2022), "Refugee Migration and the Labor Market: Lessons from 40 years of Post-Arrival Policies in Denmark", *CREAM Discussion Paper* 09/22.
- Beaman, L. A. (2012), "Social Networks and the Dynamics of Labour Market Outcomes: Evidence from Refugees Resettled in the U.S.", *Review of Economic Studies* 79, 128–161.
- Beine, M., L. Bertinelli, R. Cömertpay, A. Litina and J.-F. Maystadt (2021), "A Gravity Analysis of Refugee Mobility using Mobile Phone Data", *Journal of Development Economics* 150, 102618.
- Betts, A. (2022), "The Ukrainian Exodus: Europe Must Reckon with Its Selective Treatment of Refugees", *Foreign Affairs*, 28 March.
- Brell, C., C. Dustmann and I. Preston (2020), "The Labor Market Integration of Refugee Migrants in High-Income Countries", *Journal of Economic Perspectives* 34, 94–121.
- Brücker, H., W. Dauth, A. Haas, P. Jäschke, Y. Kosyakova, A. Mense, M. Moritz, H. Van Phan Thi and K. Wolf (2022), *Ein Vorschlag zur Verteilung von Geflüchteten aus der Ukraine*, Institut für Arbeitsmarkt- und Berufsforschung (IAB), Nürnberg.
- Dagnelie, O., A. M. Mayda and J.-F. Maystadt (2019), "The Labor Market Integration of Refugees to the United States: Do Entrepreneurs in the Network Help?", *European Economic Review* 111, 257–272.
- De la Croix, D. and F. Docquier (2015), "An Incentive Mechanism to Break the Low-Skill Immigration Deadlock", *Review of Economic Dynamics* 18, 593–618.
- Dustmann, C., F. Fasani, T. Frattini, L. Minale and U. Schönberg (2018), "On the Economics and Politics of Refugee Migration", *Economic Policy* 32, 497–550.
- Düvell, F. and I. Lapshyna (2022), "The Russian Invasion of Ukraine: Scope, Patterns and Future Development of Displacement", *IMIS Working Paper* 14.
- Eurostat (2022), *GDP Data: Gross Domestic Product at Market Prices [TEC00001]; Population Data: Population on 1 January [TPS00001]; Asylum Applications: Asylum Applicants by Type of Applicant, Citizenship, Age and Sex - Annual Aggregated Data (rounded) [MIGR_ASYAPPCTZA]; Unemployment Data: Unemployment by Sex and Age - Annual Data [UNE_RT_A]*.
- European Commission (2015), *Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL Establishing a Crisis Relocation Mechanism and Amending Regulation (EU) No 604/2013 of the European Parliament and of the Council of 26 June 2013 Establishing the Crite-*

ria and Mechanisms 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, COM(2015) 450 final, 2015/0208 (COD), https://eur-lex.europa.eu/resource.html?uri=cellar:92b8154b-56cd-11e5-afb-01aa75ed71a1.0007.02/DOC_1&format=PDF.

Fasani, F., T. Frattini and L. Minale (2021), "Lift the Ban? Initial Employment Restrictions and Refugee Labour Market Outcomes", *Journal of European Economic Association* 19, 2803–2854.

Fasani, F., T. Frattini and L. Minale (2022), "(The Struggle for) Refugee Integration into the Labour Market: Evidence from Europe", *Journal of Economic Geography* 22, 351–393.

Fernández-Huertas Moraga, J. and H. Rapoport (2014), "Tradable Immigration Quotas", *Journal of Public Economics* 115, 94–108.

Guichard, L., J. Machado and J.-F. Maystadt (2022a), "The Ukrainian Exodus Calls for Better Coordination in the European Asylum Policy", *LISER Policy Brief* 04.

Guichard, L., J. Machado and J.-F. Maystadt (2022b), "Réfugiés ukrainiens : un besoin de coordination renforcé", *Regards Économiques* 170.

Munshi, K., (2014), "Community Networks and the Process of Development", *Journal of Economic Perspective* 28, 49–76.

UNHCR (2021), *Global Trends, Forced Displacement in 2020*, <https://www.unhcr.org/statistics/unhcrstats/60b638e37/global-trends-forced-displacement-2020.html>.

UNHCR (2022), *Refugees Fleeing Ukraine (Since 24 February 2022)*, <https://data2.unhcr.org/en/situations/ukrainehttps://data.unhcr.org/en/situations/ukraine>.

United Nations Department of Economic and Social Affairs (UNDESA, 2022), *International Migrant Stock 2020*, Population Division, <https://www.un.org/development/desa/pd/content/international-migrant-stock>.

World Bank (2018), "Moving for Prosperity: Global Migration and Labor Markets", *Policy Research Report*, <https://www.worldbank.org/en/research/publication/moving-for-prosperity>.

TECHNICAL APPENDIX ON THE CALCULATION OF THE EU ALLOCATION SCHEME

In 2015, the European Commission suggested an allocation scheme that would account for the size of each country and its short-term hosting capacities (see European Commission 2015 for further details). Suppose that a certain number of asylum seekers, defined as *Allocation*, is to be distributed among EU27 countries.

The four components of the allocation key to take into account are population size, GDP, average asylum applications per 1 million inhabitants over the previous five years, and the unemployment rate. These four effects (denoted POP, GDP, ASY, and UR) are respectively computed as follows:

$$POP\ effect_i = \frac{Pop_i}{\sum_{j=1}^{27} Pop_j}$$

$$GDP\ effect_i = \frac{GDP_i}{\sum_{j=1}^{27} GDP_j}$$

$$ASY\ effect_i = \min \left\{ \frac{\frac{1}{Avg.\ app.\ per\ 1\ million\ inhabitants_i}}{\frac{1}{\sum_{j=1}^{27} Avg.\ app.\ per\ 1\ million\ inhabitants_j}}, 0.3 \times (POP\ effect_i + GDP\ effect_i) \right\}$$

$$UR\ effect_i = \min \left\{ \frac{\frac{1}{UR_i}}{\frac{1}{\sum_{j=1}^{27} UR_j}}, 0.3 \times (POP\ effect_i + GDP\ effect_i) \right\}$$

Population, GDP, and the unemployment rate data refer to the year 2020 and were taken from Eurostat (2022). Asylum applications refer to the period 2016 to 2020 and were extracted from Eurostat (2022). The yearly average is calculated by aggregating the values of the five years and dividing by 5.

Capped Quota_i

$$= Allocation \times (0.4 \times POP\ effect_i + 0.4 \times GDP\ effect_i + 0.1 \times ASY\ effect_i + 0.1 \times UR\ effect_i)$$

The minimum value condition on the asylum and unemployment effects implies that a certain number of individuals from the total allocation might not be allocated. This residual quota is then distributed according to the GDP and population effect as

Residual Quota_i

$$= \left(Allocation - \sum_{j=1}^{27} Capped\ Quota_j \right) (0.5 \times POP\ effect_i + 0.5 \times GDP\ effect_i)$$

The final allocation of country *i* is then given by the sum of the capped and residual quotas:

$$Total\ Quota_i = Capped\ Quota_i + Residual\ Quota_i$$

Lea Best and Manuel Menkhoff

The EU's Social Connectedness to Ukraine and Its Implications for the Distribution of Ukrainian Refugees

After the Russian invasion of Ukraine on 24 February, more than 6.7 million people – mainly women and children – have fled the country (UNHCR 2022, as of 29 May 2022). This makes it the largest movement of displaced people in Europe since World War II, exceeding the numbers of the 2015/16 “migrant crisis” by a factor of three. The large and rapid influx of Ukrainian refugees thus poses another political and humanitarian challenge for Europe.

In order to prevent overloading of the EU's external borders and national asylum systems, the EU has activated the Temporary Protection Directive on 4 March 2022 for the first time. In contrast to refugees in 2015/16, Ukrainian citizens are thus entitled to visa-free travel within the EU and can apply for temporary protection in a country of their choice. This protection is initially valid for one year and includes access to social benefits, education, and the labor market (European Commission 2022a). Thus, there is no official allocation of refugees within the EU planned at this time. Instead, Ukraine's social connectedness with the EU is expected to play a crucial role for the refugees' choice of destination. In a survey of 1,900 Ukrainian refugees in Germany, the majority of respondents were accommodated privately, with 43 percent saying they were staying with friends or relatives. Additionally, the main reason given for choosing their destination was having friends or relatives living in that place (German

Federal Ministry of the Interior and Community 2022). More generally,

the fact that social networks at the intended destination influence migration decisions, since these connections help with finding accommodation and jobs or can provide financial support, is also documented in the empirical migration literature. For example, using a global sample, Bertoli and Ruysen (2018) found that existing social connections are an important factor in the choice between otherwise similar migration destinations. Furthermore, social networks of co-nationals are found to foster the refugees' economic integration by positively impacting their labor market outcomes (Damm 2009; Martén et al. 2019).

So far, most Ukrainian refugees have sought shelter in Ukraine's neighboring countries, with Poland taking in by far the largest number of refugees (3.6 million as of 29 May 2022, UNHCR 2022). However, it can be expected that some Ukrainians will move on to Western Europe (Brücker et al. 2022a). Given the prominent role of existing social connections, identifying the countries and regions that are most connected to Ukraine helps to determine where a disproportionate number of refugees may be expected. For this purpose, we rely on the Facebook Social Connectedness Index (SCI) by Bailey et al. (2018), as it constitutes a suitable measure for the social connectedness between regions based on Facebook friendship links.

THE SOCIAL CONNECTEDNESS INDEX AS AN INDICATOR FOR REGIONS TARGETED BY UKRAINIAN REFUGEES

The SCI, as first introduced by Bailey et al. (2018), measures the social connectedness between regions based on existing Facebook connections between individuals in these regions. According to Equation (1), the SCI of two locations i and j is given by the total number of Facebook connections between these locations, and the number of Facebook users in both locations (Bailey et al. 2018).

$$(1) \text{SCI}_{i,j} = \frac{\text{FB Connections}_{i,j}}{\text{FB Users}_i * \text{FB Users}_j}$$

Subsequently, the SCI is scaled in a way that it takes a minimum value of 1 and a maximum value of 1 billion. The resulting values give the relative probability of a Facebook friendship link between a given person in location i and a given person in location j . Facebook users are assigned to locations based on their information given, as well as their device and connection data (Bailey et al. 2018). The data used is based on a snapshot of Facebook connections from October 2021.

The SCI provides a unique measure of social connectedness. First, Facebook is widely used across countries and social groups. Second, Facebook friendship links can be considered a valid proxy for real-life friendships, as they must be accepted by both sides and are limited to 5,000 links per user (Bailey et al. 2018). The SCI has been shown to help explain various economic and social phenomena. For example, the probability of two countries trading with one another increases with their social connectedness as measured by the SCI. In fact, the SCI's explanatory power goes



Lea Best

is student of Economics at the University of Bayreuth and former intern at the ifo Center for Macroeconomics and Surveys.



Manuel Menkhoff

is Junior Economist and Doctoral Student at the ifo Center for Macroeconomics and Surveys.

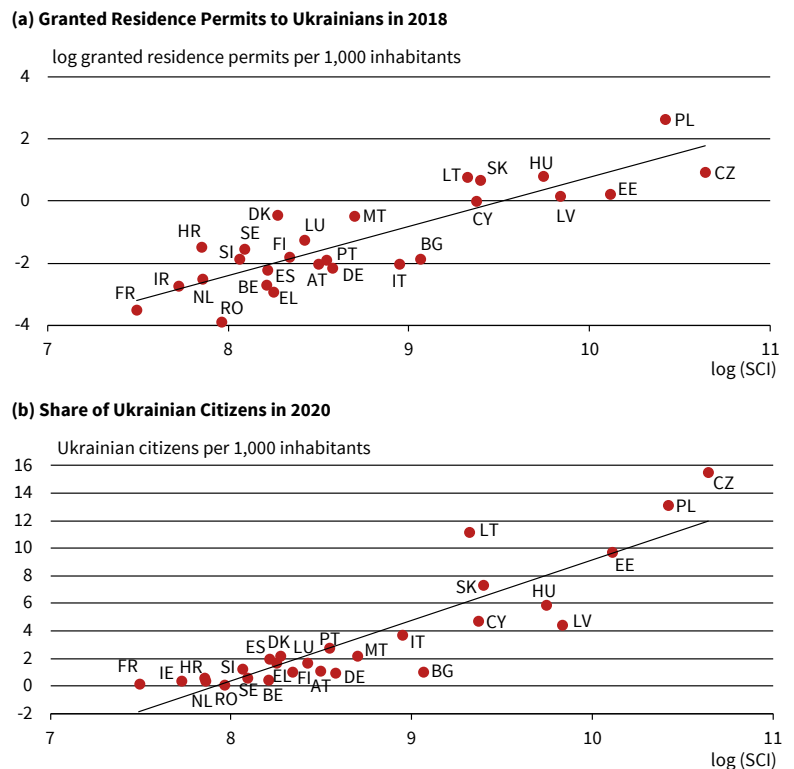
beyond the distance between countries (Bailey et al. 2021). Furthermore, the spread of Coronavirus in the US can be partly explained by the social connectedness of some regions with the early Corona hotspots (Kuchler et al. 2022). More related to our analysis, Bailey et al. (2018) show that the SCI helps in predicting migration movements within the US.

The fact that the SCI reflects the social connections that are relevant for migration decisions can be further shown by the relationship between the SCI and previous migration movements from Ukraine visualized in Figure 1: The upper panel (a) plots the natural logarithm of the SCI to Ukraine against the natural logarithm of first-time residence permits issued to Ukrainians in 2018 per 1000 inhabitants and shows that these variables are strongly correlated for EU countries ($\rho = 0.86$).¹ The lower panel (b) shows that the natural logarithm of the SCI is also highly correlated with the number of Ukrainian citizens holding a residence permit in 2020 per 1000 inhabitants ($\rho = 0.92$). Similarly, a high correlation between these measures is found at the county level (NUTS 3) within Germany ($\rho = 0.50$).² Thus, the SCI not only contains information on existing Ukrainian migrant networks at a national and sub-national level, but also goes beyond this by mapping international friendships that may be relevant to the refugees' choice of destination. Accordingly, the SCI is a valuable indicator of regions that are likely to be targeted more frequently by Ukrainian refugees.

The large heterogeneity as well as relative strengths of the social connectedness to Ukraine is depicted at the NUTS 3 level in Figure 2. For the EU and Germany, Figure 2 compares the distribution of the social connectedness to Ukraine with the social connectedness to (i) Jordan, which is assumed to be a proxy for the social connectedness to the 2015/16 refugees' countries of origin, mainly Syria,³ and (ii) Norway, which, as a Western European country that is not part of the EU but a member of the Schengen Agreement and strongly interconnected with the EU, is used as a benchmark. As can be expected, Germany and the EU as a whole have, on average, a stronger social connectedness to Norway than to Ukraine. However, there are many regions in which the social connectedness to Ukraine exceeds the connectedness to Norway. The social connectedness to Ukraine is also, on average, higher than to Jordan, reflecting the greater geographical and cultural proximity. For example, Berlin's social connectedness to the war-affected Ukrainian oblast of Sumy even exceeds the connectedness to a number of counties in the German state of Bavaria and is higher than to any region in Norway or Jordan.

¹ It should be noted that the 2021 SCI data used also includes information on social connections to individuals who migrated to the respective countries in 2018.
² Own calculations based on data from the Federal Statistical Office Germany.
³ There is no SCI data available for Syria.

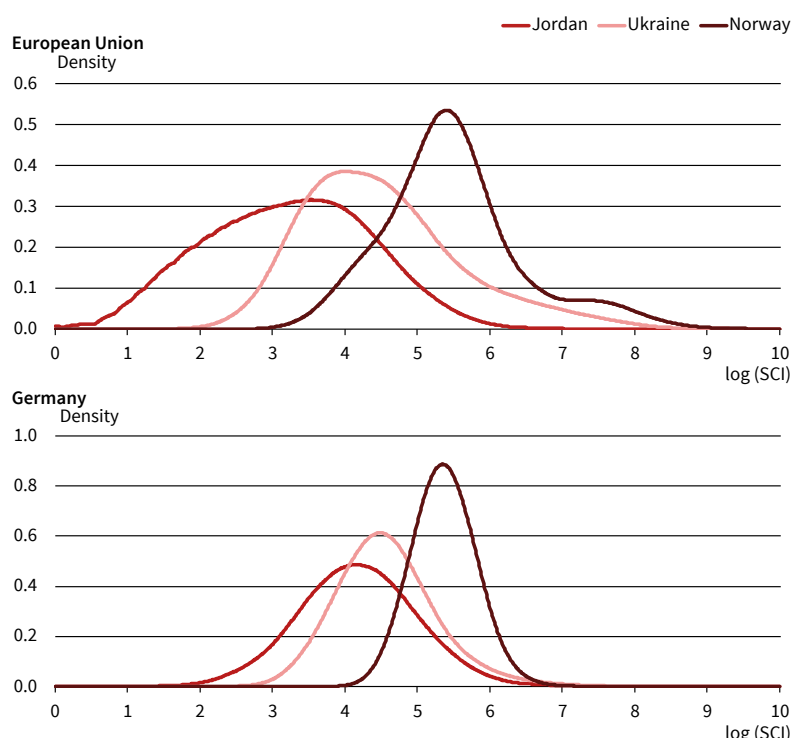
Figure 1
 The SCI and Measures for Previous Migration from Ukraine



Source: Eurostat; Humanitarian Data Exchange; authors' calculations. © ifo Institute

The stronger social connection to Ukraine compared to Jordan, as a proxy for Syria, can partly explain the observed difference in people's attitude

Figure 2
 Comparison of the Social Connectedness to Ukraine, Jordan, and Norway



Notes: Displayed are the Kernel densities of SCIs of a) the EU and b) Germany to Ukraine, Jordan, and Norway at NUTS 3 level.
 Source: Humanitarian Data Exchange; authors' calculations. © ifo Institute

towards refugees now and in 2015/16,⁴ which also has implications for the refugees' social integration and labor market outcomes as shown by Aksoy et al. (2021). Furthermore, it underlines the relevance of social connections in Europe for the choice of destination by Ukrainian refugees.

TARGETED COUNTRIES WITHIN THE EU

Figure 3 shows the social connectedness of European countries to Ukraine on a national level, as given by the SCI. The Czech Republic, Poland, and Estonia have the highest SCI values. The fewest connections are with Albania, France, and the UK. Generally, countries near Ukraine tend to have higher SCI values, but there are also several substantial deviations. For example, a given Ukrainian is twice as likely to have a Facebook connection to a given person in Italy than a Facebook connection to a given person in Romania.⁵

In the following, the SCI is used to determine the likelihood of refugees targeting EU countries based on their existing social connections. Within the EU, arriving refugees have the same legal status, so the choice among these countries should not be influenced by differences in immigration policies. Nevertheless, EU countries differ in terms of labor market conditions and social benefit schemes, which may constitute additional determinates for the refugees' choice of destination besides their social connections. For example, Ortega and Peri (2013) show that a higher GDP per capita at destination positively affects migration

decisions, especially for migration within the EU. This also became evident in the survey among Ukrainian refugees in Germany: 17 percent of the respondents said that job prospects were the main reason for choosing their current location, which makes it the most popular reason after social connections and recommendations by friends and relatives (German Federal Ministry of the Interior and Community 2022). Therefore, our analysis based on the SCI can be interpreted as a counterfactual distribution of Ukrainian refugees within the EU, reflecting the scenario where social connections are the only determinant for their choice of destination. While our measure cannot perfectly predict the distribution of refugees, it does point out which countries are likely to be disproportionately affected by an inflow of refugees because of an above-average social connectedness to Ukraine.

First, we determine how much each country's SCI deviates from the aggregated EU SCI, which is given by the population-weighted mean of the member countries' SCIs to Ukraine. This SCI deviation is given by Equation (2). Second, a new weight that combines the population weight with the social connectedness to Ukraine is calculated for each country within the EU. According to Equation (3), this combined weight of country *i* is given by the population weight times the country's SCI deviation. The resulting weights can be interpreted as the probability of an existing Facebook friendship link between a Ukrainian and a person in the EU being to a person in country *i*.

$$(2) \text{ SCI Deviation}_i = \frac{\text{SCI}_i - \text{SCI}_w}{\text{SCI}_w}$$

$$(3) \text{ Combined Weight}_i = \text{Population Weight}_i * (1 + \text{SCI Deviation}_i)$$

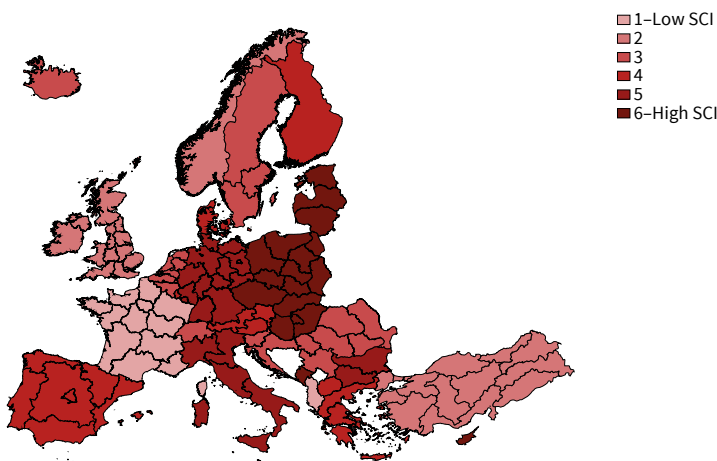
⁴ See, for example, Washington Post (2022), "European Countries Are Welcoming Ukrainian Refugees. It Was a Different Story in 2015", <https://www.washingtonpost.com/politics/2022/03/23/ukraine-refugees-welcome-europe/>.

⁵ Italy has the largest Ukrainian community among the Western European countries and attracted large numbers of Ukrainian migrants in the past. See, for example, Financial Times (2022), "They Have Connections Here": Ukraine Refugees Receive Warm Welcome in Italy", <https://www.ft.com/content/3951c64b-1bcf-465f-8899-622eefea4448?list=intlhomepage>.

Table 1 shows the population weight, SCI deviation, and the new combined weight for each country. Considering social connections greatly influences the weighting of countries within the EU.⁶ For Czechia, Poland, Estonia, Latvia, and Hungary, the combined weight deviates the most from the population weight due to a strong social connectedness to Ukraine. For example, Poland's SCI to Ukraine deviates by 303.6 percent from the aggregated EU SCI. Accordingly, a Ukrainian is about four times as likely to have a Facebook friendship link with a given person in Poland than with an average person in the EU. As a result, the probability of an existing Facebook link between a person in Ukraine and a person in the EU being to Poland is 34 percent. If social connections were the only determinant for the refugees' location

⁶ The resulting counterfactual distribution is also broadly in line with results of a survey by the Kyiv International Institute of Sociology on the intended migration destinations of Ukrainians in 2018. Within the EU, Poland, Czechia, Germany, and Italy were the most chosen countries: 36 percent planned to move to Poland, 12 percent to Czechia, 11 percent to Germany, and 5 percent to Italy. Outside the EU, Russia and the US were the most popular migration destinations, with 7 percent and 6 percent, respectively (Kyiv International Institute of Sociology 2018).

Figure 3
Social Connectedness of Europe to Ukraine



Notes: Countries are split into 6 nearly equal groups according to their SCI. Darker colors correspond to higher SCI values.
Source: Humanitarian Data Exchange; authors' calculations.

© ifo Institute

Table 1
Combined Weight Based on Population and SCI for EU Countries

Country	Population (million, 2019)	Population weight	SCI deviation	Combined weight
Poland	37.97	8.5%	303.6%	34.3%
Italy	59.82	13.4%	-7.4%	12.4%
Czech Republic	10.65	2.4%	403.7%	12.0%
Germany	83.02	18.6%	-36.2%	11.9%
Spain	46.94	10.5%	-55.5%	4.7%
Hungary	9.77	2.2%	105.2%	4.5%
France	67.18	15.0%	-78.4%	3.2%
Slovakia	5.45	1.2%	44.8%	1.8%
Bulgaria	7.00	1.6%	3.8%	1.6%
Romania	19.41	4.3%	-65.4%	1.5%
Portugal	10.28	2.3%	-38.1%	1.4%
Netherlands	17.28	3.9%	-68.9%	1.2%
Austria	8.86	2.0%	-41.0%	1.2%
Belgium	11.46	2.6%	-55.8%	1.1%
Greece	10.72	2.4%	-53.8%	1.1%
Latvia	1.92	0.4%	125.0%	1.0%
Sweden	10.23	2.3%	-60.7%	0.9%
Estonia	1.32	0.3%	196.7%	0.9%
Lithuania	2.79	0.6%	34.4%	0.8%
Finland	5.52	1.2%	-49.6%	0.6%
Denmark	5.81	1.3%	-52.9%	0.6%
Ireland	4.90	1.1%	-72.7%	0.3%
Croatia	4.08	0.9%	-69.1%	0.3%
Cyprus	0.88	0.2%	41.2%	0.3%
Slovenia	2.08	0.5%	-61.8%	0.2%
Malta	0.49	0.1%	-27.7%	0.1%
Luxembourg	0.61	0.1%	-45.3%	0.1%

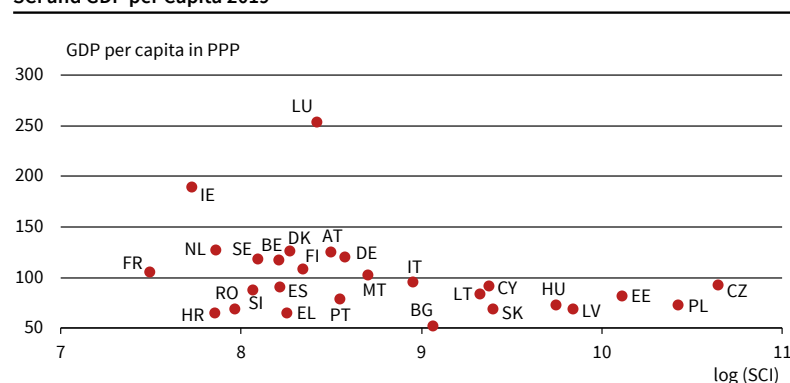
Source: Eurostat; Humanitarian Data Exchange; own calculations.

choice, this would translate into a share of 34 percent of Ukrainian refugees in the EU seeking shelter in Poland. Given its population weight of only 8.5 percent, Poland is therefore likely to be disproportionately affected and to remain the country with the highest number of Ukrainian refugees. In contrast, Germany, as the largest EU country, has a below-average social connection to Ukraine. Its weight decreases from a population weight of 18.6 percent to a combined weight of 11.9 percent. Based solely on social connections, Germany would be only the fourth most attractive country, behind Poland, Italy, and Czechia. However, as discussed by Brücker et al. (2022a), Germany's economic strength may attract a larger share of refugees than would be expected based on its social connectedness to Ukraine.

It becomes evident that the countries that are the most likely to be disproportionately affected by an influx of Ukrainian refugees due to their strong social connection to Ukraine, namely the Czech Republic, Poland, Estonia, Latvia, and Hungary, are among the economically weaker EU countries. Figure 4 plots the natural logarithm of the SCI against GDP per capita

in purchasing power standards. The two are negatively correlated ($\rho = -0.35$). While the named Eastern European countries have a relatively low GDP per capita, countries with the strongest GDP per capita, such as Luxembourg, Ireland, and the Netherlands are expected to see a disproportionately low inflow of refugees. The affectedness of the Eastern European

Figure 4
SCI and GDP per Capita 2019



Source: Eurostat; Humanitarian Data Exchange; authors' calculations.

© ifo Institute

countries might be even greater in the short-term due to their geographical proximity to Ukraine. Even though the EU has already granted cohesion funding for strongly affected member countries to support Ukrainian refugees (European Commission 2022b), such an unequal distribution may call for further political action regarding cost-sharing at the EU level (Darvas 2022).

TARGETED REGIONS WITHIN GERMANY

A further advantage of the SCI is that it can also be used on a more granular level to determine the attractiveness of regions within countries to Ukrainian refugees based on their social connections.⁷ As an example, we analyze the heterogeneity between regions in Germany with respect to their social connectedness to Ukraine. SCI values of each German county (NUTS 3) to each Ukrainian oblast (GADM 1) are given. Since we are interested in the social connectedness of German counties to Ukraine as a whole, the SCIs are aggregated. Following Bailey et al. (2021), we take the population-weighted mean of the SCIs to the Ukrainian oblasts for each German county, resulting in one SCI to Ukraine per county.⁸

Figure 5 shows the social connectedness to Ukraine on county level. Baden-Baden, which also has the largest share of Ukrainian citizens in Germany, has the highest SCI to Ukraine, followed by the cities Schweinfurt, Berlin, and Potsdam. Generally, connections to urban areas are stronger than to rural areas. Table 2 displays the 30 counties whose SCI de-

⁷ The most granular level for the worldwide SCI data is NUTS 3 for the EU, GADM 2 for Northern America and some South Asian countries, and GADM 1 for the remaining countries. Intra-US SCI data are also available at the zip code level.

⁸ Data are not available for all oblasts of Ukraine. The aggregate SCI is therefore calculated based on 21 of the 27 Ukrainian oblasts, which are assumed to be representative for Ukraine as a whole.

viates the most from the aggregated SCI of Germany. It shows that the social connectedness to Ukraine is very heterogeneous even within Germany, which may lead to an unequal distribution of Ukrainian refugees across the German regions.

Within Germany, the intention is to allocate refugees according to the *Königstein* formula, which is given by the federal states' population (1/3) and its tax revenues (2/3) (GWK Bonn 2022). However, according to the responsible minister, Nancy Faeser, refugees continue to choose their location themselves if they have existing social connections.⁹ Identifying the states that are likely to be targeted more frequently by Ukrainian refugees therefore shows not only the counterfactual distribution by social connectedness, but also which states could benefit from applying the *Königstein* formula because they would otherwise be most likely disproportionately affected.

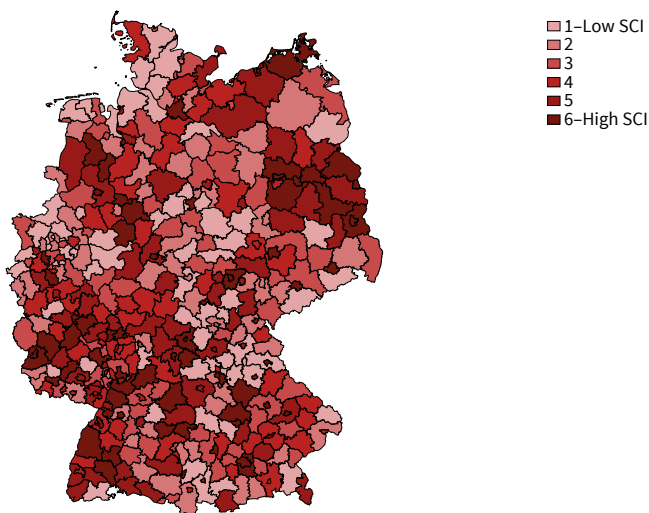
Therefore, the same analysis is performed on the state level as on the country level. For this purpose, the SCI is aggregated by taking the population-weighted mean of all SCIs in a federal state, resulting in one SCI to Ukraine per federal state. Then, following Equations (2) and (3), a combined weight is calculated for each state *i* within Germany, adjusting the population weight by the social connectedness to Ukraine. Table 3 displays the population weight, the refugee share according to the *Königstein* formula, the SCI deviation, and the new combined weight for each federal state in Germany. Berlin, Hamburg, and Brandenburg have the highest SCI values. For Berlin, in particular, this results in a significantly higher weight of 10.6 percent compared to a population weight of 4.4 percent and a share of 5.2 percent according to the *Königstein* formula. According to social connections only, the largest shares of refugees in Germany would be expected in the highly populated states of North Rhine-Westphalia, Bavaria, and Baden-Württemberg, which also have to bear the highest shares under the *Königstein* formula.

CONCLUDING REMARKS

This article shows – by exploiting friendship data from Facebook – that countries within the EU differ substantially with respect to their social connectedness to Ukraine. We argue that these social connections are an important determinant for the choice of destination by people fleeing the war in Ukraine. By activating the Temporary Protection Directive, the EU has paved the way for a more equal distribution of refugees within the EU and relieved the EU's external borders. However, assuming social connections to be a key determinant for the arriving refugees' choice of destination implies that they will nevertheless dis-

⁹ In Zeit Online (2022), "Königsteiner Schlüssel: Geflüchtete sollen nach festen Regeln auf Bundesländer verteilt werden", <https://www.zeit.de/politik/deutschland/2022-03/bundesinnenministerin-fluechtlinge-verteilung-ukraine-koenigsteiner-schlüssel>.

Figure 5
Social Connectedness of Germany to Ukraine



Notes: Counties are split into 6 equal groups according to their SCI. Darker colors correspond to higher SCI values.
Source: Humanitarian Data Exchange; authors' calculations. © ifo Institute

Table 2
German Counties with the Highest/Lowest SCI Values

County	Population (thousands, 2020)	Population weight	SCI deviation
Baden-Baden, city	55.45	0.1%	212.1%
Schweinfurt, city	53.32	0.1%	186.2%
Berlin	3664.09	4.4%	141.6%
Potsdam, city	182.11	0.2%	104.4%
Salzgitter, city	103.87	0.1%	99.6%
Frankfurt (Oder), city	57.02	0.1%	88.9%
Memmingen, city	44.36	0.1%	66.8%
Schwäbisch Hall	197.86	0.2%	66.2%
Nürnberg, city	515.54	0.6%	65.4%
Heidenheim	132.81	0.2%	64.5%
Rhein-Neckar-Kreis	548.23	0.7%	63.2%
Hof, city	45.17	0.1%	61.1%
Rhein-Lahn-Kreis	122.57	0.1%	57.1%
Cloppenburg	172.63	0.2%	56.6%
Ingolstadt city	136.95	0.2%	56.6%
Borken	371.90	0.4%	- 53.6%
Herne, city	156.94	0.2%	- 54.5%
Aurich	190.18	0.2%	- 54.8%
Erzgebirgskreis	331.92	0.4%	- 54.8%
Schleswig-Flensburg	202.65	0.2%	- 56.0%
Wilhelmshaven, city	75.19	0.1%	- 56.0%
Ennepe-Ruhr-Kreis	323.13	0.4%	- 56.1%
Wesel	460.11	0.6%	- 56.1%
Remscheid, city	111.52	0.1%	- 57.0%
Olpe	133.36	0.2%	- 57.5%
Uckermark	118.25	0.1%	- 57.7%
Elbe-Elster	101.09	0.1%	- 60.4%
Bayreuth, county	103.68	0.1%	- 60.4%
Wittmund	57.38	0.1%	- 63.1%
Eichsfeld	99.46	0.1%	- 66.3%

Source: Federal Statistical Office Germany, Humanitarian Data Exchange, own calculations.

tribute unequally in the EU. Due to their strong social connection to Ukraine, especially the Czech Republic, Poland, Estonia, Latvia, and Hungary could be disproportionately affected relative to their population and GDP. In contrast, France's and Germany's social connectedness to Ukraine is below-average. Our analysis further shows that also within Germany, some regions might be disproportionately affected by an influx of refugees. Nevertheless, regional characteristics, such as labor market conditions, attitudes and prior exposure to migrants, and integration course offerings significantly impact the integration of refugees and the accompanied fiscal costs (Aksoy et al. 2021; Bailey et al. 2022), which is why they should be taken into account when deciding on a regional allocation of refugees (Brücker et al. 2022b).

The analysis does, however, not account for additional determinants in the refugees' choice of destination. One of them is distance to Ukraine. Since the SCI is positively correlated to distance, this would

imply an even greater imbalance in the distribution of refugees within the EU, with the Eastern European countries, such as Poland and Czechia, being the most severely affected. Another driving factor for the choice of destination is GDP per capita (Ortega and Peri 2013). As shown, the SCI to Ukraine is negatively correlated to GDP per capita for EU countries. In contrast to distance, a greater importance of economic conditions would therefore imply that refugees distribute more equally than what is proposed by their social connections. While GDP per capita may become more relevant over time especially for those who want to stay in the EU, distance is particularly relevant in the short-term, when people seek the closest shelter. Thus, the strongest imbalances in the distribution of refugees within the EU can be expected in the shorter run.

Like in the 2015/16 migrant crisis, the EU might therefore again face a situation where a few of its members are disproportionately affected by an influx

Table 3

Combined Weight Based on Population and SCI for German Federal States

Federal state	Population (million, 2020)	Population weight	Königstein share	SCI deviation	Combined weight
North Rhine-Westphalia	17.93	21.6%	21.1%	-17.2%	17.9%
Bavaria	13.14	15.8%	15.6%	-2.3%	15.4%
Baden-Württemberg	11.10	13.4%	13.0%	4.9%	14.0%
Berlin	3.66	4.4%	5.2%	141.6%	10.6%
Lower Saxony	8.00	9.6%	9.4%	-15.4%	8.1%
Hesse	6.29	7.6%	7.4%	2.7%	7.8%
Rhineland-Palatinate	4.10	4.9%	4.8%	-1.8%	4.8%
Saxony	4.06	4.9%	5.0%	-7.4%	4.5%
Brandenburg	2.53	3.0%	3.0%	16.2%	3.5%
Hamburg	1.85	2.2%	2.6%	25.9%	2.8%
Schleswig-Holstein	2.91	3.5%	3.4%	-27.4%	2.5%
Saxony-Anhalt	2.18	2.6%	2.7%	-19.8%	2.1%
Thuringia	2.12	2.5%	2.6%	-21.3%	2.0%
Mecklenburg-Vorpommern	1.61	1.9%	2.0%	-1.1%	1.9%
Saarland	0.98	1.2%	1.2%	-16.3%	1.0%
Bremen	0.68	0.8%	1.0%	7.7%	0.9%

Source: GWK Bonn, Federal Statistical Office Germany, Humanitarian Data Exchange, own calculations.

of refugees, and it is challenged to act in a coordinated way. In 2015, Greece and Italy were particularly hard hit as transit countries at the EU's external borders. The highest numbers of asylum seekers arrived in Germany, Hungary, and Sweden (European Commission 2016). Now, especially countries that used to block EU migrant quotas in the past, namely Poland, Hungary, Czechia, and Slovakia, are among the ones that would benefit the most from cost-sharing at EU level (Bauerová 2018). For example, Brücker (2022) argues for a fair distribution of costs according to countries' population and economic strength, resulting in a material compensation for the most severely affected member countries. The overall fiscal costs crucially depend on the unpredictable total number of refugees staying in the EU and thus on the further course of the war in Ukraine. Relying on estimates for the costs of the 2015/16 migrant wave, the costs per person per year would range between 9,000 and 25,000 euros (Darvas 2022). However, in contrast to 2015/16, Ukraine's strong social connections to the EU may contribute to lowering these costs per person on average. Due to their existing connections, a large share of refugees are accommodated privately and can get assistance from their acquaintances. The observed positive attitude towards incoming refugees also benefits the social and economic integration (Aksoy et al. 2021). Furthermore, data on the characteristics of earlier Ukrainian migrants suggests a relatively high level of education among incoming refugees (Brücker 2022). A successful integration of refugees into the labor market could therefore also contribute to economic gains, especially in countries currently affected by a shortage in skilled labor, such as Germany (Sauer and Wollmershäuser 2021).

REFERENCES

- Aksoy, C. G., P. Poutvaara and F. Schikora (2021), "First Time Around: Local Conditions and Multi-dimensional Integration of Refugees", *ifo Working Paper* 361.
- Bailey, M., R. Cao, T. Kuchler, J. Stroebel and A. Wong (2018), "Social Connectedness: Measurement, Determinants, and Effects", *Journal of Economic Perspectives* 32, 259–280.
- Bailey, M., A. Gupta, S. Hillenbrand, T. Kuchler, R. Richmond and J. Stroebel (2021), "International Trade and Social Connectedness", *Journal of International Economics* 129, 103418.
- Bailey, M., D. Johnston, M. Koenen, T. Kuchler, D. Russel and J. Stroebel (2022), "The Social Integration of International Migrants: Evidence from the Networks of Syrians in Germany", *NBER Working Paper* 29925.
- Bauerová, H. (2018), "Migration Policy of the V4 in the Context of Migration Crisis", *Politics in Central Europe* 14, 99–120.
- Bertoli, S. and I. Ruysen (2018), "Networks and Migrants' Intended Destination", *Journal of Economic Geography* 18, 705–728.
- Brücker, H. (2022), "Geflüchtete aus der Ukraine: Eine Einschätzung der Integrationschancen", *IAB-Forschungsbericht* 04/2022.
- Brücker, H., L. Goßner, A. Hauptmann, P. Jaschke, K. Kassam, Y. Kosyakova and I. Stepanok (2022a), "Die Folgen des Ukraine-Kriegs für Migration und Integration: Eine erste Einschätzung", *IAB-Forschungsbericht* 02/2022.
- Brücker, H., W. Dauth, A. Haas, P. Jaschke, Y. Kosyakova, A. Mense, M. Moritz, V. Phan thi Hong and K. Wolf (2022b), "Ein Vorschlag zur Verteilung von Geflüchteten aus der Ukraine", *IAB-Forschungsbericht* 05/2022.
- Damm, A. P. (2009), "Ethnic Enclaves and Immigrant Labor Market Outcomes: Quasi-Experimental Evidence", *Journal of Labor Economics* 27, 281–314.
- Darvas, Z. (2022), "Bold European Union Action Is Needed to Support Ukrainian Refugees", *Bruegel Blog*, <https://www.bruegel.org/2022/04/bold-european-union-action-is-needed-to-support-ukrainian-refugees/>.
- European Commission (2016), "An Economic Take on the Refugee Crisis: A Macroeconomic Assessment for the EU", *European Economy Institutional Paper* 033.
- European Commission (2022a), *Temporary Protection*, https://ec.europa.eu/home-affairs/policies/migration-and-asylum/common-european-asylum-system/temporary-protection_en.
- European Commission (2022b), *Ukraine: Cohesion Funding to Support People Fleeing Russia's Invasion of Ukraine*, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1607.

German Federal Ministry of the Interior and Community (2022), "Befragung von Geflüchteten: 84 Prozent sind Frauen, 58 Prozent sind gemeinsam mit ihren Kindern geflüchtet", <https://www.bmi.bund.de/Shared-Docs/pressemitteilungen/DE/2022/04/digitalisierungslabor.html>.

GWK Bonn (2022), *Königsteiner Schlüssel*, <https://www.gwk-bonn.de/themen/finanzierung-von-wissenschaft-und-forschung/koenigsteiner-schluesel>.

Kyiv International Institute of Sociology (2018), *Migration Intentions of the Population of Ukraine in April 2018*, <https://www.kiis.com.ua/?lang=eng&cat=reports&id=765>.

Kuchler, T., D. Russel and J. Stroebel (2022), "The Geographic Spread of Covid-19 Correlates with the Structure of Social Networks as Measured by Facebook", *Journal of Urban Economics: Insights* 127, 103314.

Martén, L., J. Hainmueller and D. Hangartner (2019), "Ethnic Networks Can Foster the Economic Integration of Refugees", *Proceedings of the National Academy of Sciences* 116, 16280–16285.

Ortega, F. and G. Peri (2013), "The Effect of Income and Immigration Policies on International Migration", *Migration Studies* 1, 47–74.

Sauer, S. and T. Wollmershäuser (2021), "Fachkräftemangel wird zunehmend zur Belastung für die deutsche Wirtschaft", *ifo Schnelldienst Digital* 2(17), 01–04.

UNHCR (2022), *Ukraine Refugee Situation*, <https://data2.unhcr.org/en/situations/ukraine>.

Maciej Duszczyk and Paweł Kaczmarczyk

Poland and War Refugees from Ukraine – Beyond Pure Aid



Maciej Duszczyk

is Professor at the Faculty of Political Science and International Studies and at the Centre of Migration Research, University of Warsaw. Vice-Rector of the University of Warsaw for Research and International Relations (2016-2020). Chairman of the University Council of the University of Gdańsk.



Paweł Kaczmarczyk

is Director of the Centre of Migration Research and Professor at the Faculty of Economic Sciences, University of Warsaw.

(in both cases, the figures include all border crossings without distinction by nationality and multiple border crossings by the same persons, see Polish Border Guard 2022).

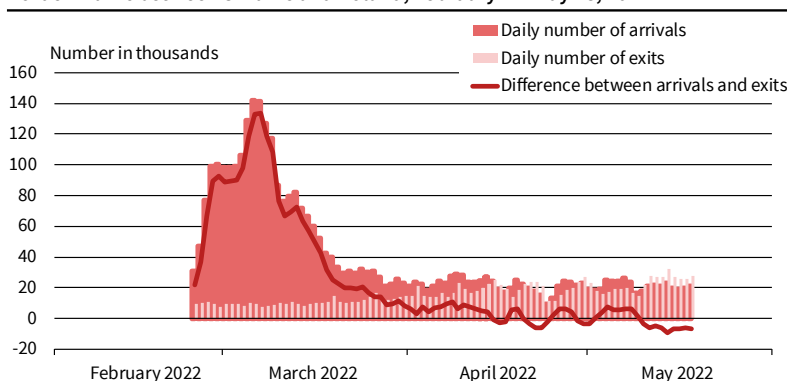
According to available estimates, about 1.5 million war refugees from Ukraine were staying in Poland at the end of April 2022 (Duszczyk and Kaczmarczyk 2022). Among them, females and children predominate. Detailed demographic data of war refugees residing in Poland can be obtained from registration in the PESEL system (an individual identification number assigned to Poles at birth and foreigners legally residing in Poland upon their application). Registration in the PESEL system and obtaining a number allows war refugees from Ukraine access to social benefits. As of the end of May there

Russia’s invasion of Ukraine has led to the largest migration and related humanitarian crisis since World War II. According to UNHCR data, as of the end of May 2022, more than 6.8 million people (Ukrainians and foreigners who were staying in Ukraine when the war broke out) have left Ukraine since February 24. At the same time, 2.3 million Ukrainian citizens returned to Ukraine in the same period (UNHCR 2022). The UNHCR cautions that the figures it provides are estimates rather than accurate data, but this does not fundamentally change the picture. It can be assumed that at the end of May 2022 there were about 4.5 million war refugees from Ukraine outside the country. Poland is the country that is definitely in the first place both in terms of border crossings between countries bordering Ukraine and the number of remaining war refugees from Ukraine. According to the Polish Border Guard, from February 24 to the end of May 2022, 3.75 million border crossings into Poland and 1.75 million from Poland into Ukraine were registered

were 1.15 million Ukrainian citizens registered in the system. Females in the age group 18–65 accounted for 45.75 percent of those registered, while those over the age of 65 accounted for 2.8 percent. Children under the age of 18 accounted for 45.7 percent of all registered war refugees from Ukraine. This demographic profile is mainly due to Ukraine’s internal regulations prohibiting men between the ages of 18 and 60 from leaving the country. Exceptions were men with more than three dependent children and persons with disabilities.

Back-of-the-envelope analysis shows that we are dealing with three main groups of migrants after the outbreak of war in Ukraine. The first are women with children who joined their husbands or partners who stayed in Poland before 24 February 2022, as labor migrants. Thus, we were dealing with family reunification in Poland. It can be assumed with a high probability that the majority of them will decide to stay in Poland or move to other countries and only a tiny minority will decide to return to Ukraine. The second group were women with children who decided to leave Ukraine, but their husbands or partners remained in Ukraine. Thus, we are dealing with separated families. In their case, at the current stage of development of the war in Ukraine it is difficult to predict where they will reunite shortly – in Poland, in other EU countries, or Ukraine. This depends largely on the development of the situation in Ukraine. The third group, the least numerous, consists of single women with children, women without children, but also full families (with at least three children, which allowed also men aged 18–60 to leave Ukraine). In their case, it is very difficult to predict whether they will decide to stay

Figure 1
Border Traffic between Ukraine and Poland, February 24–May 18, 2022



Source: Authors’ elaboration based on the Border Guard data.

© ifo Institute

Table 1
Structure of War Refugees from Ukraine
Who Registered to Obtain a PESEL Number
at the End of May 2022

Age	Share of total (%)
Children (0–18)	45.70
Adults 18–65	50.70
Female	45.75
Male	4.95
Adults over 65	3.60
Female	2.80
Male	0.80
Total	100

Source: PESEL.

in Poland, go to other countries, or return to Ukraine. The key to the decision may be the circumstances accompanying the migration decision, e.g., having dependent family members, education, or the ability to adapt to a new country.

The resistance of the Ukrainian army and society to Russia's aggression shows that the scenario of a quick end to the war is very unlikely. It should be assumed that Ukraine, after supplies of armaments from European countries, Canada, Turkey, and Japan, and above all, from the United States, will be able to defend its independence and even regain a part of the territory occupied by Russian troops. At the same time, it is difficult to assume that we will see, within the next year, a complete economic and military defeat of Russia. In the most predictable scenario, we will see a war that is fought over limited Ukrainian territory in the coming months, but no peace treaty (whatever that would mean). Missile attacks on western Ukrainian territory and parts of Russian territory are possible (though the latter definitely to a lesser extent). In this scenario, one has to assume a continuous influx of refugees, but also economic migrants to Poland and other EU countries. There will also certainly be several temporary and permanent returns to non-war regions, mainly western Ukraine. It should be assumed that as a result of the continuation of the conflict, which will have different phases of quieting down and intensification of fighting, the economic situation in Ukraine will be bad, which should stimulate more intensive labor migration than in the past. This means that the structure of the currently observed inflow may change, with an increasing share of men and older people. In this scenario, we assume that the ban on men aged 18–60 leaving Ukraine will be significantly liberalized or even lifted over time. Assuming the above-described factors affecting flows and residence patterns of different demographic groups, in this scenario, we assume that by the end of 2023 there will be about 3.1 million Ukrainians in Poland (economic migrants who came to Poland before the outbreak of war and war refugees). This would mean a doubling of the

population of Ukrainians residing in Poland compared to the pre-war period. At the same time, their demographic structure, due to the influx in recent months of mainly women with children, would be significantly different from that of February 24, when men were in the majority. As part of the discussion, we have developed two other scenarios for the development of the situation in Ukraine (Duszczuk and Kaczmarczyk 2022b). However, they are less likely, so we do not discuss them in this text.

The massive influx of foreigners in a short period causes the simultaneous occurrence of various challenges related to their stay and integration in the society of the host country. In the case of war refugees from Ukraine, the most important and the most difficult to solve are those related with housing, education, health care, and the labor market.

HOUSING

Before the outbreak of the war in Ukraine, it was estimated that there was a shortage of more than 2 million apartments in Poland, and about 1.5 million flats that were occupied were in urgent need of renovation (HRE 2018). The influx of war refugees from Ukraine exacerbated this problem. The analysis of the situation after 24 February 2022 shows that we are dealing with at least four ways of providing temporary shelter to war refugees from Ukraine. Most (about 600,000) were hosted in private houses and apartments belonging to Poles. It should be assumed that the provision of accommodation is temporary and most of the refugees will have to find another place to live. As of 1 July 2022, subsidies for the stay of war refugees of 40 PLN (approximately 8 euros) per person per day have been suspended. This will certainly result in the need to leave the apartments in cases when Polish families do not have sufficient funds to cover the costs of the war refugees' stay. In the second model, refugees were taken in by family members living in Poland (about 400,000–500,000). This would seem to be the optimal solution. However, it should be noted that most of the seasonal workers lived in small, low-standard apartments. The arrival of family members made the standard of living worse. This results in the necessity to look for larger flats or houses, which is very difficult at present due to the lack of housing on the rental market. Some refugees (about 200,000) have been accommodated in hotels and holiday centers, which remain empty during the winter and spring months. Most of them, however, are places for Poles or foreign guests during the summer months. This means that war refugees staying in them will have to leave them temporarily and find another place to live. In the fourth model, war refugees are housed in large sports and exhibition halls, which have been turned into temporary residence centers. Approximately tens of thousands of people are staying in them. Some war

refugees also rented apartments at their own expense. However, no estimates in this respect are available.

The housing challenge largely depends on the number of war refugees who will remain in Poland this fall. It is reasonable to assume that some of them will travel to Ukraine during the holiday season to visit family or meet with husbands and partners who cannot travel abroad. If the situation in Ukraine does not improve significantly, which – as suggested before – seems unlikely, most of them will leave again for Poland or other EU member states. This will mean the need to prepare hundreds of thousands of places to stay, as it is difficult to expect that Poles will again offer accommodation in their private houses and apartments, especially when they will no longer be able to count on the reimbursement of related costs. Part of the challenge may be solved by making places in hotels and holiday centers available again to war refugees. However, this is certainly not enough. The government should be prepared to build settlements of modular homes where refugees could temporarily stay and to seek support from other countries to carry out voluntary relocations. Otherwise, we could face a situation of war refugees becoming homeless or living in very substandard housing.

EDUCATION

According to the PESEL data and data presented by the Polish Ministry of Education and Science, among the refugees there are approximately 600,000–650,000 children. At the same time, only less than 200 thousand of them were enrolled in Polish kindergartens and schools. The others participated in remote learning under the Ukrainian curriculum. This situation should be considered temporary. As of September 1, when the new school year begins, it will be necessary to develop a systemic solution for the education of Ukrainian children residing in Poland. Once again, however, it is not known how many of them will stay in Poland after the summer holidays and how many will start the new school year in Ukraine. It should be assumed, however, that it will not be possible to guarantee education to all Ukrainian students in the same model. Therefore, it is necessary to apply hybrid and non-standard solutions. Three complementary solutions can be applied. First, some Ukrainian children will be able to attend Polish schools and thus study within the Polish curriculum. However, this will require them to study the Polish language very intensively during the summer holidays so that they will be able to participate fully in classes beginning September 1. It will also be necessary to organize additional classes of Polish in the first months after the vacations and to compensate for differences in curriculum. This model of teaching should be preferred

for students whose parents have decided to stay in Poland.

In the second model, it would be advisable to create preparatory classes for Ukrainian students who will not be able to attend classes with the Polish curriculum due to, for example, linguistic reasons. A year in such a class should allow them to catch up with their Polish language skills. Such children, if their parents decide to stay in Poland, would be able to start attending Polish schools for the 2023/2024 school year.

In the third model, online education in the Ukrainian system would be continued. It would be dedicated especially to those students whose parents or guardians intend to return to Ukraine in the coming months. It would allow such students to continue their education in Poland, but following the Ukrainian curriculum so that they do not fall behind in their studies. However, it would be advisable to allow them to integrate with Polish children at school through, for example, sports activities. They should also learn the Polish language. Organization of remote teaching is possible based on the experience of the coronavirus pandemic. However, it is known that it has many disadvantages. Therefore, remote teaching should take place in buildings specially adapted for this purpose, so that students are incentivized to leave their homes and go to school. It is also necessary to provide an adequate number of computers or multimedia projectors, learning materials, and staff to look after the students at the schools. Currently, it is very difficult to predict the scale of funding needed to create and maintain such a hybrid teaching model, but it will certainly be a major financial challenge. Support from international funds (UNHCR, UNICEF) and the EU budget will be necessary.

HEALTH

The Polish health care system was hit hard by the coronavirus pandemic. Many Poles postponed necessary visits to the doctor, which translated into their health deteriorating. The influx of 1.5 million potential new patients into the health system in a short period may have an impact on lengthening the queues for doctors or surgeries, which in turn may create tensions between Poles and Ukrainians. The latter may be blamed for decreased opportunities to access the healthcare system. This tension may be particularly evident in the autumn months when there is an annual increase in illnesses among children and teenagers. It is also important to note the difficulty for war refugees from Ukraine to obtain medical assistance. This is due to a lack of medical documentation and language problems. These issues require the introduction, as in the case of education, of several above-standard solutions. According to available data, there are several thousand Ukrainian patients currently in Polish hospitals, including sol-

diers wounded in combat. Ukrainian patients (mainly women with children) also are appearing in primary care clinics. At the same time, among the war refugees, there are people previously employed in the health sector, including doctors and nurses. The system of employment of Ukrainian doctors and nurses in the Polish health care system was simplified in early 2021. Under special legislation since the outbreak of the war, Ukrainian medical personnel have been granted additional temporary entitlements for 18 months that allow them to be employed under simplified rules.

To deal with the challenge of maintaining the capacity of the Polish health care system, it is necessary, first of all, to build a system of information for Ukrainian citizens about medical and care services. It should consist of two elements: a hotline in Ukrainian and Russian and a system of access to interpreters who would act as intermediaries between patients and doctors. It is also possible to create a network of doctors speaking Ukrainian or Russian, to whom patients who do not speak Polish would be directed in the first place. After the summer holidays, it will also be necessary to retrieve medical records (if available), translate them, and carry out an action of filling in questionnaires in the Internet system, especially about the state of health of children, including vaccinations. Due to the specificity of war refugees, it is also an urgent need to provide psychological and psychiatric care for those affected by war trauma. It will also be crucial to carry out efficient recognition of professional qualifications of medical personnel from Ukraine so that they can take up employment in Poland.

LABOR MARKET

Before the outbreak of the war, about 1.6–1.7 million foreigners were present in the Polish labor market, which accounted for about 10 percent of the labor force (Ministerstwo Rozwoju Pracy i Technologii 2022). Ukrainian citizens accounted for more than 80 percent of employed immigrants in Poland. More than 60 percent of them were men under the age of 45. Simplifying somewhat, this type of dependence of the Polish labor market on immigrants from one neighboring country can be called the “Ukrainization of the Polish labor market,” especially in selected sectors of the economy. At the same time, comparative studies show that the increase in the presence of immigrants in the Polish labor market has not negatively affected the situation of Poles in the labor market (Duszczuk and Matuszczyk 2018). What is also very interesting is that since 2018 the aspirations of foreigners, especially Ukrainians, in terms of the working conditions offered to them, were growing. This was happening in a situation of shortages in the labor market and high demand for immigrant labor. Foreigners, realizing the shortages, were inclined to

expect not only higher wages but also improved work conditions.¹

As already noted, among the war refugees from Ukraine there are about 500,000–600,000 females (of working age). Data from the Ministry of Family and Social Policy show that about 25–30 percent of them have taken up legal employment since they arrived in Poland. This data comes from a special register system created based on information from employers who employed war refugees from Ukraine. However, it is not known whether this employment was incidental or permanent. It is known, however, that non-standard contracts of a short-term nature were concluded with war refugees, mainly in sectors that do not require qualifications, such as trade, work in warehouses, food discount stores, or cleaning. The proposed salary was only slightly higher than the minimum provided by law. This means, on the one hand, a high desire for professional activation in Poland, but on the other hand, low wages and unstable employment conditions, which do not cover the full cost of living. It should be mentioned, however, that parents of Ukrainian children residing in Poland are entitled to receive an allowance of 500 PLN (approx. 120 euros) per month for each child. This helps improve, to some extent, the financial situation of refugee families in Poland. The employment sectors for Ukrainians in Poland show that these are rather male-oriented occupations. This means that females may find it more difficult to enter the labor market. The key factors here are learning the Polish language and arranging childcare so that they can take up employment or participate in training or qualification upgrading courses beforehand.

The appearance on the Polish labor market of several hundred thousand potential employees, mainly women, will certainly affect the level of employment and increase competition for jobs in sectors which primarily employ immigrants from Ukraine. However, this impact should be moderate in the short term and statistically insignificant in the medium term. The Polish labor market remains receptive and the level of unemployment remains well below the EU average. At the same time, a temporary reduction in the upward pressure on wages and improved working conditions by immigrants from Ukraine can be anticipated. Thus, the increase in the position of labor immigrants in the labor market, which took place until the outbreak of the war and the influx of additional people of working age ready to enter the labor market, may be limited or even inhibited. At the same time, the position of Ukrainian citizens in the labor market and their ability to take up work will depend on the impact of the economic slowdown awaiting Poland, high inflation

¹ Conclusions from research carried out under the project funded by the Polish National Science Centre, titled “In Search of Labour Market Security. Migration to and from Poland and the Attractiveness of the Polish Labour Market” (Reg. No. 2014/15/B/H55/01148).

(14 percent), and rising interest rates on loans, which will translate into demand for goods and services, including in sectors where labor migrants are mainly employed.

CONCLUSIONS

Polish governmental and local administration institutions and, in particular, Polish society responded to the influx of war refugees from Ukraine in a uniquely efficient way. The assistance provided has been and continues to be unprecedented. At the same time, it is important to recognize that there will be challenges of enormous scale in the coming months (and maybe years). They will concern, in particular, the provision of accommodation, access to quality education for Ukrainian children, the integration of Ukrainian women into the labor market, and ensuring the functioning of the health care system. Only then will it be possible to avoid the social exclusion of Ukrainian citizens residing in Poland and the emergence of tensions between Poles and Ukrainians. Considering the challenges ahead, we should assume that Poland alone cannot cope with these challenges. It is, therefore, necessary to seek solutions both through long-term support from international organizations and the European Union and through support for Ukrainians remaining in the country so that they are not forced to leave. It may also be necessary to create a general

system of voluntary relocation within the EU and to other countries. The autumn and winter months, as well as the development of the war in Ukraine, will be crucial in dealing with the challenges. The situation should be constantly monitored to flexibly adapt instruments both for the reception of war refugees and their integration.

REFERENCES

- Duszczyk, M. and P. Kaczmarczyk (2022a), "The War in Ukraine and Migration to Poland: Outlook and Challenges", *Intereconomics* 57(3), <https://www.intereconomics.eu/contents/year/2022/number/3/article/the-war-in-ukraine-and-migration-to-poland-outlook-and-challenges.html>.
- Duszczyk, M. and P. Kaczmarczyk (2022b), "War and Migration: The Recent Influx from Ukraine into Poland and Possible Scenarios for the Future", *CMR Spotlight* 4(39), <https://www.migracje.uw.edu.pl/publikacje/cmr-spotlight-war-and-migration-the-recent-influx-from-ukraine-into-poland-and-possible-scenarios-for-the-future-2/>.
- Duszczyk, M. and K. Matuszczyk (2018), "The Employment of Foreigners in Poland and the Labour Market Situation", *Central and Eastern European Migration Review* 7, 53–68.
- Heritage Real Estate (HRE, 2018), *Ile mieszkań brakuje w Polsce?*, <https://heritagere.pl/wp-content/uploads/2018/12/HRE-TT-RAPORT-ILE-MIESZKA-percentC5-percent83-BRAKUJE.pdf>.
- Ministerstwo Rozwoju Pracy i Technologii (2022), *Informacja o zatrudnieniu cudzoziemców w Polsce*, <https://psz.praca.gov.pl/web/urzed-pracy/-/8180234-informacje-o-zatrudnieniu-cudzoziemcow-w-polsce>.
- Polish Border Guards (2022), "Official Tweeter Account Updated Daily", https://twitter.com/Straz_Graniczna.
- UNHCR (2022), *Operational Data Portal – Ukraine Refugee Situation*, <https://data.unhcr.org/en/situations/ukraine?fbclid=IwAR3pZAofxq3XlW-jcdly-jqrQale8kCTMeyGDk3I8DY8Jx3JqWjJD6IDCZ10>.

Herbert Brücker

War in the Ukraine: Consequences for the Governance of Refugee Migration and Integration

Four months since the onset of the Russian invasion of the Ukraine, around 8 million people have fled or been displaced, while some 2.8 million have returned (UNHCR 2022). Approximately 5.3 million Ukrainian refugees have been recorded in one way or another in Europe, around 3.7 million of those in Member States of the European Union (EU). On top of that, there are another 8 million internally displaced persons according to UNHCR (2022) estimates. This is so far the largest refugee movement since the end of World War II – at least in such a brief period of time. Note that the EU recorded 2.4 million first-time asylum applications in 2015 and 2016, which at the time was the largest refugee influx in Europe since World War II. Thus, the influx of refugees and displaced persons from the Ukraine exceeds that of the 2015/16 refugee surge in the EU by a factor of 1.5 within a period of four months.

The refugee migration is heavily concentrated in the countries at the borders to Ukraine, first of all in Poland, but also in Russia, Romania, Moldova, and Slovakia. Nevertheless, around 850,000 refugees from Ukraine have already been recorded by the Central Register of Foreigners (*Ausländerzentralregister – AZR*) in Germany; actual numbers are likely to be higher since not all refugees are covered by official records.

This paper addresses some important aspects of the challenges of the war in the Ukraine for the governance of refugee migration and the integration of refugees from Ukraine with a special focus on Germany. Refugee migration from the Ukraine differs largely from past refugee migration episodes since the EU has activated the so-called “Mass Influx Directive.” This has important humanitarian, social, and economic consequences, which are discussed in the following section. This also affects the socio-demographic structure of the refugee population and hence their integration chances (see the second section). The third section addresses an underrated aspect relevant to the integration of refugees: regional dispersal policies, while the fourth section discusses the central role of education and child care policies for the integration of the Ukrainian population, particularly females. The fifth section briefly addresses some other important aspects of integration policies – language and integration programs, labor market policies, the acknowledgment of foreign degrees, and job placement policies. Finally, the sixth section concludes the paper.

THE IMPACT OF ACTIVATING THE “MASS INFLUX DIRECTIVE”

The key political and institutional difference in the governance of refugee migration in the context of the Ukrainian war relative to past refugee migration episodes is that the EU Member States have agreed to activate the so-called “Mass Influx Directive” (Council Directive 2001/55/EC).¹ The directive was adopted against the background of flight and displacement during the wars in the successor states of the former Yugoslavia, but it has not yet been applied in the EU. Among other things, it provides for the following:

- Nationals from Ukraine and their family members have free entry to the EU and receive a temporary right of residence there for an initial period of one year. They do not have to go through an asylum procedure for this, but access to the asylum procedure is guaranteed at all times. The Mass Influx Directive, and thus the right of residence, is automatically extended by six months if the EU does not declare the measure terminated. The Mass Influx Directive can be extended for up to three years if a new decision is undertaken by qualified majority.
- Other nationals who have also fled Ukraine are covered only if they cannot return to their home countries. Refugees who had an approved protection status in Ukraine are also granted a temporary right of residence. It remains to be seen what kind of rights refugees from Ukraine who have resided there for some time but are not Ukrainian citizens will have in EU Member States.
- The directive also regulates the registration of persons and the issuance of visas and other documents. The temporary right of residence does not guarantee that the refugees can stay in another EU Member State. However, since there is no visa requirement for Ukrainian citizens in the EU, they have



Herbert Brücker

is Professor for Economics at Humboldt University Berlin, Director of the Berlin Institute for Empirical Integration and Migration Research (BIM), and Head of the Department “Migration, Integration and International Labor Studies” at the Institute for Employment Research (IAB) in Nuremberg.

¹ The Directive is correctly called “Council Directive 2001/55/EC of 20 July 2001 on Minimum Standards for Giving Temporary Protection in the Event of a Mass Influx of Displaced Persons and on Measures Promoting a Balance of Efforts between Member States in Receiving Such Persons and Bearing the Consequences Thereof.”

free entry and can stay in another EU Member State for up to 90 days such that secondary migration is de facto liberalized.

- The directive obliges EU Member States to provide adequate accommodation and subsistence for the refugees. They must also provide necessary medical assistance, especially in cases of torture, rape, and other forms of physical and psychological violence.
- The directive provides for a solidarity mechanism. Member States can refuse admission in the event of capacity shortages, and free capacities are to be reported by Member States. Furthermore, the solidarity mechanism provides for compensation payments, e.g., from a European Refugee Fund.
- Finally, access to employment and self-employment is to be made possible in principle, although labor market access can also be restricted.

In Germany, the Mass Influx Directive has been incorporated into German law via §24 of the Residence Act. This results in the following regulations:

- Under §24 of the Residence Act, Ukrainian citizens are entitled to work and self-employment immediately after registration and have access to welfare benefits and health care.
- Initially, the refugees from Ukraine were entitled to receive benefits under the Asylum Seekers' Benefits Act and not according to the regular mean-tested benefit system under Social Code II ("*Hartz-IV*"). However, the German government changed the Asylum Seekers' Benefit Act such that the Ukrainian refugees receive Social Code II benefits as of June 1, 2022. This has three important consequences: (i) the level of benefits is more generous, (ii) there are no in-kind benefits, i.e., benefits are generally paid in cash, and (iii) the Ukrainian population is integrated right from the beginning in the job placement- and labor-market program infrastructure of the German Job Centers (see the fifth section).
- The free choice of place of residence can be restricted. The refugees can – similar to asylum seekers – be distributed among the federal states after their arrival. Unless the Länder agree otherwise, the so-called "*Königsteiner Schlüssel*," a key based on population and tax revenues, is applied. The federal states can regulate the distribution among the municipalities by legal ordinance. There is no entitlement to reside in a particular country or place; refugees covered by this regulation must take up residence in the place to which they have been assigned. The federal government initially refrained from applying this distribution mechanism but then decided on 3 November 2022 to apply the *Königsteiner Schlüssel* for distribution. (The implications will be discussed in the third section.)

- Finally, the temporary residence permit is granted for two years instead of the one-year minimum requested by the EU Directive.

The humanitarian, political, and economic consequences of the activation of the Mass Entry Directive and its application by German law can be underrated, particularly in comparison to the policy alternative of applying the rules of the Dublin III Directive and of other regulations of the Common European Asylum System (CEAS):

- First, a safe access to the EU, and thus to security and humanitarian protection, is secured. Refugees are not pushed into irregular migration and high-risk escape routes such as the Mediterranean routes, as was the case of the refugees, e.g., from Syria in 2015/16 and is still currently the case for most refugees. Applying the Mass Influx Directive reduces the number of victims of war, violence, and persecution as well as the risks of flight. From the perspective of welfare economics this is a substantial boon. Moreover, this also affects the self-selection of individuals according to education levels, demographic characteristics, and personal traits (see the next section).
- Second, granting a temporary residence permit without an asylum procedure quickly establishes legal certainty and thus reduces the burden on the people concerned and the authorities in an unbureaucratic manner. The available empirical studies provide strong evidence that shorter asylum procedures and the successful completion of asylum procedures substantially increase employment opportunities and other indicators for labor market integration (Kosyakova and Brenzel 2020; Hainmüller and Hangartner 2016). By circumventing the asylum procedures altogether, the activation of the Mass Influx Directive has therefore substantially increased integration chances and hence reduced fiscal and other integration costs in host countries.
- Third, secondary migration to countries with higher per capita incomes compared to the EU Member States at the border to Ukraine has ambiguous economic effects: on the one hand, it will increase expenditures for welfare benefits, housing, education, etc. in the short term. On the other hand, labor productivity, earnings, and GDP per capita are also higher in these countries. On balance, secondary migration to EU member states can also lead to economic gains if labor market integration is eventually successful given higher levels of labor productivity of individuals integrated into labor markets. Whether and how well people from Ukraine will integrate into the labor market, however, cannot be predicted today, especially since it is a completely open ques-

tion how many people from Ukraine will stay in the EU.

- Fourth, the possibility of secondary migration relieves the burden on countries at the EU's external borders and reduces their economic, social, and political costs of providing shelter. Needless to say, given that Ukrainian refugees are still concentrated on border countries, the costs of admission and protection are still far from being equally distributed across EU Member States today. But they will be much more equal than, for example, if the rules of the Dublin III Regulation were enforced, which in most cases shift the implementation of asylum procedures and the costs of granting protection to the countries of first entry into the EU. Thus, economic, social, and political pressures on the countries at the EU borders to the Ukraine are at least mitigated through secondary migration opportunities.
- Fifth, the Mass Influx Directive also provides in principle a solidarity mechanism for sharing the burden and costs of protection across the EU Member States, albeit no details are clarified there. As Timothy Hatton (2004) has demonstrated, providing protection has the character of a public good inviting free-riding behavior, which in turn results in sub-optimal levels of humanitarian protection. This calls for international or supra-national policy coordination. There are furthermore additional welfare gains if the fair distribution of costs is disentangled from an efficient allocation of the refugee population. Thus, a compensation mechanism where all EU Member States contribute to the costs of hosting refugees according to their economic strength and population size can generate substantial welfare gains, increase allocative efficiency, and raise humanitarian standards. Unfortunately, we do not yet see any redistribution of costs so far, albeit the most affected country, Poland, requests cost-sharing via EU funds. From the perspective of welfare economics, such a compensation would be justified and has the potential to improve both allocative efficiency and fairness in European protection policies.

Altogether, the activation of the Mass Influx Directive can be regarded as a game-changer, which facilitates easy access to the EU, provides legal security, and thus facilitates integration and increases economic efficiency. Note that in a counter-factual scenario, under the regular rules of the Common European Asylum System, large parts of the Ukrainian population would have not been eligible to receive protection in the EU. As a consequence, the Member States had to prove the asylum status in lengthy legal procedures individually and, perhaps, decline many applications. Moreover, the EU Member States would have had to prove which country is in charge to settle the asylum

applications according to the rules of the Dublin-III-Directive. It does not need much imagination to think that this might have led to turmoil and chaos in the EU with unpredictable humanitarian, political, and economic consequences for both refugees from Ukraine and the EU Member States.

THE IMPACT OF WAR AND THE INSTITUTIONAL SETTING ON THE SOCIO-DEMOGRAPHIC STRUCTURE

The visa waiver for Ukrainian citizens in the EU – which was already in place before the beginning of the war – and the activation of the Mass Influx Directive of the EU substantially distinguishes the conditions for flight relative to most other refugee migration episodes, especially relative to the situation of the refugee migration surge from the Middle East in 2015 and 2016. In particular, open borders have reduced the risks of flight and the legal security provided by the Mass Influx Directive has increased integration chances. Both increased migration incentives and opportunities for the population of the Ukraine. However, the general mobilization and the emigration ban for males ages 18 to 60 in the Ukraine have substantially reduced the migration opportunities of the adult male population. Moreover, large parts of the male population in the Ukraine are willing to serve and to support the Ukrainian government in the war against Russia.

All this affects the scale and the (self-)selection of the Ukrainian refugee population in different dimensions. So far, reliable information on the socio-economic structure of the Ukrainian population is scant, but step by step we receive further information which allows drawing first conclusions: according to the Central Register of Foreigners, some 40 percent of the Ukrainian arrivals since the onset of the war are minors and some 80 percent of the adult population are females. Moreover, 16 percent are elderly. The average age of the adult population is slightly above 35 years and thus substantially higher than in the case of the 2015/16 influx of refugees. We can thus conclude that the refugee population consists largely of females and vulnerable groups such as children and the elderly and that a substantial share of the female population has to bear care tasks given the household context of the refugee population. This of course impairs integration chances.

We do not have information yet on education levels of the Ukrainian refugee population, but our evidence on skill levels of the population in the Ukraine as well as on the Ukrainian population in Germany clearly points to the fact that we can expect a well-educated refugee population. The overall level of education in Ukraine is high based on international comparison. The gross enrollment rate in tertiary education and training, i.e., the proportion of students in the respective age cohorts who attend universities,

colleges, and comparable further educational institutions, is 83 percent in Ukraine compared to 74 percent in Germany (World Bank 2022). However, it must be considered that due to the dual vocational training system in Germany, these figures are not directly comparable, among other things because many qualifications that are acquired in the Ukraine at universities and comparable institutions are imparted in Germany through vocational training. The school enrollment rates also say nothing about the quality of the educational institutions. Nevertheless, these indicators speak for a fairly high level of education based on an international comparison. There is also a clear gender gap in educational attainment in favor of women: the proportion of women entering tertiary education or training in Ukraine is 12 percentage points higher than the proportion among men. A similar or even more pronounced gender gap in education can also be observed in other Central and Eastern European countries such as Poland, Russia, and Romania, while in the field of tertiary education the gender ratio is more balanced than in Syria (Table 1).

The Ukrainian population living in Germany also has a high level of education compared to other migrant groups: 50 percent of the adult population from Ukraine have tertiary educational qualifications, i.e., university, college, or comparable qualifications, and a further 14 percent have post-graduate qualifications – secondary, usually vocational qualifications, 26 percent upper secondary school degrees (usually

12 school years), and 10 percent secondary or even just primary school degrees (usually 10 school years or less) (Brücker et al. 2022). Here, too, it must be considered that the education system in Ukraine differs from that in Germany in that practical professional qualifications are acquired in both secondary and tertiary educational institutions.

Moreover, we can expect that the refugees from Ukraine, like other refugees, have on average a higher level of education than the population of the countries of origin (Aksoy and Poutvaara 2021; Guichard 2021). Note that reducing the risks of flight disproportionately increases migration incentives for better-skilled individuals with a high earning potential relative to the less skilled (Aksoy and Poutvaara 2021). Against the background of the already high average level of education in Ukraine, we can therefore expect that the refugees from Ukraine are very well qualified, even if these qualifications are not identical to the professional qualifications in Germany due to the differences in the education system.

However, it would be premature to conclude from high education levels that integration into the German labor market will proceed smoothly and quickly. There are four reasons why it may last longer than it is often believed: first, the pre-war employment rates have been relatively low in the Ukraine at 50 percent of the 15+ population and particularly low for the female population (44 percent). Note that work experience in sending countries is an important determinant for employment opportunities in host countries. This is confirmed by a relatively low employment rate of Ukrainian citizens in Germany (50 percent), although the Microcensus and the IAB-SOEP-Migration Sample prove that the population with a Ukrainian migration background (including naturalized individuals) fares better (Brücker 2022; Brücker et al. 2022).

Second, in contrast to the 2015/2016 population, a large share of the Ukrainian refugee population consists of females who have to bear care tasks. Hence, their integration into the labor market critically depends on the integration of children into schools and child care. Particularly the latter aspect may hinder integration since the provision of child care facilities is poor in Germany.

Third, the situation of the Ukrainian refugee population is surrounded by large uncertainty since the potential outcomes of the war are still completely open and may remain so for longer periods of time. This translates into uncertainty on staying perspectives on return migration incentives, which in turn affects all aspects of integration which depend in way or another on investments, e.g., the acquisition of German language proficiency, the acknowledgment of foreign degrees, the acquisition of further professional degrees in Germany all require substantial investment in terms of effort, time and, partially, monetary resources. Analogously, hiring employees also requires investments from the employers' side,

Table 1
School Enrollment Rates by Types of Schooling in Selected Countries
(Gross school enrollment rate in percent of relevant age cohort)

	Ukraine 2014	Russia 2019	Poland 2019	Romania 2019	Syria		Germany 2019
					2010	2014	
All							
Pre-school	86	86	93	94	9	6	108
Primary schools	99	104	97	88	115	82	103
Secondary schools	96	104	112	88	71	53	98
Tertiary education and training	83	86	69	51	24	33	74
Females							
Pre-school	85	85	93	94	9	5	108
Primary schools	100	104	97	87	113	80	103
Secondary schools	95	102	110	88	72	52	95
Tertiary education and training	89	93	84	58	23	33	74
Males							
Pre-school	86	87	93	94	9	6	107
Primary schools	98	105	98	88	117	83	102
Secondary schools	97	105	113	88	71	53	100
Tertiary education and training	77	80	55	45	25	33	73

Notes: School enrollment rates are defined as the proportion of pupils or students in an age cohort who, based on their age, are qualified for the respective type of school or education. These are gross school enrollment rates, i.e. the rate can also exceed 100 percent due to school attendance from a different age cohort.

Source: World Bank (2022); own analysis and presentation.

which also might be hindered if staying perspectives remain uncertain.

Fourth, similarly to other refugees, the Ukrainian population is relatively ill-prepared for migration and very likely lacks German language proficiency, job offers and labor market information, professional networks, etc., which in turn might hinder integration in one way or another. Altogether, although rather high education levels may result in good prospects for labor market integration in the long term, there are a couple of factors which might impair integration chances in the short term.

REGIONAL DISPERSAL POLICIES

An important, but often underrated, aspect of integration is the regional dispersal of the refugee population. According to the asylum legislation in Germany, there is a residence obligation for asylum seekers during the asylum procedure. This residence obligation has been prolonged for a further three years after the completion of the asylum procedure by the German Integration Act in 2016. In principle, individuals from Ukraine who receive a temporary residence permit according to the Mass Influx Directive are also subject to a residence obligation. Since March 11, 2022, the German Home Office decided to enforce this residence application in principle given a high concentration of Ukrainians in major cities in Germany and certain Federal States such as Berlin and Bavaria. Nevertheless, there is an exception for those refugees who have found a private accommodation, e.g., in households of friends and relatives.

Past experiences with regional dispersal policies are not encouraging in Germany: the 2015/2016 refugee population has been disproportionately dispersed to regions with poor labor market conditions, i.e., labor market regions with unemployment rates above the country average, relatively low wages, and low levels of labor market diversity (e.g., Aksoy et al. 2021; Brücker et al. 2020c). According to the estimates by Aksoy et al. (2021), increasing the unemployment rate in a region by one standard deviation (which equals around one percentage point) reduces the employment rate of refugees by 4 to 5 percentage points. The prolongation of the residency permit by the 2016 amendment of the Residence Act has further deteriorated integration chances, particularly for those who have been dispersed to weak regions (Brücker et al. 2020b). Altogether, regional dispersal policies are likely to have substantially reduced integration chances in the context of the 2015/16 refugee immigration surge in Germany. For the Ukrainian refugee population this problem is mitigated, since those who have received private accommodation are not subject to administrative dispersal. Nevertheless, for substantial parts of the Ukrainian refugee population this remains an important issue affecting integration prospects.

Based on these insights, Brücker et al. (2022) have therefore proposed an alternative approach for the dispersal of the refugee population, which goes beyond housing costs, regional labor market indicators, and regional endowments with child care facilities on board. Applying this mix of dispersal criteria can increase employment rates of the Ukrainian population by 5 to 10 percent compared to a counterfactual scenario of applying the “Königsteiner Schlüssel” for the dispersal of refugees. However, the gains of better labor market integration come with a cost: the costs for housing tend to increase by some 4 percent relative to the counterfactual scenario of a distribution according to the “Königsteiner Schlüssel.” However, this can be regarded as a setup-cost or investment for a better integration in the future, which will not only have high social, but also substantial fiscal returns in the medium- and long-term.

CHILD CARE AND EDUCATION POLICIES

Given that 80 percent of the adult population from the Ukraine are females and many of those have to bear care tasks, the integration of children into the German school and care system is key for integration (see Brücker et al. 2022). Evidence from past (refugee) migration episodes clearly supports the view that early and sustained integration of women is particularly influenced by the integration of children and young people into the education and care system (Gambaro et al. 2021; Goßner and Kosyakova 2021; Kosyakova et al. 2021b). For example, lower language course participation and labor market participation among refugee women is particularly pronounced among women with (young) children in the household (Kosyakova et al. 2021b). Therefore, for refugee women to participate in courses, care alternatives for children, especially at younger ages, need to be created above all, both jointly with the provision of language programs or separately. Accordingly, recent evidence shows that mothers are significantly better integrated and have a stronger labor market orientation if their child attends a daycare center (Gambaro et al. 2019; Jessen et al. 2020).

Supporting women to access education and work should therefore also be a key priority in promoting integration among refugees from Ukraine. Possible instruments here could be the provision of child care and, where appropriate, financial support measures. Tailored integration support could include child care facilities that both enable women to enter the labor market and allow young children with a refugee background to socialize with children from other backgrounds. In order to simplify access to a language course or continuing education offerings for refugee women with children and offer them direct and uncomplicated child care, courses with integrated child care could be offered (Pallmann et al. 2019; Sharifian

et al. 2021). The main advantage here would be to be able to use care at the exact time needed and without the need for further travel. In addition, it is recommended that language courses also be offered online in order to flexibly organize learning times and better combine child care tasks with language acquisition (OECD 2017). Online courses could also be an alternative in view of the fact that waiting times are often longer in rural areas due to the minimum number of participants (Scheible and Schneider 2020). In the long term, however, regular child care supplies are essential both for the participation in integration programs as well as for labor market integration.

The increased demand for child care and education facilities is meeting the increasing shortages of those supplies in Germany, particularly shortages of teachers and educators. It is therefore also essential to use the potential labor supply in this area of Ukrainian migrants and other refugees and migrants. Although it is likely that the potential labor supply of teachers and educators is relatively high, the utilization of this potential is hindered in Germany since teachers and educators are regulated occupations there. As a consequence, these occupations can only be performed if degrees are completely accepted by German institutions. Therefore, there is a need to find pragmatic transitional solutions, e.g., programs for teachers and educators who have acquired their degrees abroad who can start performing assisting tasks in the German education and care system and stepwise acquire the full approval of their degrees through further training and education measures.

OTHER INTEGRATION AND LABOR MARKET POLICIES

Germany has a long record with integration and labor market programs which specifically target the refugee population. Many of these programs have been evaluated and ample evidence on the effects of those programs exists. It is beyond the scope of this paper to review this research, but a few insights are worth mentioning:

- In the past, less than 10 percent of the Ukrainian population possessed (good) German language proficiency upon arrival. It is very likely that the share among the refugee population is even lower. Improving language skills is therefore key for integration into the German labor market and society. Past evidence demonstrates that the basic language program provided by the German government, the integration courses, delivers high returns in terms of language skills and social integration (Brücker et al. 2019; Kosyakova et al. 2021a). Programs which provide job-specific language support are associated with improved labor market integration of refugees (Battisti

et al. 2019; Brücker et al. 2020c; Kosyakova et al. 2021a; Kosyakova and Brenzel 2020). Thus, in the case of the Ukrainian refugee population, for those who possess high education levels but not much German language proficiency, returns of language programs can be expected to be especially high.

- Refugees from Ukraine will usually bring vocational degrees or university degrees with them. The transferability of this human capital is therefore a key issue for future labor market integration. In this context, the recognition of vocational degrees can, through their signal value, contribute significantly to reducing information asymmetries in the labor market and thus promote labor market integration (Brücker et al. 2021; Kosyakova et al. 2021a). Available empirical studies show that recognition of vocational qualifications can increase migrants' employment opportunities by 25 percentage points in the long run and their earnings by 20 percent (Brücker et al. 2021). However, only a minority of migrants apply for recognition of their degrees. The reasons for this are complex and point, among other things, to obstacles in the recognition process. It is therefore advisable to inform refugees from Ukraine at an early stage about the possibilities of recognition of vocational qualifications and to support them in obtaining recognition.
- Good job placement can reduce search and information costs in the labor market, increase the fit between applicants' qualifications and skills and companies' requirements, and thus contribute to higher earnings and greater employment stability. Many migrants find their jobs through personal contacts and networks, and jobs found through these networks can improve initial wages and employment stability (Dustmann et al. 2016). Nevertheless, a positive statistical correlation between the use of public employment services and successful job search of refugees also exists, although causal evidence is still lacking here (Brücker et al. 2020a; Kosyakova et al. 2021a). Against this background, it makes sense to immediately counsel newly arriving refugees from Ukraine about their labor market prospects and include them in employment services. This is made easier through the integration of the Ukrainian refugees into the Social Code II benefit system, which provides immediate and mandatory access to the job placement and labor market program infrastructure of the Job Centers. In this context, it will be possible to draw on the experience gained through refugee migration since 2015, for example by specialized placement experts, as well as the previous experience of the job centers and employment agencies (Bonin et al. 2021).

CONCLUSION

Refugee migration in the context of the Ukrainian war has created several novel challenges. The overall scale of refugee migration in Europe is unprecedented since the end of World War II, a high level of uncertainty on the outcomes of the war and return migration options creates disincentives to invest in integration, and an exceptional high share of females with care tasks might also impair integration chances. However, we can expect extraordinarily high education levels of the refugee population from Ukraine, which improves integration chances at least in the medium and long term. Any refugee migration and integration policies have to deal with these challenges.

By activating the Mass Influx Directive, the EU has – relative to the counterfactual scenario of the applying the regular rules of the Dublin-III-Directive and the other rules of the CEAS – dramatically improved the humanitarian, social, and economic situation for the refugees and the EU Member States: easy access to the EU is granted and migration risks have been substantially reduced, secondary migration mitigates pressures on border countries and increases allocative efficiency, and lengthy asylum procedures with uncertain outcomes have been prevented. Altogether, this will foster integration chances, the economic returns in case of successful labor market integration, and prevent a potential collapse of the European asylum system. The efficiency and fairness of these policies could be further increased if those Member States who bear a disproportional burden of providing shelter for Ukrainian refugees are compensated by a European solidarity mechanism. There will be many things to learn from this institutional setting for a reform of asylum policies at the European and the national level in the future.

National integration policies in Germany can build on the experiences of the 2015/2016 refugee immigration surge and their integration into the labor market and other areas of society. Most of these integration policies are uncontroversial and straightforward: language programs provide high economic and social returns, the approval of professional degrees obtained abroad might deliver particularly high returns given the relatively high education levels of the Ukrainian refugee population, and job placement programs can increase the efficiency of job-matches and thus employment rates and wages in the labor market. Moreover, given the high share of females with care tasks among the Ukrainian refugee population, integrating minor-aged children into schools and providing child care is key for the participation of most females in the labor market, integration programs, and other spheres of society.

Less uncontroversial might be the case of regional dispersal policies, which have turned out to be inefficient in the past. All regional dispersal policies face a trade-off between regions with better chances for

integration into the labor market and other areas of society, and lower housing costs or better availability of housing capabilities. Dispersal policies, which take both the labor market prospects and the integration infrastructure on the one hand, and the housing market on the other hand on board, can considerably improve integration chances and reduce integration costs in the long term relative to the status quo.

REFERENCES

- Aksoy, C. G. and P. Poutvaara (2021), “Refugees’ and Irregular Migrants’ Self-Selection into Europe”, *Journal of Development Economics* 152, 102681.
- Aksoy, C. G., P. Poutvaara and F. Schikora (2021), “First Time Around: Local Conditions and Multi-dimensional Integration of Refugees”, *ifo Working Papers* 361.
- Battisti, M., Y. Giesing and N. Laurensyeva (2019), “Can Job Search Assistance Improve the Labour Market Integration of Refugees? Evidence from a field experiment”, *Labour Economics* 61, 101745.
- Bonin, H., B. Boockmann, T. Brändle, J. Bredtmann, M. Bredtmann, M. Dorner et al. (2021), *Begleitevaluation der arbeitsmarktpolitischen Integrationsmaßnahmen für Geflüchtete*, BMAS, Berlin.
- Brücker, H. (2022), *Geflüchtete aus der Ukraine: Eine Einschätzung der Integrationschancen*, IAB-Forschungsbericht 4, Nuremberg.
- Brücker, H., T. Fendel, L. Guichard, L. Gundacker, P. Jaschke and K. Sekou (2020a), *Fünf Jahre „Wir schaffen das“ – Eine Bilanz aus der Perspektive des Arbeitsmarktes*, IAB Forschungsbericht, Nuremberg.
- Brücker, H., L. Goßner, A. Hauptmann, P. Jaschke, K. Kassam, Y. Kosyakova and I. Stepanok (2022), *Die Folgen des Ukraine-Kriegs für Migration und Integration: Eine erste Einschätzung*, IAB-Forschungsbericht 2, Nuremberg.
- Brücker, H., A. Hauptmann and P. Jaschke (2020b), “Beschränkungen der Wohnortwahl für anerkannte Geflüchtete: Wohnsitzauflagen reduzieren die Chancen auf Arbeitsmarktintegration”, *IAB Kurzbericht* 3/2020.
- Brücker, H., Y. Kosyakova and E. Schuss (2020c), “Fünf Jahre seit der Fluchtmigration 2015: Integration in Arbeitsmarkt und Bildungssystem macht weitere Fortschritte”, *IAB Kurzbericht* 4/2020.
- Central Register of Foreigners (Ausländerzentralregister – AZR) (2022), *Ukrainian Citizens in Germany, Special Provision*, Bundesamt für Migration und Flüchtlinge, Nuremberg.
- Council Directive 2001/55/EC of 20 July 2001 on Minimum Standards for Giving Temporary Protection in the Event of a Mass Influx of Displaced Persons and on Measures Promoting a Balance of Efforts between Member States in Receiving Such Persons and Bearing the Consequences Thereof, EU-Lex, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:percent3A32001L0055>.
- Dustmann, C., A. Glitz, U. Schönberg and H. Brücker (2016), “Referral-based Job Search Networks”, *Review of Economic Studies* 83, 514–546.
- Gambaro, L.; G. Neidhöfer and C. K. Spieß (2019), “Kita-Besuch von Kindern aus nach Deutschland geflüchteten Familien verbessert Integration ihrer Mütter”, *DIW Wochenbericht* 86, 805–812.
- Gambaro, L.; G. Neidhöfer and C. K. Spieß (2021), “The Effect of Early Childhood Education and Care Services on the Integration of Refugee Families”, *Labour Economics* 72, 102053.
- Goßner, L. and Y. Kosyakova (2021), *Integrationshemmnisse geflüchteter Frauen und mögliche Handlungsansätze – eine Übersicht bisheriger Erkenntnisse*, IAB Forschungsbericht 8/2021, Nuremberg.
- Guichard, L. (2020), “Self-selection of Asylum Seekers: Evidence from Germany”, *Demography* 57, 1089–1116.
- Hainmueller, J., D. Hangartner and D. Lawrence (2016), “When Lives Are Put on Hold: Lengthy Asylum Processes Decrease Employment among Refugees”, *Science Advances* 2(8), 1–7.
- Jaschke, P. and Y. Kosyakova (2021), “Does Facilitated and Early Access to the Healthcare System Improve Refugees’ Health Outcomes? Evidence from a Natural Experiment in Germany”, *International Migration Review* 55, 812–842.
- Jessen, J., S. Schmitz and S. Waights (2020), “Understanding Day Care Enrolment Gaps”, *Journal of Public Economics*, 190, 104252.
- Kosyakova, Y. and H. Brenzel (2020), “The Role of Length of Asylum Procedure and Legal Status in the Labour Market Integration of Refugees in Germany”, *Soziale Welt* 71(1–2), 123–159.

Kosyakova, Y., L. Gundacker, Z. Salikutluk and P. Trübswetter (2021a), "Arbeitsmarktintegration in Deutschland: Geflüchtete Frauen müssen viele Hindernisse überwinden", *IAB-Kurzbericht* 8/2021.

Kosyakova, Y., C. Kristen and C. Spörlein (2021b), "The Dynamics of Recent Refugees' Language Acquisition: How Do Their Pathways Compare to Those of Other New Immigrants?", *Journal of Ethnic and Migration Studies*, <https://doi.org/10.1080/1369183X.2021.1988845>.

Pallmann, I., J. Ziegler and C. Pfeffer-Hoffmann(2019), *Geflüchtete Frauen als Zielgruppe der Arbeitsmarktförderung*, Mensch und Buch Verlag, Berlin.

Scheible, J. and H. Schneider (2020), *Deutsch lernen auf dem Land: Handlungsempfehlungen für die Sprachförderung von Migrantinnen und Migranten in Deutschland*, Wiso-Diskurs, <http://library.fes.de/pdf-files/wiso/16334.pdf>.

Sharifian, F., M. Sadeghpour, S. Barton, J. Barry, G. Barton and I. Yilmaz (2021), "English Language Learning Barriers of Afghan Refugee Women in Australia", *International Journal of Applied Linguistics* 31, 65–78.

UNHCR (2022), *Situations in the Ukraine. Operational Data Portal*, <https://data2.unhcr.org/en/situations/ukraine>.

World Bank (2022), *World Development Indicators*, <https://databank.worldbank.org/source/world-development-indicators#>.

Friedrich L. Sell and Jürgen Stiefl

The Electoral System of the US: Reform Proposals from a Political Economy Point of View

“One cannot establish the reign of liberty without that of mores,¹ and mores cannot be firmly founded without beliefs”
(Tocqueville 1969, 17).

The US is, as is well known, one of the oldest democracies in the world. However, its electoral system presents some severe deficiencies. Beyond the heatedly discussed topic of “voter suppression,” two more important problems exist. The first one has to do with the specific system for the election of US Presidents, which is called the “Electoral College.” Ruled by the majority principle, it may lead to almost paradoxical results: a candidate may win far less than 50 percent of the popular vote share and yet become elected as US President. The second one is located in the “geography” of the elections for the House of Representatives, organized in the federal states. This is so because the likelihood for winning a district is, surprisingly, to a large extent dependent on its geographical design and allocation. As outlined in the US Constitution, every decade at least 43 of the states (after a new census has been evaluated) re-design their format and extension (“Redistricting”). Thereby, it is possible for even minority parties to take advantage and win the majority of representatives (“gerrymandering”). Both of these two issues are intimately interlinked: without a majority in the House of Representatives, the administration of any US President is hardly capable of enforcing its political and economic program. Conversely, disposing of a majority in the US Congress does not help a party very much as long as the President comes from the opposite political homeland. We discuss both of these problematic aspects of the US electoral system and put forward some alternatives to improve the situation from a political economy point of view.

THE OBVIOUS IMBALANCE IN THE “ELECTORAL COLLEGE” SYSTEM

“The U.S. Electoral College is perhaps one of the oddest institutions in American politics.

¹ “So I use the word to cover the whole moral and intellectual state of a people” (Tocqueville 1969, 287).

ABSTRACT

The US, one of the oldest democracies in the world, needs to face deficiencies in its electoral system. The first one has to do with the so-called “Electoral College.” Ruled by the majority principle, it may lead to almost paradoxical results: a candidate may win far less than 50 percent of the popular vote share and yet be elected as US President. The second one is located in the “geography” of the elections for the House of Representatives, organized in the federal states. Surprisingly, the likelihood for winning a district is, to a large extent, dependent on its geographical design and allocation. Thereby, it is possible for even minority parties to take advantage and win the majority of representatives (“gerrymandering”). We discuss both of these problematic aspects of the US electoral system and put forward some alternatives to improve the situation from a political economy point of view.

For those who teach it to undergraduates, it is often the subject of significant confusion, leaving students to wonder why it even exists” (Duquette et al. 2013, 4). To be elected as an US President, a candidate must accumulate the majority of votes/electors who have their origin in the 51 federal states. In the following, we will analyze the Presidential election decision of November 2020.



Friedrich L. Sell

is Professor emeritus at the University of the Federal Armed Forces, Munich. His main fields of research are labor economics, income distribution, European monetary policy, and the political economy of elections in democracies.



Jürgen Stiefl

is Professor at the University of Applied Sciences Aalen. His main fields of research are European monetary policy, common market studies, and the political economy of elections in democracies.

Table 1
Electors and Eligible Voters by Federal States in 2020

Federal states	Electors	Residents entitled to vote	Federal states	Electors	Residents entitled to vote
Alabama	9	3,683,055	Nevada	6	2,153,915
Alaska	3	525,568	New Hampshire	4	1,079,434
Arizona	11	5,189,000	New Jersey	14	6,158,999
Arkansas	6	2,182,375	New Mexico	5	1,515,355
Colorado	9	4,313,054	New York	29	13,670,596
Connecticut	7	2,603,327	North Carolina	15	7,756,051
Delaware	3	720,531	North Dakota	3	565,143
Florida	29	15,551,739	Ohio	18	8,859,167
Georgia	16	7,383,562	Oklahoma	7	2,845,835
Hawaii	4	1,007,920	Oregon	7	3,196,425
Idaho	4	1,292,701	Pennsylvania	20	9,781,976
Illinois	20	9,027,082	Rhode Island	4	799,642
Indiana	11	5,000,007	South Carolina	9	3,926,305
Iowa	6	2,321,131	South Dakota	3	648,104
California	55	25,962,648	Tennessee	11	5,124,867
Kansas	6	2,087,946	Texas	38	18,784,280
Kentucky	8	3,312,250	Utah	6	2,191,487
Louisiana	8	3,373,932	Vermont	3	499,884
Maine	4	1,085,285	Virginia	13	6,196,071
Maryland	10	4,313,416	Washington	12	5,437,844
Massachusetts	11	5,072,901	Washington D.C.	3	540,685
Michigan	16	7,550,147	West Virginia	5	1,394,028
Minnesota	10	4,118,462	Wisconsin	10	4,368,530
Mississippi	6	2,201,950	Wyoming	3	431,364
Missouri	10	4,603,060	Sum	538	234,629,885
Montana	3	837,298			
Nebraska	5	1,383,551			

Source: <https://www.electprojekt.org/2020g>.

With the exception of Nebraska (NE) and Maine (ME), the so-called “winner-takes-all” principle applies to all 49 other states. Given the total num-

ber of 538 electors, a majority requires to at least “win” 270 electoral votes. It is worth looking at the popular vote, too. We do this with the help of Table 1.

Starting from the information given by Table 1, we now proceed to calculate two separate scenarios:

- Scenario 1: Suppose a candidate is capable of winning all those 11 states (among them the “swing states” Florida, Michigan, Pennsylvania, Ohio, and Illinois) which together yield the necessary quorum of 270 electors. In 2020, 66,547,986 voters or a popular vote share of $66,547,986/234,629,885 = 28.36$ percent would have sufficed to achieve this goal (see Table 2).
- Scenario 2: In the following, we organize the federal states in ascending order according to the numbers of residents entitled to vote/the number of electors which they, so to speak, contribute. The last column calculates for each state the hypothetical “gross price” for an elector in units of residents entitled to vote (Table 3).

Table 2
Hypothetical Majority of Votes in the States with the Largest Number of Electors

Federal states	Electors	Persons	Cumulated sum	Necessary popular votes (assumption of 51%)
California	55	25,962,648	55	13,240,950
Texas	38	18,784,280	93	9,579,983
Florida	29	15,551,739	122	7,931,387
New York	29	13,670,596	151	6,972,004
Illinois	20	9,027,082	171	4,603,812
Pennsylvania	20	9,781,976	191	4,988,808
Ohio	18	8,859,167	209	4,518,175
Georgia	16	7,383,562	225	3,765,617
Michigan	16	7,550,147	241	3,850,575
North Carolina	15	7,756,051	256	3,955,586
New Jersey	14	6,158,999	270	3,141,089
			Sum	66,547,986

Sources: Table 1; own calculations.

Table 3

The “Gross Price” for an Elector in the Federal States of the US

Federal states	Electors	Residents entitled to vote	Gross price for an elector in units of residents entitled to vote	Federal states	Electors	Residents entitled to vote	Gross price for an elector in units of residents entitled to vote
Wyoming	3	431,364	143,788	Louisiana	8	3,373,932	421,742
Vermont	3	499,884	166,628	Maryland	10	4,313,416	431,342
Alaska	3	525,568	175,189	South Carolina	9	3,926,305	436,256
Washington D.C.	3	540,685	180,228	Wisconsin	10	4,368,530	436,853
North Dakota	3	565,143	188,381	New Jersey	14	6,158,999	439,929
Rhode Island	4	799,642	199,911	Illinois	20	9,027,082	451,354
South Dakota	3	648,104	216,035	Washington	12	5,437,844	453,154
Delaware	3	720,531	240,177	Indiana	11	5,000,007	454,546
Hawaii	4	1,007,920	251,980	Oregon	7	3,196,425	456,632
New Hampshire	4	1,079,434	269,859	Missouri	10	4,603,060	460,306
Maine	4	1,085,285	271,321	Massachusetts	11	5,072,901	461,173
Nebraska	5	1,383,551	276,710	Georgia	16	7,383,562	461,473
West Virginia	5	1,394,028	278,806	Tennessee	11	5,124,867	465,897
Montana	3	837,298	279,099	New York	29	13,670,596	471,400
New Mexico	5	1,515,355	303,071	Arizona	11	5,189,000	471,727
Idaho	4	1,292,701	323,175	Michigan	16	7,550,147	471,884
Kansas	6	2,087,946	347,991	California	55	25,962,648	472,048
Nevada	6	2,153,915	358,986	Virginia	13	6,196,071	476,621
Arkansas	6	2,182,375	363,729	Colorado	9	4,313,054	479,228
Utah	6	2,191,487	365,248	Pennsylvania	20	9,781,976	489,099
Mississippi	6	2,201,950	366,992	Ohio	18	8,859,167	492,176
Connecticut	7	2,603,327	371,904	Texas	38	18,784,280	494,323
Iowa	6	2,321,131	386,855	North Carolina	15	7,756,051	517,070
Oklahoma	7	2,845,835	406,548	Florida	29	15,551,739	536,267
Alabama	9	3,683,055	409,228	Sum	538	234,629,885	
Minnesota	10	4,118,462	411,846				
Kentucky	8	3,312,250	414,031				

Sources: Table 1; own calculations.

Following the “winner-takes-all-principle,” the numbers of Table 3 are still somehow “inflated,” as 51 percent of the counted votes are sufficient to win all the electors of one state. Therefore, in Table 4, we have calculated the “net price” for an elector in units of residents entitled to vote. As a result, only 54,004,047 votes or a popular vote share of $54,004,047/234,629,885 = 23.01$ percent would have sufficed (see Table 4) to achieve the required number of 274 (>270) electors.

Summing up: Both in scenario 1 as in scenario 2, a sort of “election paradox” shows up: just slightly more than 25 percent of the eligible voters hypothetically determine who becomes US President.

IS THERE A SCOPE FOR REFORMING THE ELECTORAL COLLEGE SYSTEM?

Any reform proposal should respect core insights won from the political economy of institutional/po-

litical reforms. To be brief, we here concentrate on the principles of (i) transparency of procedures and (ii) enforceability of any reform proposal.

The *Direct Election Plan* suggests to vote the candidates according to their overall achieved popular share directly (Whitaker and Neale 2004). Then there is no need for an Electoral College system anymore. This plan has been followed since 1798 in the elections for the House of Representatives.² The winner is the candidate who accumulates more than 50 percent of the valid vote cast.³

The *District Plan*, also known as the “Congressional District Method,” is used in the states of Maine (since 1972) and of Nebraska (since 1996). Following the proportionality principle, the concurrent parties are allocated to electors according to the (relative) vote share which they achieve in the corresponding districts. In 2000, for example, George W. Bush won

² See also <https://studyhq.net/direct-election/>.

³ Bauer (2016) discusses further reform options.

Table 4
The “Net Price” for an Elector in the Federal States of the US

Federal states	Electors	Residents entitled to vote	Sum of electors	Net price for an elector in units of residents entitled to vote
Wyoming	3	431,364	3	219,996
Vermont	3	499,884	6	254,941
Alaska	3	525,568	9	268,040
Washington D.C.	3	540,685	12	275,749
North Dakota	3	565,143	15	288,223
Rhode Island	4	799,642	19	407,817
South Dakota	3	648,104	22	330,533
Delaware	3	720,531	25	367,471
Hawaii	4	1,007,920	29	514,039
New Hampshire	4	1,079,434	33	550,511
Maine	4	1,085,285	37	553,495
West Virginia	5	1,394,028	47	710,954
Montana	3	837,298	50	427,022
New Mexico	5	1,515,355	55	772,831
Idaho	4	1,292,701	59	659,278
Kansas	6	2,087,946	65	1,064,852
Nevada	6	2,153,915	71	1,098,497
Arkansas	6	2,182,375	77	1,113,011
Utah	6	2,191,487	83	1,117,658
Mississippi	6	2,201,950	89	1,122,995
Connecticut	7	2,603,327	96	1,327,697
Iowa	6	2,321,131	102	1,183,777
Oklahoma	7	2,845,835	109	1,451,376
Alabama	9	3,683,055	118	1,878,358
Minnesota	10	4,118,462	128	2,100,416
Kentucky	8	3,312,250	136	1,689,248
Louisiana	8	3,373,932	144	1,720,705
Maryland	10	4,313,416	154	2,199,842
South Carolina	9	3,926,305	163	2,002,416
Wisconsin	10	4,368,530	173	2,227,950
New Jersey	14	6,158,999	187	3,141,089
Illinois	20	9,027,082	207	4,603,812
Washington	12	5,437,844	219	2,773,300
Indiana	11	5,000,007	230	2,550,004
Oregon	7	3,196,425	237	1,630,177
Missouri	10	4,603,060	247	2,347,561
Massachusetts	11	5,072,901	258	2,587,180
Georgia	16	7,383,562	274	3,765,617
			Sum	54,004,047

Sources: Table 3; own calculations.

(all) 11 electors in the state of Missouri under the actually ruling electoral system. Opposed to this, the District Plan would have allocated 8 electors to Bush, but 3 to his rival, Al Gore (Whitaker and Neale 2004).

According to the *Proportional Plan*, the Electoral College system would not be totally abolished, but only modified: electors would be assigned to the candidates in every state based on the percentage of

total valid votes received, respectively, *independent of the fact from which districts the votes came from*. Virtually spoken, this regime would have let Gore defeat Bush in the year 2000 by 269 (his real score was 267) electors against 263 (his real score was 271). Six further electors would have been assigned to “other” (Whitaker and Neale 2004). Notice that the state of Colorado considered introducing this plan in the year 2004.

The *Automatic Plan*, as the fourth significant alternative, would also modify the existing electoral system: here, specific electors would be chosen only if they themselves could win a majority of votes in their respective district. Abolishing the “Electoral College” system, electors would no longer be in the role of “middlemen.” The Presidential election results of 2000 would not have been so different under this alternative regime, after all. Thus, the tally would have been 271 electoral votes for Bush/Cheney and 267 (as opposed to 266) for Gore/Lieberman (Whitaker and Neale 2004).

Results:

- Transparency und simplicity: The “District Plan,” “Automatic Plan,” and “Proportional Plan” meet this criterion satisfactorily; given that the “Proportional Plan” intends to conserve elements of the Electoral College, a system familiar to the US incumbents, this plan might have a comparative advantage with regard to this criterion.
- Enforceability: The “Direct Election Plan” seems to be less enforceable than the “District Plan,” as it is in need of a constitutional amendment with a qualified majority of two-thirds in Congress. Putting the “Automatic Plan” and the “Proportional Plan” in place would also mean passing a constitutional amendment, which in turn requires two-thirds of Congress to vote and agree on the decision and that decision needs to be ratified by 38 of the 51 states. Therefore, the “District Plan” fulfils this criterion best.

MANIPULATIVE REDISTRICTING: THE CASE OF “GERRYMANDERING”

In 2020, a census was conducted in all 51 US states. This gives the respective legislatures, governments, and/or advisory commissions the opportunity to redraw the existing districts for the upcoming elections of members of the House of Representatives. The districts should, in principle, be compact, contiguous to each other, and encompass the same size and structure of population (Szikalai and Heberger 2020). Experience from the past, however, shows that the possibility to redistrict is nevertheless used in many cases by politicians for “gerrymandering.” This wording refers and goes back to the former governor of Massachusetts, Elbridge Gerry. Almost artistically, in 1812 his fantasy led him to create districts looking

Figure 1
A Simple Case of Gerrymandering (with No Independents)

100 D	100 D	100 D	100 R	100 R	100 R	100 R
100 D	100 D	100 D	100 D	100 D	100 D	100 D
100 D	100 D	100 R	100 R	100 R	100 R	100 R

D = Democrats R = Republicans

Source: Sell and Stiefl (2021); own compilation.

much like a salamander (Illinger et al. 2018), with the clear purpose to secure his re-election.

Gerrymandering with No Independents

We depart from the simplifying assumption that there are only 2 Parties (no Independents, voter turnout of 100 percent) and a total of 2,100 incumbents. 1,200 of these are partisans⁴ of the Democrats, 900 vote in favor of the Republican Party. Hence, in the popular vote, the Democrats have a win of 57.1 percent (“vote share”) over 42.9 percent of the Republicans. We assume that new districting regulation distributes these 2,100 incumbents over seven units of election. In Figure 1, the districts are depicted – in a simplifying stylized version of the existing reality – as seven vertical parallels: This is still in the vein of Elbridge Gerry, because theoretically it is about the same to allocate incumbents over a given distribution of districts or to distribute districts over a given allocation of incumbents. District 1 and 2 together contain 600 partisans of the Democrats only. Districts 3 includes 200 partisans of the Democratic Party and 100 partisans of the Republican Party. District 4 through 7 contain 200 partisans of the Republican Party and 100 partisans of the Democratic Party each. As we can easily discern, the Democrats (Republicans) win 3 (4) out of 7 districts and hence send a minority (majority) of representatives into the House of Representatives in Washington DC. This equals to a “seat share” of 42.9 percent (57.1 percent) or just the inverse of the above-identified “vote share.” This scenario is a strong indicator for active gerrymandering.

What can we learn from Figure 1? Obviously, the Republicans win districts four through seven, giving in with respect to the first three districts. The Democrats have a win of 100 percent in districts 1 and 2, and of 66.66 percent in district 3. This is what is called “packing and cracking” (Konishi and Pan 2018): give to the opponents a large majority in a minority of districts (“packing”) and beware to conquer a majority in the majority of districts with the lowest margin at hand (“cracking”). As a result, Republicans (Democrats) win 4 (3) out of 7 districts, that is

a “seat share” of 57.1 percent (42.9 percent), though their popular vote share of 42.9 percent (57.1 percent) is much lower (higher) and, of course, minoritarian (majoritarian).

It is obvious that gerrymandering sparks (at least) two types of problems: an *incentive and a representation* problem (Bierbrauer and Polborn 2020). The latter is due to the fact that the leading party in the popular vote may become second in the seat share. The incentive problem arises because “packing” tends to motivate rent-seeking among the “100 percent-electors” (Donges and Freytag 2009). Furthermore, studies demonstrate that the turnout is negatively affected by repeated “packing” (Bierbrauer and Polborn 2020).

HOW TO REDESIGN “REDISTRICTING”?

Different approaches from economics and also from political economy science can contribute to overcoming the gerrymandering trap. In the first place, here, we follow the excellent proposal of Bierbrauer and Polborn (2020): their idea, rooted in sub-game perfect solutions of non-cooperative game theory, invites each Party to appoint partisans in a round-by-round process and to delegate them to the different districts (whose number is exogenous) until the total number of partisans (of both Parties) expires. The dynamics of action and reaction are meant to let both Parties neutralize each other. Each Party is equipped with partisans according to their popular vote share. In general, the Party that is allowed to start has a so-called first-mover disadvantage, because it is not able to react to its opponent’s last move. Any equilibrium of the game must guarantee that a win in the seat share is accompanied by a corresponding lead in the vote share. Let us inspect the details with the help of Figure 2, where there are (only) partisans of Republicans or Democrats, but no Independents. Districts have to be equally sized.

Notice that the Democrats use their first move to delegate 100 partisans to each district (1 through 7). Thereby, they “consume” 700 of their 1,200 partisans. In the second stage, Republicans do the same and consume also 700 of their 900 partisans. In the third stage, Democrats delegate their remaining 500 par-

⁴ The origins of the term “partisan” are reported in Sell (1998).

Figure 2
Correcting for the Simple Case of Gerrymandering

100 D	100 D	100 D	100 D	100 D	100 D	100 D
100 R	100 R	100 R	100 R	100 R	100 R	100 R
100 D	100 D	100 D	100 D	100 D	100 R	100 R

D = Democrats R = Republicans

Source: Sell and Stiefl (2021); own compilation.

tisans, Republicans follow and finish the game with the delegation of their resting 200 partisans. What is the result? Democrats (Republicans) win 4 (3) of the 7 districts, so their “seat share” now is 57.1 percent (42.9 percent) which exactly matches their “vote share” of 57.1 percent (42.9 percent). Moreover, the sequencing in the score of the parties is now correct: Democrats defeat Republicans both in the vote share and in the seat share. If one is still not satisfied with this result, have a look at the alternatives: the seat shares might be 71.4 percent versus 28.6 percent (with 5 seats for the Democrats and 2 for the Republicans): too far away from the vote share (57.1 percent vs. 42.9 percent)!

Correcting for the Case of Gerrymandering When There Is a Significant Number of Independents

In Figure 3, we have reduced the framework to three districts. However, we assume that there are 600 (out of a total of 1,200 partisans) Independents (I) divided equally among the districts.

If we let the Democrats (D) start the game and allow them to assign their own (300) partisans to all three districts, the Republicans (R) will follow and distribute their respective partisans (300) in the second round. For D, getting just one independent partisan (out of 200) on its side is enough to win the first district. R, however, may succeed in districts two and three, provided they convince 51 I (out of 200) in each case to follow them. This is more likely than for D to persuade 151 I. Let D and R convince in the end all relevant Independents in districts 1 through 3, respectively. Otherwise, their votes would be “lost.” As a result, we then have a popular vote in favor of R (58.3 percent) against 41.7 percent (D). But R wins 2 out of 3 districts (seat share: 66.66 percent). In a sense, the “trap of gerrymandering” is being solved, as one party, the Republicans, is the winner both in the popular *and* in the seat share.

In Figure 4, we again have three districts; we now consider the existence of 1,200 Independents (from a total of 2,400 partisans), equally distributed over the districts. We let the Democrats (D) again start the game: now they may draw the first and the third move (the Republicans (R) and the second and the fourth move). For D it is sufficient to pull over just 101 independent partisans (out of 400) to their side to win the first district. This is more likely than for R to persuade 301 I. R, however, may succeed in districts two and three, provided they convince 151 I (out of 400) in each of these districts to follow them. This is more likely than D to persuade 251 I. Let D and R convince in the end all relevant Independents in districts 1 through 3, respectively. Otherwise, their votes would be “lost.” As a result, we again have a popular vote in favor of R (58.3 percent) against 41.7 percent (D). R again wins 2 out of 3 districts (seat share: 66.66 percent.) and the gerrymandering puzzle, again, is solved.

All presented equilibria are sub-game perfect and are associated with a “second-mover advantage.” In

Figure 3
An Optimal Finite Districting Game of Two Moves with Independents

200 I	200 I	200 I
200 D	50 D	50 D
	150 R	150 R

I = Independents D = Democrats R = Republicans

Source: Bierbrauer and Polborn (2020); own compilation.

Figure 4
An Optimal Finite Districting Game of Four Moves with Independents

400 I	400 I	400 I
100 D	100 D	100 D
100 R	100 R	100 R
100 D	50 D	50 D
100 D	150 R	150 R

I = Independents D = Democrats R = Republicans

Source: Bierbrauer and Polborn (2020); own compilation.

other words, the party that makes the penultimate move has a strategic disadvantage. As a result, this disadvantage will be smaller as the parties' shares in the "popular vote" are more similar, as the number of partisans to be awarded in each round is smaller, and as the number of total rounds/moves is larger. Finally, the dice can already decide at the beginning who will be first and who will be second.

The concept of Bierbrauer and Polborn (2020) is, though sophisticated, at the same time (i) both simple and transparent. But is it (ii) enforceable? What can bring the almost hostile Parties in the US to agree on a mechanism which avoids gerrymandering effects/consequences and is also less arbitrary than tumbling dices?

Public finance is primarily dedicated to the role of government in providing public goods to the private sector. Whenever individuals are being affected (whether positively or negatively) by actions of other economic agents, this issue is investigated under the label of "external effects" and the possible strategies for their internalization. Experts speak of so-called "non-pecuniary, technological external effects" (Luckenbach 2000): activities in consumption and/or in production of one group of agents has a negative (social costs) or positive (social benefits) effect on the activity (in consumption and/or in production) level of another group of agents. This mechanism should not be confounded with (monetary) spill-over effects stemming from ordinary market processes, where rising or falling prices due to demand or supply shifts are a natural outcome of new relevant information/expectations.

It is then the obligation of economic policy to design internalization strategies with the aim to reduce (to raise) external costs (benefits). Guy Kirsch (2004), a prominent representative of the school of "political economy," has developed a smart mechanism for the internalization of external costs: all those individuals who would suffer (or enjoy) the consequences of a decision should participate in the decision-making process itself. The idea is, generally speaking, to make all those who are directly affected by a problem become explicitly involved in its solution.

Gerrymandering, in a sense, is comparable to the occurrence of external costs: the voting activity of those (Republican or Democrats) voters is affected negatively, whose weight in the vote share is not reflected sufficiently in the seat share as a consequence of the partisan districting policy of either Democrats or Republicans. There already exists some sort of model for the idea of Kirsch in reality. In some of the affected US states, we find "redistricting commissions" which either come up with own suggestions to the legislative or at least they function during the process of redesign as consulting/advisory agencies. If not currently available, "participating clauses" – beyond the, in several cases, existing "compactness clauses" for the design of districts – should be estab-

lished. Herewith, a large part of stakeholders in the process of elections to the House of Representatives would come into play. It goes without saying that these stakeholders must include not only Bi-partisans and Partisans but also the group of Independents (Bierbrauer and Polborn 2020). Therefore, the practised system in California and Iowa, where so-called "non-partisan districting committees" act in an advisory role is a good starting point but perhaps not yet the final solution (Konishi and Pan 2018). In essence, the concept of Kirsch (2004) develops further what Dudenhöffer (1984) already claimed in his remarkable PhD thesis: consumers should be given the right to decide upon issues regarding the usage of the public good "environments." Substituting "consumers" by "voters" and "environment" by "democracy," underlines the analogy.

A further contribution to solve the gerrymandering puzzle may be drawn from political economy science: the concept of "Logrolling" enables parliamentarians from different Parties (I, II) to combine two, in principle independent motions (A, B), in a sort of interlinked vote. Party I may, for example, be willing to support motion B which stems from Party II, if (and only if) the latter is prepared to do the same with regard to motion A which comes from Party I (Külp 1976). It is understood that none of the implicated Parties is capable of organizing a qualified majority of votes in favor of its own plan alone. To make the case of redistricting, suppose A (I) is meant to be the share of social expenditures in the public budget for the next ten years (the Republican Party), while B (II) is related to the geographic design of districts in the respective federal state. A "logrolling deal" would create a constraint for the intention of the Republicans (Democrats) to gerrymander (to expand social policies): they would only succeed in their purpose of redistricting in as much as they are willing to consent additional expenditures in the field of social policy. The inverse holds for the Democrats.⁵

CONCLUSIONS

"This is a self-established truth which it is needless to discuss:
you are rich and I am poor"
(Tocqueville 1969, 188).

The quote from Tocqueville could be extended to "it's your fault, not mine!" And it fits the relationship between Republicans and Democrats in the recent history of the US well. So much seems certain: only if both of these Parties take responsibility for the damage caused and are willing to collect the shards

⁵ "Logrolling is a procedure which seems to fit well the issue of gerrymandering, because it presupposes that the individuals involved do know each other and are also able to communicate with each other. Both is usual in parliaments" (Donges and Freytag 2009, 240).

will the US democracy regain its strength. In this paper, we have presented, in our view, feasible reform proposals, both for the Electoral College and for the issue of (Re)-Districting. And yet, the issue of “voter suppression,” not debated in this contribution, casts new shadows ahead.

REFERENCES

- Bauer, W. T. (2016), *Mehrheits-, Verhältnis- und andere Wahlsysteme. Ein Überblick*, Österreichische Gesellschaft für Politikberatung und Politikentwicklung (OGPP), Vienna.
- Bierbrauer, F. J. and M. Polborn (2020), “Competitive Gerrymandering and the Popular Vote”, *ECONtribute Discussion Paper* 034.
- Donges, J. B. and A. Freytag (2009), *Allgemeine Wirtschaftspolitik*, 3 Edition, Lucius & Lucius Verlag, Stuttgart.
- Dudenhöffer, F. (1984), *Mehrheitswahlentscheidungen über Umwelt-nutzungen: Eine Untersuchung von Gleichgewichtszuständen in einem mikroökonomischen Markt- und Abstimmungsmodell*, Peter Lang Verlag, Berlin.
- Duquette, C., F. Mixon and R. Cebula (2013), *Swing States, the Winner-Take-All Electoral College, and Fiscal Federalism*, The MITRE Corporation, Columbus State University, Jacksonville University, <http://mpr.ub.uni-muenchen.de/55423/>.
- Electoral College Results, National Archives (2020), <http://www.archives.gov/electoral-college>.
- Illinger, P., C. Endt and J. Hosse (2018), “Wie die Amerikaner ihre Demokratie zerschneiden”, 2 February, <http://www.sueddeutsche.de>.
- Kirsch, G. (2004), *Neue Politische Ökonomie*, 5 Edition, Lucius & Lucius Verlag, Stuttgart.
- Konishi, H. and C. Y. Pan (2018), *Partisan and Bipartisan Gerrymandering*, Boston College and School of Economics and Management, Wuhan University, August, Mimeo.
- Kruschke, L. (2021), “Do Redistricting Commissions Reduce Partisan Gerrymandering? Evidence from Arizona”, *University of Colorado Boulder Working Paper* 21-03.
- Külpe, B. (1976), *Wohlfahrts-Ökonomik II. Maßnahmen und Systeme*, J. C. B. Mohr Verlag, Tübingen.
- Luckenbach, H. (2000), *Theoretische Grundlagen der Wirtschaftspolitik*, 2 Edition, Verlag Vahlen, München.
- Sell, F. L. (1998), *Do Partisans participate at Central Bankers’ Meetings? A Comment to a Contribution of Roland Vaubel*, Freiburg, Mimeo.
- Sell, F. L. and J. Stiefl (2021), “Missing the Popular Vote: Pitfalls in US Democracy and Reform Proposals”, *Intereconomics* 50, 237–242.
- Sziklai, B. R. and K. Héberger (2020), “Apportionment and Districting by Sum of Ranking Differences”, *PLOS ONE Public Library of Science* 15(3), 1–20.
- Tocqueville, A. de (1969), *Democracy in America, A New Translation by George Lawrence*, Doubleday & Company, Inc., New York.
- Whitaker, L. P. and T. H. Neale (2004), *The Electoral College: An Overview and Analysis of Reform Proposals*, <https://www.everycrsreport.com/reports/RL30804.html>.

Chang Woon Nam

Lessons Learned from the Failure of “Make in India” Industrial Reform Policy

The “Make in India,” launched by Prime Minister Narendra Modi in 2014, is an industrial policy initiative designed to stimulate the production of multinational and domestic manufacturing firms in India, as the manufacturing sector’s contribution to the country’s economic growth was relatively weak and its export share continued to shrink (Singh and Ranjan 2015).¹ Under this initiative, the urgent revival and expansion of manufacturing was seen as critical to the country’s long-term development, and with the introduction of numerous reforms across a wide range of government policies (including simplifying the tax system, deregulating prices, and reducing foreign ownership – see Box below), the country sought not only to attract FDI but also to improve its global competitiveness, in particular by promoting innovation, creating more qualified workers, and providing modern infrastructure.²

Furthermore, all these heterogeneous promotion schemes, also required to enhance the production efficiency, are addressed not only to traditional, labor- and capital-intensive industries but also to high-tech manufacturing firms and modern services, *all at the same time*. The choice of twenty-five “eligible” branches³ is based on the following ambitious policy logic: “apart from safeguarding basic production inputs (such as power, minerals, and water) at competitive prices, the availability of modern transport, logistic and communication infrastructure is necessary in order to support the growth of industry and firms’ accessibility to the domestic and international markets. Enhancing productivity and firms’ R&D and

¹ “Compared to many other developing countries, India’s manufacturing sector has played an unusual role in the national growth experience. In 1950–51 [...] manufacturing [accounted for] approximately 9 percent of GDP. By 1979–80, this ratio had risen close to 15 percent, but thereafter [it] has hardly increased. The highest share of manufacturing in any year was in 1996–97, at 16.6 percent: since then the figure has hovered on either side of 16 percent, even in the years when India’s GDP grew at over 9 percent annually” (Singh 2014, 18).

² See <http://www.makeinindia.com/about>. To a certain extent, such policy measures are similar to the typical industrial development and growth convergence models of some East Asian nations (see also Wu 2002; Rodrik 2013b).

³ These selected branches include: (1) automobiles; (2) automobile components; (3) aviation; (4) biotechnology; (5) chemicals; (6) construction; (7) defense manufacturing; (8) electrical machinery; (9) electronic systems; (10) food processing; (11) information technology and business process management; (12) leather; (13) media and entertainment; (14) mining; (15) oil and gas; (16) pharmaceuticals; (17) ports and shipping; (18) railways; (19) renewable energy; (20) roads and highways; (21) space and astronomy; (22) textiles and garments; (23) thermal power; (24) tourism and hospitality; and (25) wellness.

ABSTRACT

Launched in 2014, the “Make in India” initiative aims to revitalize the manufacturing sector and includes heterogeneous measures that “simultaneously” support industries at different stages of development, from labor- and capital-intensive to high-tech industries and advanced services. Among others, issues such as uncertainty in the world market discouraging export activities, poverty alleviation-oriented support for labor-intensive industries versus overall productivity gains, and the complementary role of IT services in industrial modernization and growth appear to largely determine the success of India’s diversified industrial policy. After seven years of policy implementation, economic indicators show that the original goals have not been met. Moreover, course corrections and a reorientation of goals, plans, and strategies are now urgently needed.

innovation activities [as well as development of IT (and its application)], shaping India’s international competitiveness on the global market require also well-educated, skilled human capital which fully satisfies the labor market demand. Entrepreneurship and the ease of doing business should not only be supported by an easier access to venture capital but also be strengthened by delicensing and deregulating the industry during the entire life cycle of a business” (Nam and Steinhoff 2018, 45).⁴

According to this policy approach, by creating an investment-friendly environment, developing modern and efficient infrastructure, and opening new sectors to foreign capital, three major quantitative goals can be achieved, including:

- a) increasing the growth rate of the manufacturing sector to 12–14 percent per year (to increase the sector’s share of the economy);

⁴ See more detail in http://www.pmindia.gov.in/en/major_initiatives/make-in-india/.



Chang Woon Nam

is Senior Economist at the ifo Institute and Professor of Economics at the University of Applied Management in Ismaning.

THE MODI GOVERNMENT'S REFORM PROGRAM

The major individual reform measures include, for example:

- Create a unified national tax on goods and services
- End retrospective taxation of cross-border investments
- Deregulate diesel pricing
- Deregulate natural gas pricing
- Deregulate kerosene pricing
- Remove government-mandated minimum prices for agricultural goods
- Use direct benefit transfer to deliver cash subsidies
- Deregulate fertilizer pricing
- Allow more than 50% foreign investment in insurance
- Allow more than 50% foreign investment in defense production firms
- Allow more than 50% foreign investment in railways
- Allow foreign lawyers to practice in India
- Allow foreign investment in more construction projects
- Reduce restrictions on foreign investment in multi-brand retail
- Reduce restrictions on foreign investment in single-brand retail
- Allow more than 50% foreign investment in direct retail e-commerce
- Fully open the coal mining sector to private/foreign investment
- Relax government controls over corporate downsizing
- Stop forcing banks to lend to “priority sectors” including agriculture, small businesses, education, and housing
- Extend the expiration date of industrial licenses
- Make it quicker and easier for companies to go through bankruptcy
- Offer one-stop shopping for clearances for new businesses
- Institute a mandatory 30-day “Notice & Comment” period for proposed regulation
- Allow cities to issue municipal bonds to raise funds
- Raise the ceiling on foreign institutional investment in Indian companies
- Conduct transparent auctions of telecom spectrum

Source: Center for Strategic and International Studies (<http://indiareforms.csis.org/>).

- b) creating 100 million additional manufacturing jobs by 2022; and
- c) ensuring that the manufacturing sector's contribution to GDP increases from ca 15 percent in 2014 to 25 percent in 2022 (revised to 2025).

FAILURES REVEALED IN ECONOMIC INDICATORS

According to Babu (2020), there are three major reasons why the Make in India failed: “first, it set out too ambitious growth rates for the manufacturing sector to achieve. An annual growth rate of 12–14 percent is well beyond the capacity of the industrial sector [and an expectation] to build capabilities for such a quantum jump is perhaps an enormous overestimation of the implementation capacity of the government. Second, the initiative brought in too many sectors into its fold. This led to a loss of policy focus. Further, it was seen as a policy devoid of any understanding of the comparative advantages of the domestic economy. [Third, most of the schemes under the Make in India relied too much on foreign capital for investments and global markets for product. This created an inbuilt uncertainty, as domestic production had to be planned according to the demand and supply conditions else-

where. Furthermore,] given the uncertainties of the global economy, and ever-rising trade protectionism [and external effects of pandemics], the initiative was spectacularly ill-timed.”

Regarding the target of raising the manufacturing growth rate to 12–14 percent per year, Table 1 shows that 2015 was the only year in which India was able to achieve this target, with an annual manufacturing value added (MVA)⁵ growth rate of 13.1 percent, while the country failed in all other years. In 2019, manufacturing output in India actually plunged to negative growth for the first time this century, due to a decline in exports and weaker domestic demand, as the negative impact of the decline in output (especially general machinery, electrical equipment, and automobiles) in major developed economies (such as Germany, Japan, and the US) quickly spread to other economies.⁶ Despite the pandemic, MVA growth reached 6.3 percent and 8.9 percent in 2020 and 2021, respectively.

⁵ <https://www.unido.org/researchers/statistical-databases>. Here the “manufacturing sector” comprises all the branches listed in the “International Standard Industrial Classification of All Economic Activities” (ISIC) Division D 15-37 (i.e., excluding branches in the fields of mining, construction, water supply and energy).

⁶ <https://www.unido.org/news/growth-world-manufacturing-has-continued-slow-throughout-2019-amid-rising-tensions-over-trade-india-hit-negative-growth-unido-report>.

Table 1

Selected Economic Indicators for India, 2014–2021

Year	Annual MVA growth (%)	MVA (% of GDP)	Gross fixed capital formation: private sector (% of GDP)	FDI total (million US dollars)
2014	7.9	14.9	23.1	34,582
2015	13.1	15.6	21.3	44,064
2016	7.9	15.5	21.3	44,481
2017	7.5	15.6	21.5	39,904
2018	5.3	15.5	22.1	42,156
2019	-2.4	14.5	21.8	59,558
2020	6.3	16.6		64,062
2021	8.9	16.6		

Source: UNIDO; World Bank.

The goal of increasing the manufacturing share of GDP from around 15 percent in 2014 to 25 percent in 2022 was also difficult to achieve, as annual growth in manufacturing output was much slower than expected (see above). Unfortunately, the increase in the MVA share of GDP was rather marginal and the share remained in a very narrow range between 14.9 percent and 16.6 percent over the 2014–2021 period (Table 1). It was clear that policy efforts to reach the 25 percent share in 2022 would be futile, which has already led the Indian government to postpone the same target to 2025.

The manufacturing accounts for nearly 17 percent of India's GDP in 2020 and also 2021, but employment in this sector has declined sharply over the past five years. While 51 million Indians were employed in the fiscal year 2016/17, employment in the sector declined by 46 percent and reached 27.3 million in 2020/21 (CEDA-CMIE 2021). This fact shows how severe the employment crisis in India was even before the pandemic. Year-on-year, the manufacturing sector employed 32 percent fewer people in the fiscal year 2020/21 than in 2019/20, compared with 1 percent growth (year-on-year) in 2019/20. This was despite the Indian government's efforts to improve manufacturing in the country through the Make in India project, under which India aimed to create 100 million additional manufacturing jobs by 2022.

On the other hand, India's agriculture employed 145.6 million people in the fiscal year 2016/17 (CEDA-CMIE 2021). This increased by 4 percent to reach 151.8 million in 2020/21. While it accounted for 36 percent of total employment in 2016/17, it rose to 40 percent by 2020/21, underscoring the importance of the sector to the country's economy. Even during the pandemic, agricultural employment has increased over the past two years, with annual growth rates of 1.7 percent in 2019/20 and 4.1 percent in 2020/21.

According to the main idea of Make in India, the country should better attract foreign capital and make domestic production process more efficient and, in particular, the country's industrial products should become more competitive in the world market. Dereg-

ulation and the reduction of red tape, as well as the simplification and streamlining of existing regulations under the Make in India program (see Box above), have steadily improved the World Bank's ranking for ease of doing business in the country from 134 in 2014 (over 100 in 2017) to 77 in 2018 and 63 in 2019. The creation of better and more favorable conditions for doing business and investing seems to have contributed to the gradual increase in FDI between 2014 and 2020 (see Table 1).⁷ However, to achieve the goal set by the Make in India initiative, the country certainly needs much stronger external stimulus, accompanied by stronger investment activity by domestic companies. In the five years following the announcement of the Make in India, there has been slow growth in investment in the economy. This is even more true when looking at capital investment in the manufacturing sector. Private sector gross fixed capital formation, a measure of total investment, declined from 23.1 percent in 2014 to 21.8 percent of GDP in 2019 (Table 1). According to the Annual Survey of Industries (ASI),⁸ annual growth in real fixed investment in manufacturing has averaged only 1.5 percent for the four consecutive fiscal years since 2014/15 (see also Nagaraj 2019).

DESIGNED TO FAIL?

Panagariya (2013, 25) suggests as the main reason for implementing the Make in India that, particularly given the high levels of poverty from which a large portion of the population has always suffered and the still-dominant low-productivity agricultural sector, "India has no choice but to follow the East Asian example" of achieving long-term economic growth by accelerating the production and export of manufactured goods. In examining what was wrong with the policy concepts of Make in India and whether the initiative is less well designed, it would therefore be

⁷ In 2015, India even emerged as the top destination for FDI, surpassing the US and China.

⁸ <http://www.csoisw.gov.in/cms/en/1023-annual-survey-of-industries.aspx>.

helpful to discuss the background and reasons why India, in contrast to the East Asian successes with smooth, “gradual” changes in industrial structure from labor-intensive (through capital-intensive) to R&D-oriented high-tech industries and advanced services in line with overall economic growth, requires a wide range of diversified industrial policies that also simultaneously target different types of industries and services at different stages of development. This appears to be an important India-specific policy practice, but one that to some extent goes against the conventional catch-up approach (the so-called “flying geese” model) used in East Asia, including China. Can India achieve all these goals “simultaneously” related to its export orientation and competitiveness in the world market, the promotion of labor-intensive industries, the stimulation of high-tech innovation and its complementarity with modern business services, and the importance of IT and its application for growth? Is there a trade-off or conflict between these different objectives? Will this Modi reform lead to a “productivity-enhancing structural transformation” for the Indian economy?

First, India has long been dominated by traditional capital- and labor-intensive products such as “food and beverages” and “textiles,” except for some natural-resource-based industries such as “coke, petroleum, and nuclear fuels” and “metal production,” which have limited labor absorption capacity. On the other hand, some high-technology industries such as “motor vehicles” and “electrical machinery” have achieved quite rapid real MVA growth in recent years.⁹ To some extent, this long-standing imbalanced industrial structure has forced India to adopt multiple, diversified industrial policies that simultaneously target different types of industries that are at different stages of development. Apart from productivity enhancement, which is widely recognized as the primary driver of economic growth, Modi’s policies may have aimed to better leverage the positive contributions to growth that come from capital accumulation and more effective use of the abundant labor force. However, such policy practice may further seriously conserve the existing industrial structure and prevent rapid structural change (see below).

World economic history shows that strong economic growth of countries has been led by rapid growth in manufacturing exports and efforts to exploit and realize comparative advantage and competitive strength in the world market, but rarely achieved in the domestic market (Johnson et al. 2010). In contrast, the Indian experience seems to hold true that a strong foreign market orientation pursued through the

Make in India was less prudent and timely as the stagnant economies of the major importers of potential Indian industrial products (Japan, the EU, and the US) continued to prevail (see the case of 2019 presented above and the subsequent global economic crisis during the pandemic). In addition, one should recognize China’s current role as the world leader in the export of manufactured goods and the fact that it will remain India’s most important competitor in the international market in the near future, especially in the “food and beverages,” “textiles,” “coke, oil products, nuclear fuels,” “basic metals,” and “chemicals” sectors, while India’s major exporters of manufactured goods also continue to face serious challenges from other fast-growing Asian countries such as Vietnam and Indonesia. In this context, Rajan (2015) suggests the introduction of a kind of “Make for India” program aimed at further promoting “import substitution,” especially taking into account that in recent times, on average, nearly 60 percent of India’s GDP has been driven by domestic private consumption, while the country’s consumer market is currently the sixth largest in the world and is expected to rise to third place by 2030 (World Economic Forum 2019). In the production of “mineral fuels, including petroleum,” “organic chemicals,” and “precious stones and metals,” India has recently engaged in a form of “intra-industry trade” with the rest of the world, meaning that these have recently been both the main export and import items for the country.¹⁰ Import substitution may also occur in the short term for “organic chemicals”; for example, if Indian producers in this area can make their production system more efficient while improving the quality of their products (Nam et al. 2017).

The promotion of labor-intensive industries aimed at “poverty reduction” and the creation of jobs for less-qualified people can hardly be reconciled with long-term industrial growth and structural change: such strategies combined with redistributive motives lead to trade-offs with improving the country’s overall productivity and competitiveness. This fact should be given special consideration, as some labor-intensive, less productive industries (e.g., food, leather, apparel) are also supported by Modi’s Make in India initiative.¹¹ The experiences in Korea and Taiwan show that the establishment of strong labor-intensive industries in the initial development phase was necessary to en-

¹⁰ The ten important India’s import items in 2021 were “mineral fuels including oil” (29.9 percent of total imports); “gems, precious metals” (15.5 percent); “electrical machinery, equipment” (9.9 percent); “machinery including computers” (8.5 percent); “organic chemicals” (4.8 percent); “plastics, plastic articles” (3.4 percent); “animal/vegetable fats, oils, waxes” (3.1 percent); “iron, steel” (2 percent); “optical, technical, medical apparatus” (2 percent); and “inorganic chemicals” (1.7 percent), <https://www.worldstopexports.com/indias-top-10-imports/>.

¹¹ In part, this promotion can also be based on the Rodrik’s “unconditional convergence” hypothesis which empirically explains that “in general” (i.e., regardless of the quality of policies or institutions and other country-specific circumstances in their home economies) a faster labor productivity growth can be achieved in lower-productivity industrial fields. Consequently, growth can be triggered by the increased economy’s ability and also policy to pull resources into such “convergence industries” (Rodrik 2013a).

⁹ See <https://stat.unido.org/country-profile/economics/IND>. This fact is also revealed in India’s export structure in 2020 with “mineral fuels including oil” (14.3 percent of total exports); “gems, precious metals” (9.7 percent); “machinery” (6.1 percent); “iron, steel” (5.4 percent); “organic chemicals” (5.4 percent); “pharmaceuticals” (4.9 percent); “vehicles” (4.8 percent); “electrical machinery, equipment” (4.8 percent); “cereals” (3.1 percent); and “cotton” (2.5 percent), <https://www.worldstopexports.com/indias-top-10-exports/>.

ble a smooth transition to a capital-intensive industrial structure. Moreover, such an explanation based on the typical East Asian flying geese model largely contradicts the fact that India's recent growth has been strongly triggered by "skilled labor-intensive" services and capital-intensive industries (see also Panagariya 2013).

India's comparative advantage in IT software services on the global market has been first led by the lower wage compared to that of their US and European counterparts, whereas the prevailing income difference between software professionals and those other industrial workers in this country has attracted the continued supply of them. In this context, it seems desirable that India's advanced software applications and other IT services be more widely and strongly promoted (see also Singh 2014). Nevertheless, it is questionable whether the service sector alone can generate a country's continuous long-term output or employment growth. Preferably, based on the "development interdependence logic" between modern IT services and high-tech industries (including also IT hardware production), the important role of information technology appears to be more seriously taken into account in the policy making for knowledge transfer and diffusion between modern industries and advanced services. More importantly, one should bear in mind that advanced IT is a crucial factor shaping the nation's innovation system (equipped with a highly skilled workforce), which not only easily establishes clusters of high-tech industrial firms with each other and also with other modern business services, but also intensifies and accelerates the technology transfer and diffusion process from research institutions to industries and services for the application (Nelson 1993; OECD 2002; Garcia and Vicente 2012).

CONCLUSION

The "Make in India" is here to stay. Nevertheless, a course correction and realignment of goals, plans, and strategies seems to be urgently needed. The original goals have hardly been achieved. To this end, the following aspects should be better considered and incorporated into the development of a modified policy program: (a) more systematic policy specifications based on a better understanding of India's specific economic structure (and situation) under global challenges, including the comparative advantages of

the country's major products and the strengths and weaknesses of its competitors in the world market; (b) the importance of rapid structural change in the manufacturing sector for the country's output, employment, and productivity growth; (3) the thorough assessment of the needs and scope of redistribution-oriented growth policies; (4) the development of interdependence between high-tech industries and modern services and the role of IT in this context; (5) the creation of a national innovation system (well-equipped with a highly skilled workforce) between modern industries and business services and research institutions that better enables not only R&D cooperation, knowledge dissemination and application but also the flexible exchange of skilled labor.

REFERENCES

- Babu M. S. (2020), "Why 'Make in India' Has Failed", <https://www.thehindu.com/opinion/op-ed/why-make-in-india-has-failed/article30601269.ece>.
- Garcia, A. S. and M. R. Vicente (2012), "ICT Technologies in Europe: A Study of Technological Diffusion and Economic Growth under Network Theory", *Ivie Working Paper* WP-AD 2012–21.
- Johnson, S., J. D. Ostry and A. Subramanian (2010), "The Prospects for Sustained Growth in Africa: Benchmarking the Constraints", *IMF Staff Papers* 57, 119–171.
- Nagaraj, R. (2019), *TIF – Make in India: Why Didn't the Lion Roar?*, <https://www.researchgate.net/publication/339386059>.
- Nam, C. W., S. Nam and P. Steinhoff (2017), "Modi's 'Make in India' Industrial Reform Policy and East Asian Flying-Geese Paradigm", *CESifo Working Paper* 6431.
- Nam, C. W. and P. Steinhoff (2018), "The 'Make in India' Initiative", *CESifo Forum* 19(3), 44–45.
- Nelson, R. (1993), *National Innovation Systems: A Comparative Analysis*, Oxford University Press, New York and Oxford.
- Organization for Economic Cooperation and Development (OECD, 2002), *Dynamising National Innovation Systems*, Paris.
- Panagariya, A. (2013), *Indian Economy: Retrospect and Prospect*, Productivity Commission, Canberra.
- Rajan, R. (2015), "Make in India, Largely for India", *Indian Journal of Industrial Relations* 50, 361–372.
- Rodrik, D. (2013a), "Unconditional Convergence in Manufacturing", *Quarterly Journal of Economics* 128, 165–204.
- Rodrik, D. (2013b), "The Past, Present, and Future of Economic Growth", *Global Citizen Foundation Working Paper* 1.
- Singh, M. K. and R. Ranjan (2015), *Make in India: Initiatives and Challenges*, Prashant Publishing, Delhi.
- Singh, N. (2014), "Information Technology and Its Role in India's Economic Development: A Review", *UC Santa Cruz Economics Department Working Paper* 718.
- World Economic Forum (2019), *Future of Consumption in Fast-Growth Consumer Market – India*, https://www3.weforum.org/docs/WEF_Future_of_Consumption_Fast-Growth_Consumers_markets_India_report_2019.pdf.
- Wu, Y. R. (2002), *The Macroeconomics of East Asian Growth*, Edward Elgar, Cheltenham.

Joop Adema and Maitreyee Guha

Following the Online Trail of Ukrainian Refugees through Google Trends

ABSTRACT

Online search behavior offers unique insights about human behavior, not only giving insights about people's state of mind or needs, but also giving insights about their location and mobility intentions. In times of a refugee crisis, such information is important for human well-being in the short run but can also guide integration policies in the long run. Google Trends enables tracking the location, needs, and plans of Ukrainian refugees that left their home country following the invasion of the Russian army. As official statistics and surveys lack granularity and are published with delay, online search data is a valuable addition in humanitarian crises. In this article, we document several use cases of online search data to the current refugee crisis.

Russia invaded Ukraine on February 24, 2022. In almost four months, more than 5.2 million individuals registered for Temporary Protection Schemes in the EU (UNHCR, updated June 21, 2022).¹ This constitutes the largest wave of refugees in Europe in decades. In comparison, during the Syrian refugee crisis, around 1.1 million refugees reached the EU. Although the refugees have predominantly migrated to developed countries, there are nevertheless policy-relevant knowledge gaps related to humanitarian needs, housing, work, and return intentions. Several surveys have aimed to fill these gaps.² These surveys found that typically over 80 per-

¹ <https://data.unhcr.org/en/situations/ukraine> (updated June 21, 2022).

² Example of surveys among Ukrainian refugees: an online survey among Ukrainian refugees in Germany (<https://www.bmi.bund.de/>

cent of adult refugees are women, the average age of refugees is below 40, and a considerable share of refugees are housed by family members or friends. An online survey administered in April in Poland and Germany found that many refugees residing in Poland did not officially register, suggesting that official statistics may underestimate the number of refugees present in Poland (GESIS 2022). A survey conducted in Moldova in March and April showed that most refugees intend to move to third countries (IOM 2022). In contrast, a survey in Germany showed that only a small portion of migrants want to go to another country and that one-third of respondents want to return to Ukraine soon (BMI 2022). However, these surveys rely on small sample sizes, require trained interviewers or recruitment through social media, and do not enable real-time monitoring. As more than 70 percent of Ukrainians use the internet, their digital footprint can be used as an additional source of information.³

MIGRATION AND ONLINE SEARCH

Google Trends enables tracking the search intensity of a search term, relative to the total search volume in a geographic area. This Google Trends Index (GTI) can be disaggregated at the subnational level, which allows comparisons between regions and over time for common search terms.⁴ In Ukraine, Google has a market share of 93 percent on the market for search engines.⁵ Therefore, the GTI is representative of Ukrainians' online search interests. As users from different countries use different languages and have different interests, search behavior can be used to track migrants. In this article, we use the GTI of specific search terms in Ukrainian and Russian (the two most commonly spoken languages in Ukraine). In the following, we refer to GTI as the raw index obtained from Google Trends.⁶ As we are often

SharedDocs/kurzmeldungen/EN/2022/04/survey-ukraine.html), a survey in Moldova (<https://eca.unwomen.org/en/digital-library/publications/2022/04/updated-displacement-survey-ukrainian-refugees-and-third-country-nationals-0>), and an online survey in Poland and Germany (<https://blogs.lse.ac.uk/europpblog/2022/05/12/preliminary-findings-from-an-online-survey-of-ukrainian-refugees-in-germany-and-poland/>).

³<https://datareportal.com/reports/digital-2022-ukraine>.

⁴The GTI of a search term includes all queries containing the search term.

⁵<https://gs.statcounter.com/search-engine-market-share/all/ukraine>.

⁶ <https://trends.google.com/trends/?geo=DE>.



Joop Adema

is Junior Economist and Doctoral Student at the ifo Center for International Institutional Comparisons and Migration Research.



Maitreyee Guha

is a master's student at the Paris School of Economics and currently an intern at the ifo Center for International Institutional Comparisons and Migration Research.

interested in the relative intensity of search terms among a subpopulation, we refer to this as the *relative search intensity*.

Well-known use cases of online search data are surveillance of flu outbreaks (Carneiro and Mylonakis 2009) and prediction of private consumption patterns (Vosen and Schmidt 2011). Related to international migration, Böhme et al. (2020) showed that migration intentions can be predicted using migration-related search terms and that these are also predictive of subsequent migration flows. Furthermore, Wanner (2021) showed that online search behavior is predictive of migration from Spain and Italy to Switzerland. Santamaria (2021) used online search behavior to infer the location of Venezuelan refugees in Colombia to study the labor market effects of immigration. The only application of online search behavior to the current refugee crisis shows that search for migration-related queries rose after the Russian invasion and correlates to subsequent migration (Jurić 2022). In this article, we complement these studies by showing the usefulness of online search data in the current crisis for a variety of cases.

DISPLACEMENT IN UKRAINE

As a first case, we show how urgent plans to move away can be mapped with online search behavior. Figure 1 shows the relative search intensity of the word “evacuation”⁷ across space, for the first four weeks of the war (left panel), and the past four weeks (right panel). Relative search intensity is obtained by scaling both panels and is set to 1 for the region with the highest intensity. Relative search intensity in the whole of Ukraine in the first four weeks of the war was nine times higher than in the past four weeks, suggesting that most individuals looking for evacuation managed to do so. Initially, the interest in evacuation was concentrated in the east and the north (particularly Kharkov, Kyiv, and the region surrounding Kyiv). More recently, the interest in evacuation shifted, as the conflict concentrated in the eastern and southern parts of the country. Especially in the Mykolaiv region, the interest in evacuation is particularly high.⁸ This shows that online search behavior has the potential to identify populations in distress, planning to move away. As such information is available at high frequency, it could guide humanitarian assistance.

TRACKING REFUGEES

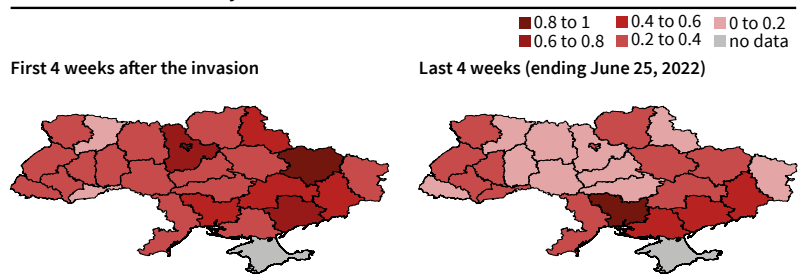
In this section, we show how refugees can be tracked across countries. The leading country-level (and for some countries subnational-level) data collection ef-

⁷ We present the sum of the Google Trend Indices for the Ukrainian and Russian words in order to be able to compare areas with different proportion of Ukrainian and Russian speakers.

⁸ In the week of June 26, 2022, relative search interest for evacuation was highest in the partially occupied regions of Kherson and Donetsk, as well as Kharkiv, after renewed shelling.

Figure 1

Relative Search Intensity for “Evacuation” across Ukraine



Source: Google Trends (2022).

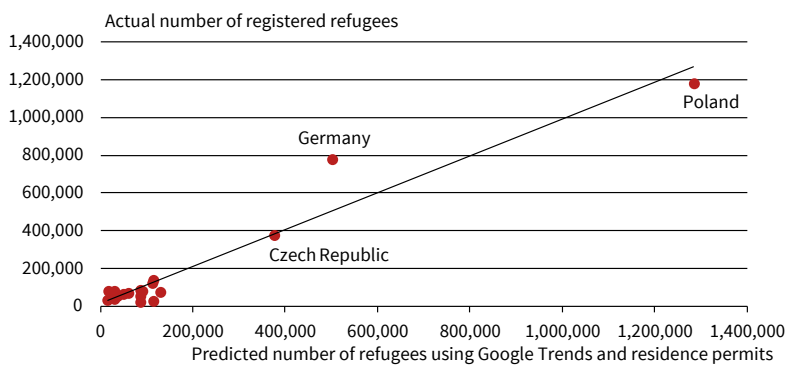
© ifo Institute

fort on Ukrainian refugee stocks is the Operational Data Portal of the UNHCR.⁹ To detect Ukrainian refugees with online search data, we focus on the relative prevalence of the search term for “weather” (“погода” in both Ukrainian and Russian) in various receiving countries. As online search behavior for the weather is seasonally dependent, one has to carefully account for seasonal trends. Therefore, we compare online search behavior in 2022 in the same period as in 2019. Russians and Ukrainians residing in an area before the Russian invasion allow us to benchmark how much relative search queries for “weather” are generated per individual. We predict the number of Ukrainian and Russian speakers in May 2022 in the following way. To obtain the ratio of Russian and Ukrainian speakers between May 2022 and May 2019, we divide the average Google trend index in May 2022 by the average Google trend index in May 2019. We multiply this ratio by the number of Ukrainians and Russians holding residence permits in the respective country in 2019, giving the predicted number of Ukrainian and Russian speakers present in 2022. To obtain the predicted number of Ukrainian refugees, we subtract the last available number of Ukrainian and Russian residents.

The two main caveats of this method are the inability to precisely pin down the pre-existing number of Ukrainian and Russian speakers in a region and the potentially different propensity to search for weather conditions between refugees and non-refugees. Nevertheless, we obtain a good prediction of actual numbers of registered refugees. Figure 2 shows the correlation between the predicted number of refugees and the actual numbers of registered refugees for the 18 EU countries with the largest number of registered Ukrainian refugees, as well as a diagonal line. We find a strong correspondence (slope = 0.95, $R^2 = 0.93$) between the predicted and the actual number of refugees. However, for several smaller countries, we strongly overestimate the number of refugees. In Slovakia and Hungary, we overestimate the number of refugees by about a factor 2. This can be explained by the fact that many more refugees enter these countries from Ukraine to transit rather

⁹ <https://data.unhcr.org/en/situations/ukraine>.

Figure 2
Actual vs. Predicted Number of Refugees Based on Google Trends within Poland



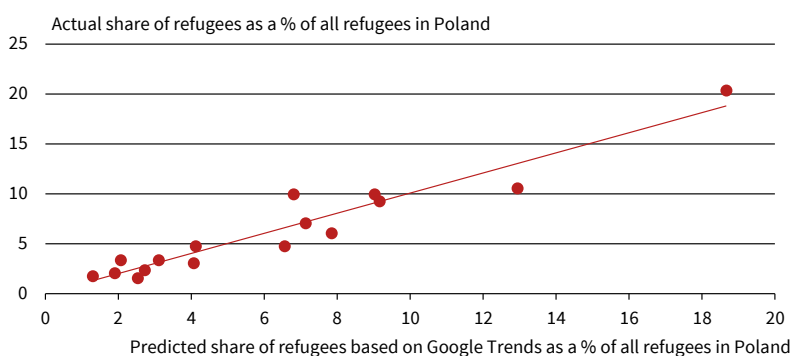
Source: Google Trends (2022). © ifo Institute

than register as refugees. The largest outlier is Finland, where searches for the weather increased by 260 percent despite officially only housing 65 percent more Russian and Ukrainian speakers (residents and registered refugees). This may be suggestive of a large inflow of Russian speakers fleeing Russia after the invasion, rather than Ukrainian refugees.¹⁰

Although the number of refugees registering for temporary protection schemes is well known in most countries receiving Ukrainian refugees, not all countries have information about their distribution within the country. Using the GTI for “погода” across regions and the population of Poland’s 16 regions (with a population between 900,000 and 5 million), we can predict the share of total refugees per region. Figure 3 shows a scatterplot between the predicted and actual share of all refugees in each of the regions. We find a strong correspondence between predicted and actual shares (slope = 0.91, R2 = 0.92).¹¹ This suggests that countries – unlike Poland – that do not collect statistics about the subnational distribution of refugees can estimate it using online search behavior.

¹⁰ <https://www.bbc.com/news/world-60624500>.
¹¹ For the data on the regional distribution of refugees in Poland, see https://dane.gov.pl/en/dataset/2715,zarejestrowane-wni-oski-o-nadanie-statusu-ukr/resource/39437/table?page=1&per_page=20&q=&sort=. For the data on the number of inhabitants per voivodship in 2020, see <https://stat.gov.pl/en/topics/other-studies/cities-voivodship/>.

Figure 3
Actual vs. Predicted Number of Refugees Based on Google Trends within Poland



Source: Google Trends (2022). © ifo Institute

There are drawbacks to Google Trends that limit its usability, especially for less frequently searched terms. Because of Google’s policy not to provide many details on their sampling procedure and how small counts are left-censored, Google Trends provides information about relative search intensities rather than the absolute number of queries or unique individuals. To argue that despite the sampling and left censoring we can still detect relatively small refugee flows when there is well-calibrated prior data about the number of people present with similar search behavior, we turn to Croatia.

According to the UNHCR, close to 15,000 Ukrainians have requested shelter in Croatia. From official statistics, we obtain precise information on the number of nights tourists from Russia and Ukraine stayed in Croatia.¹² We infer that a single GT point in the weekly GTI series for “погода” between 2019 and 2022 corresponds to the presence of 350 people. Assuming the complete absence of Ukrainian and Russian tourists in 2022, the sharp increase at the end of March 2022 of around 35 GT points suggests the presence of about 13,000 additional Russian and Ukrainian speakers, corresponding well with the official statistics. In winter months, the GT index varies by less than 5 percentage points from week to week, suggesting a resolution of less than 2000 people, 0.05 percent of the Croatian population.

These validation exercises suggest that aggregate online search data can be powerful in cases when official statistics are unavailable. Provided that accurately calibrated data is available and that search behavior of migrants and natives is distinct, this implies that the number of migrants in a subnational region can be approximated on a weekly basis with Google Trends.

MAPPING REFUGEES’ NEEDS

In this section, we show how refugees’ online search behavior can be informative about their imminent needs. This is important from a humanitarian point of view and can guide authorities in aiding refugees with unmet needs.¹³ In the following, we focus on search behavior in Ukrainian and Russian for the following terms: “work,” “school,” “housing,” “medical doctor,” “language course” (in the local language), and “refugee allowance.” Comparing the prevalence of these keywords vis-à-vis may be deceiving, as there are multiple search queries using different terms to answer the same question. However, it enables comparing their relative prevalence over time and across places. To obtain a measure of the relative prevalence of these search terms among refugees, we compute the relative search intensity with respect to the search term for “weather” in Ukrainian/Russian. We use the

¹² https://www.htz.hr/sites/default/files/2020-07/HTZ_percent20TUB_percent20ENG_2019.pdf.
¹³ UNHCR aims to monitor the needs of refugees and writes assessment reports, interviewing various stakeholders. For such a report, see <https://data.unhcr.org/en/documents/details/91748>.

relative search intensity of the same terms in the same time period in 2021 to correct for the contribution of Ukrainians and Russians residing in the destination already prior to the war and for term-specific seasonal patterns in relative search intensity. Furthermore, we correct for weekly weather shocks by using natives' relative search interest for weather in the local language.

Figure 4 shows the corrected weekly relative search intensity for aforementioned terms in Poland, the country with the largest inflow of Ukrainian refugees. In the first weeks after the start of the war search intensities for work and school were relatively prevalent and declined thereafter. This implies that efforts to search for employment and schooling decline after refugees begin to settle down in their host countries. In contrast, the relative search intensity for doctors started increasing several weeks after the beginning of the Russian invasion.

Figure 5 shows the relative prevalence of the items shown in Figure 4 between May 30 and June 25, 2022 for the three countries hosting most of the Ukrainian refugees: Poland, Germany, and Czech Republic. As most refugees were living in these host countries for several months by June 2022, search terms between countries are comparable. Therefore, these likely do not reflect search behavior at different stages of migration, but rather currently unmet needs and interests. Relative to the Czech Republic and Poland, Ukrainians in Germany search much more for allowances for refugees. This suggests that information provision about such allowances in Germany could be improved. Furthermore, Ukrainian refugees in Germany are most likely to search for language courses in the local language, suggesting a larger interest than the Czech Republic and Poland to learn the local language and integrate in the local society. As refugees in Germany are willing to stay for longer (BMI 2022), the relative search intensity for housing unsurprisingly exceeds search intensity for housing in the other two countries.

RETURN AND TRANSIT INTENTIONS

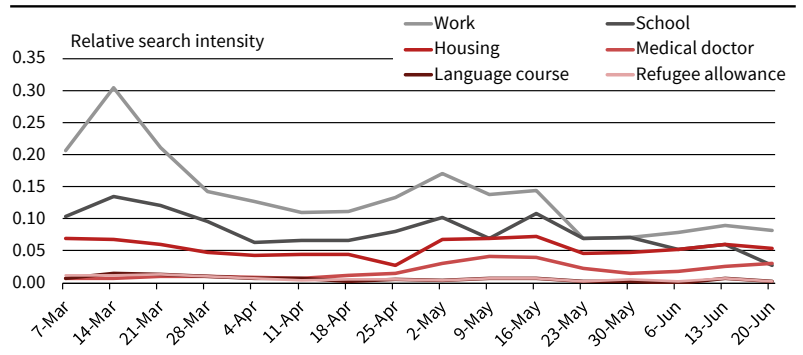
Ukrainian refugees obtained the right to stay in the EU for at least one year.¹⁴ As long as the war lasts, it is unlikely these rights will be revoked. Therefore, Ukrainians' intentions to stay are crucial for understanding whether their presence in receiving countries will be long-lasting or not. To probe the short-run intentions to return of those residing in Poland who did not return yet, we rely on search terms related to travel to Ukraine, as well as to Germany. Figure 6 shows the relative search intensity (corrected similarly to Figure 4 and 5 using auxiliary GTIs) for two different search terms in Poland: "Berlin" and "Ukrainian

¹⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/eu-solidarity-ukraine/eu-assistance-ukraine/information-people-fleeing-war-ukraine_en#your-rights-in-the-eu.

Figure 4

Relative Intensities of Search Terms in Poland in 2022

Corrected for relative intensities in 2021 and native "weather" searches



Source: Google Trends (2022).

© ifo Institute

Railways.” Whereas early in the refugee crisis many refugees transited to Germany, a substantial portion of refugees returned to Ukraine.¹⁵ We observe that in May 2022, searches for “Ukrainian Railways” increased, following the retreat of Russian troops from the north of Ukraine. Search intensity for “Berlin” decreased considerably over the run of the crisis. This suggests that either refugees changed their mind and stayed in Poland, left for Berlin early on, or returned to Ukraine. Nevertheless, there is still some residual interest in Berlin, suggesting Germany could receive a continuing stream of refugees.

CONCLUSION

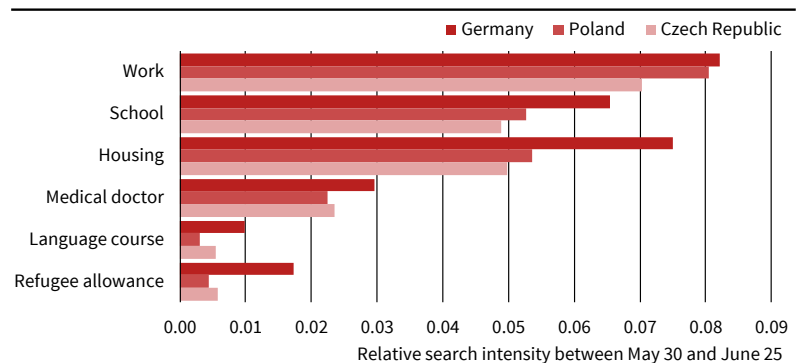
Publicly available aggregate online search behavior can be helpful in mapping multiple aspects of a refugee crisis. Not only can online search behavior be used to identify populations under distress searching to flee – it can also be used to reasonably predict the stock of a group of people using group-specific search terms at any moment in time. Additionally, it enables monitoring of unmet needs that are particu-

¹⁵ UNHCR collects information about how many people cross the borders to Ukraine. Although it is unknown how many individuals this concerns, more than 2.8 million border crossings into Ukraine were reported between February 24 and June 21.

Figure 5

Relative of Intensities of Search Terms by Country in June 2022

Corrected for relative intensities in 2021 and native "weather" searches



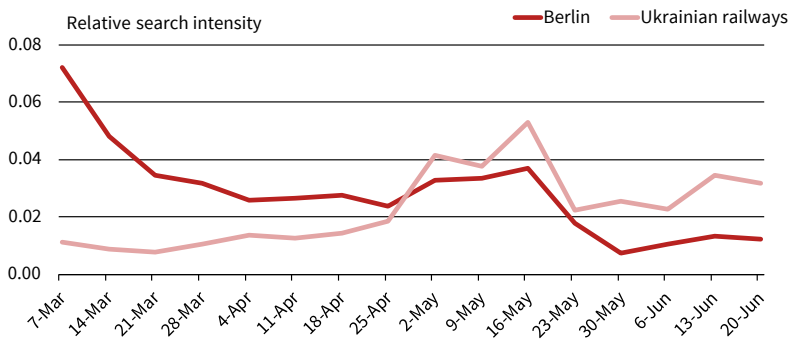
Source: Google Trends (2022).

© ifo Institute

Figure 6

Relative Intensity of Transit and Return Searches in Poland in 2022

Corrected for relative intensities in 2021 and native “weather” searches



Source: Google Trends (2022).

© ifo Institute

larly important to target humanitarian assistance and facilitate integration. Ultimately, it allows for probing the intentions for future transit and return migration of refugees.

However, the use cases presented in this article are relatively simple and leave room for improvement. Relative search intensities are susceptible to several biases, which can be mitigated using additional knowledge of the studied population (Dergiades et al. 2018). Moreover, one can consider several additional use cases of Google Trends in the current Ukrainian refugee crisis. As Google Trends can be obtained with a one-minute resolution, it can be used for real-time tracking of larger displaced groups. Finally, relative search intensity among refugees for potential destination countries could shed light on refugees' preferred destinations.

Although the measures calculated in this article are not perfect proxies, these are less costly, faster,

and can be obtained at higher frequency than administrative data and surveys. Therefore, methods based on aggregate online search data could be readily implemented by organizations such as the UNHCR or national authorities responsible for refugee crises to get a more complete picture of the situation of Ukrainian refugees.

REFERENCES

- Böhme, M. H., A. Gröger and T. Stöhr (2020), “Searching for a Better Life: Predicting International Migration with Online Search Keywords”, *Journal of Development Economics* 142, 102347.
- BMI (2022), “Survey of Ukrainian War Refugees”, <https://www.bmi.bund.de/SharedDocs/kurzmeldungen/EN/2022/04/survey-ukraine.html>.
- Carneiro, H. A. and E. Mylonakis (2009), “Google Trends: A Web-based Tool for Real-time Surveillance of Disease Outbreaks”, *Clinical Infectious Diseases* 49, 1557–1564.
- Dergiades, T., E. Mavragani and B. Pan (2018), “Google Trends and Tourists' Arrivals: Emerging Biases and Proposed Corrections”, *Tourism Management* 66, 108–120.
- GESIS (2022), “Geflüchtete aus der Ukraine – Erste Deskriptive Ergebnisse einer Onlinebefragung in Deutschland und Polen”, <https://blog.gesis.org/gefluechtete-aus-der-ukraine-erste-deskriptive-ergebnisse-einer-onlinebefragung-in-deutschland-und-polen/>.
- IOM (2022), “Updated Displacement Survey: Ukrainian Refugees and Third-Country Nationals”, <https://eca.unwomen.org/en/digital-library/publications/2022/04/updated-displacement-survey-ukrainian-refugees-and-third-country-nationals-0>.
- Jurić, T. (2022), “Predicting Refugee Flows from Ukraine with an Approach to Big (Crisis) Data: A New Opportunity for Refugee and Humanitarian Studies”, *medRxiv preprint* no. 2022.03.15.22272428.
- Santamaria, J. (2021), “When a Stranger Shall Sojourn with Thee: The Impact of the Venezuelan Exodus on Colombian Labor Markets”, University of Minnesota, *Working Paper* 51422.
- Vosen, S. and T. Schmidt (2011), “Forecasting Private Consumption: Survey-based Indicators vs. Google Trends”, *Journal of Forecasting* 30, 565–578.
- Wanner, P. (2021), “How Well Can We Estimate Immigration Trends Using Google Data?”, *Quality & Quantity* 55, 1181–1202.

Tetyana Panchenko

Prospects for Integration of Ukrainian Refugees into the German Labor Market: Results of the ifo Online Survey*

From May 23 to June 6, 2022 an ifo online-survey was conducted, mainly on social networks. The link on the platform Qualtrics¹ and the text of the invitation to take part in the study was posted in various Ukrainian and Russian-speaking groups of Ukrainians in Germany on Facebook (groups such as “Ukrainians in Germany,” “Help for Ukraine in Germany,” “Refugees from Ukraine in Germany,” and “Ukrainians in Munich” (in Berlin, Hamburg, and many other German cities and states). As an additional tool, an offline survey was also conducted in places with a concentration of refugees from Ukraine (German courses, refugee camps, etc.) to recruit participants for a qualitative interview and supplement the collected data with an online survey. Participants of the offline survey also forwarded the Qualtrics-link to their friends and acquaintances.

Thus, through social networks, personal contacts, and the snowball method, 936 people participated in the survey. Since the participants of the study filled out the questionnaire online and offline on their own, the number of answers received to the different question varies (figures indicate the number of respondents that answered a specific question, or the number of answers in the case of multiple-choice questions). Representatives of all demographic groups, all states of Germany, all types of settlements who came from all regions of Ukraine took part in the survey.

It should be noted that due to the specifics of the survey (the offline survey was conducted exclusively in Munich and its environs), the distribution of respondents in Germany does not correspond to the resettlement of refugees from Ukraine. More than a third of respondents (37 percent) lived in Bavaria, others were divided between 6 eastern German states (22 percent) and the remaining 9 western German states (39 percent) (see Figure 2). In addition, there are still no complete statistics on the sampling frame – Ukrainians who arrived in Germany after February 24, 2022. Thus, the sample is not fully representative

* I thank Panu Poutvaara, Director of the ifo Center for International Institutional Comparisons and Migration Research, for support in the conduct of the study as well as for helpful comments and revisions; Sebastian Wichert, Deputy Director of the ifo Center for Industrial Organization and New Technologies, for valuable advice on the organization and conduct of the study; and Fabian Ruthardt, Junior Economist and Doctoral Student, ifo Center for Public Finance and Political Economy, for support in creating and processing a survey on the platform Qualtrics.

¹ Qualtrics is an online data collection tool to conduct survey research, evaluations, and other data collection activities.

ABSTRACT

In the framework of the project of the ifo Center for International Institutional Comparisons and Migration Research “Adaptation and Survival Strategies of Refugees from Ukraine in Germany: Between Work and Social Help” a quantitative online survey was conducted. This article aims at reconstructing and clarifying the socio-demographic portrait of Ukrainian refugees in Germany in order to assess their potential in the German labor market and the possible burden on the German social system. The focus of this study is also the plans and intentions of Ukrainian refugees in Germany. This study provides insights on how many Ukrainians will stay in Germany, return to Ukraine, or move to another country, and how many are ready to integrate into the German labor market.

and results should therefore only be considered as indicative. At the same time, many characteristics of the surveys and some results are comparable with the data that were obtained by the systematic survey of INFO GmbH on behalf of the Federal Ministry of the Interior for Homeland (BMI) from March 24 to March 29 with 1,936 interviews (INFO GmbH 2022).

SOCIO-DEMOGRAPHIC PROFILE OF REFUGEES FROM UKRAINE TO GERMANY: SOME CLARIFICATIONS

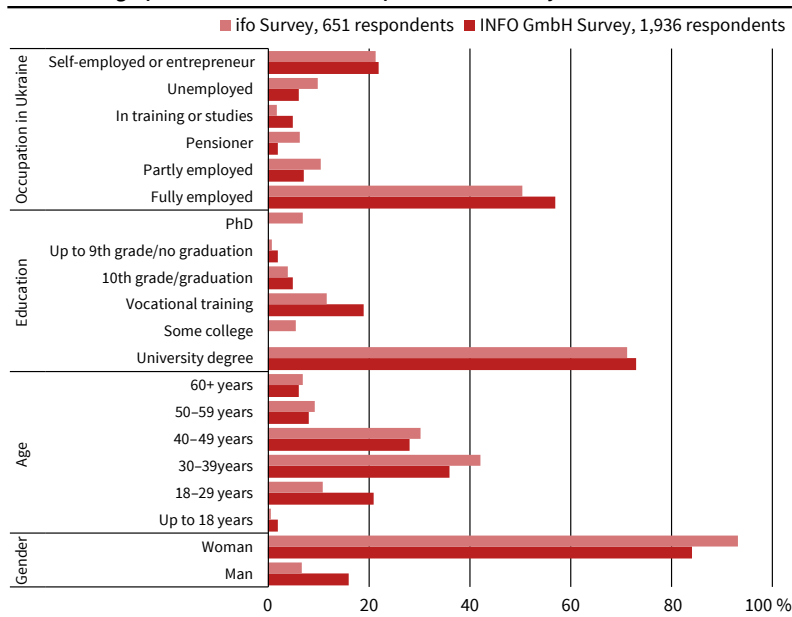
Between the end of February and June 8, 2022, around 855,000 people from Ukraine were registered in the German Central Register of Foreigners. According to an evaluation by the Federal Office for Migration and Refugees, around 67 percent of them are women (accordingly, men should be about 33 percent) and around 40 percent are children and young people under the age of 18 (MEDIENDIENST Integration 2022). In the survey of INFO GmbH (2022), 84 percent were women. In the



Tetyana Panchenko

is Specialist at the ifo Center for International Institutional Comparisons and Migration Research.

Figure 1
Some Demographic Characteristics of Respondents of Surveys



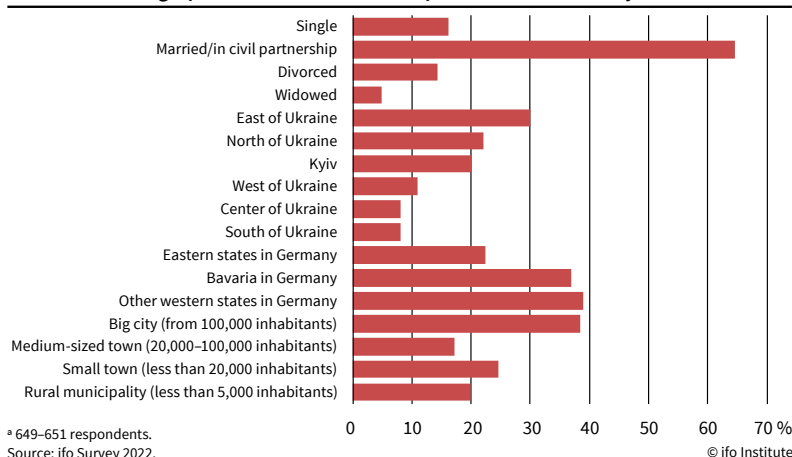
Source: INFO GmbH (2022); ifo Survey 2022.

© ifo Institute

ifo survey, the proportion of women is even higher: 93 percent of respondents are women and 7 percent men. At the same time, 12 percent of the women surveyed answered that they came to Germany with their husbands or partners (Figure 3). It is possible that men, some of whom left Ukraine illegally, avoid participating in surveys and the data of both studies differ from those of the Federal Office for Migration and Refugees.

For other demographic characteristics measured in both (ifo and INFO GmbH) surveys, the differences are not significant (see Figure 1). Both studies show that among the refugees from Ukraine, there are predominantly people of working age, who were employed in Ukraine. The majority worked full-time, and among them a fifth were self-employed or entrepreneurs.

Figure 2
Additional Demographic Characteristics of Respondents^a of ifo Survey



^a 649-651 respondents.
Source: ifo Survey 2022.

© ifo Institute

Both studies confirm that refugees from Ukraine are well educated. Moreover, the proportion of specialists among the surveyed refugees corresponds to their share in the population of Ukraine as a whole. Unlike the data of INFO GmbH, ifo data on university education are more detailed. In addition to people with a master's or bachelor's degree (71 percent), there are also PhD holders (7 percent) and those who have not fully completed their studies at the university (6 percent).²

We also asked about the marital status of the respondents, their place of residence in Ukraine, as well as the type of settlement in Germany, which will allow us to complete the profile of refugees from Ukraine.

Figure 2 demonstrates that the majority of Ukrainians surveyed who arrived after February 24 (65 percent), are married or in partnership. Most of them are women whose husbands or partners have remained in Ukraine. In addition, a large group of divorced (14 percent) and single (16 percent) people is noticeable. Figure 2 shows also that the majority of refugees from Ukraine (38 percent) located to large cities in Germany, in which one-third of the country's population is concentrated. In second place in popularity among Ukrainian refugees are small cities: a quarter of Ukrainians settled in them, which almost corresponds to 27 percent of the German population that lives in this type of settlement. In third place as host places are rural communities, which were chosen by a fifth of the surveyed refugees, while only 14 percent of the country's population lives there. And finally, only 17 percent of the respondents located in medium-sized cities, where almost 28 percent of the country's population is concentrated (Statista 2020).

In addition, the interviewed refugees represent all regions of Ukraine. Moreover, the largest share is from the most dangerous area in the east part of the country (30 percent), most of whose territory is occupied or in the war zone. A fairly large proportion of refugees are from the north (22 percent), where there was a front line in March-April and which witnessed the notorious war crimes committed by Russian forces, and the Ukrainian capital Kyiv (20 percent), which was also recently attacked by missile strikes. A smaller proportion of refugees are from the "west" (11 percent), the "center", and the "south" (8 percent each), although fighting is still raging in parts of the south. The above characteristics of refugees from Ukraine are particularly important for understanding their motives and intentions, which will be considered below.

It is also appropriate to mention here with whom the refugees arrived in Germany (see Figure 3), since the accompaniment gives an idea of how many com-

² The "some college" category may include those who did not complete their education at the university and, in some cases, those who received a bachelor's degree, since most students continue their studies in the master's program immediately after receiving a bachelor's degree; therefore, a bachelor's degree is sometimes perceived as "an unfinished university education."

plete families came to Germany, how many parents with children, and so on.

Figure 3 clearly shows that the most common category of newcomers are parents with children (67 percent), which correlates with the results of the study (INFO GmbH 2022). In particular, the category “women with children” is dominant among married and divorced. The category of those who arrived with a husband or wife also deserves special attention, which amounts to a total of 16 percent of respondents. Among men this group is the most numerous: 73 percent of men came with their wives or partners. There are far fewer such women – only 12 percent. Apparently, a significant number of women whose husbands remained in Ukraine due to the ban on “fighting-age men” leaving Ukraine unless single fathers, fathers of three or more children, and those who accompany disabled people leaving the country came to Germany with other relatives – such as parents, sisters.

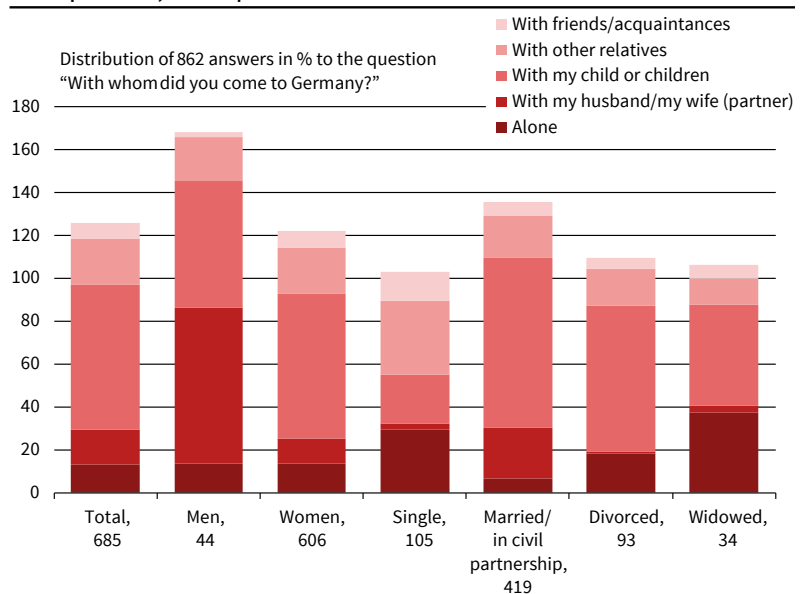
ARRIVAL IN GERMANY: REASONS, CIRCUMSTANCES AND FEATURES OF ADAPTATION

The ifo survey asked questions about the timing and reasons for arriving in Germany, as well as whether other countries were considered as host countries. The peculiarities of adaptation were determined with the help of questions about the realization of the basic rights of persons under temporary protection.

As it can be seen in Figure 4, most of the respondents arrived in Germany from March 4 to March 17, or during the second and third weeks of the war. These data are correlated with the UNHCR data (UNHCR 2022), which demonstrate that it was at that time that the flow of Ukrainians crossing borders with neighboring countries reached its peak. In addition, 11 percent ended up in Germany in the first week of the war (before March 3), and their share is significantly higher among representatives of the western regions of Ukraine (27 percent), who, due to territorial proximity to the western borders, had the opportunity to quickly leave the country. Another 15 percent of the respondents arrived in Germany at the end of March, and those who arrived during this period represent mainly the north and east of Ukraine, when the situation in these regions was especially tense. Since April 2022, the number of arrivals in Germany has decreased significantly. At the same time, it should be noted that since mid-April, the flow of refugees increased from the south of the country, when the Russian army retreated from Kyiv and concentrated in the east and south. Thus, the time of arrival of Ukrainians in Germany is largely explained by the chronicle of the war and is clearly connected with the aggravation of the situation in certain regions.

Most of the newcomers chose Germany because they have friends and/or relatives here (26 and 31 per-

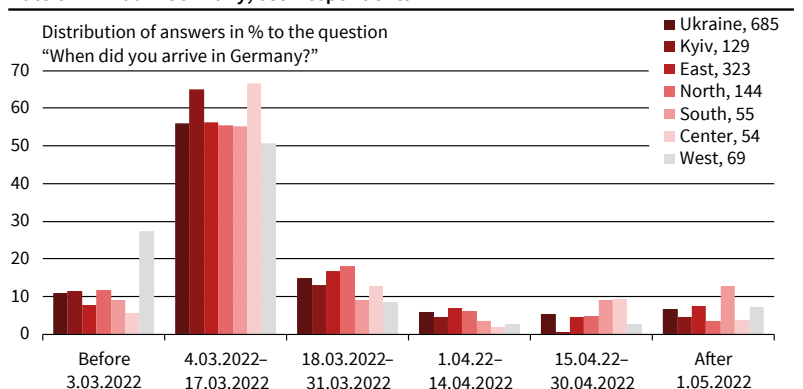
Figure 3 Accompaniment, 685 Respondents



Source: ifo Survey 2022.

© ifo Institute

Figure 4 Date of Arrival in Germany, 685 Respondents



Source: ifo Survey 2022.

© ifo Institute

Figure 5 Reasons for Coming to Germany in the Context of Various Demographic Groups



Source: ifo Survey 2022.

© ifo Institute

cent of respondents), and the factor of having friends and relatives turned out to be significant for representatives of all gender and age groups. Moreover, women and middle-aged people more often mentioned the factor of having friends than men, while young people and older people more often chose Germany because of the presence of relatives here. A fifth of the respondents noted that they arrived in Germany by coincidence. Moreover, the random factor turned out to be more significant again for women and the age group from 30 to 49 years. 17 percent of respondents indicated that they came to Germany in the hope that they would receive assistance, and the expectation of social protection is more common among young people and representatives of the 50–59 age group. For 11 percent of respondents, when choosing Germany, the last experience of living or travel in Germany or knowledge of German culture and language was significant. And finally, only 6 percent of respondents chose the answer “I can find a job quickly here.” It should be noted that men indicated the last two factors twice as often as women. Also, 11 percent of respondents named other reasons for choosing Germany as a destination country. Among such reasons were recommendations from friends/acquaintances, the need for treatment, German roots/relatives, as well as statements such as “volunteers

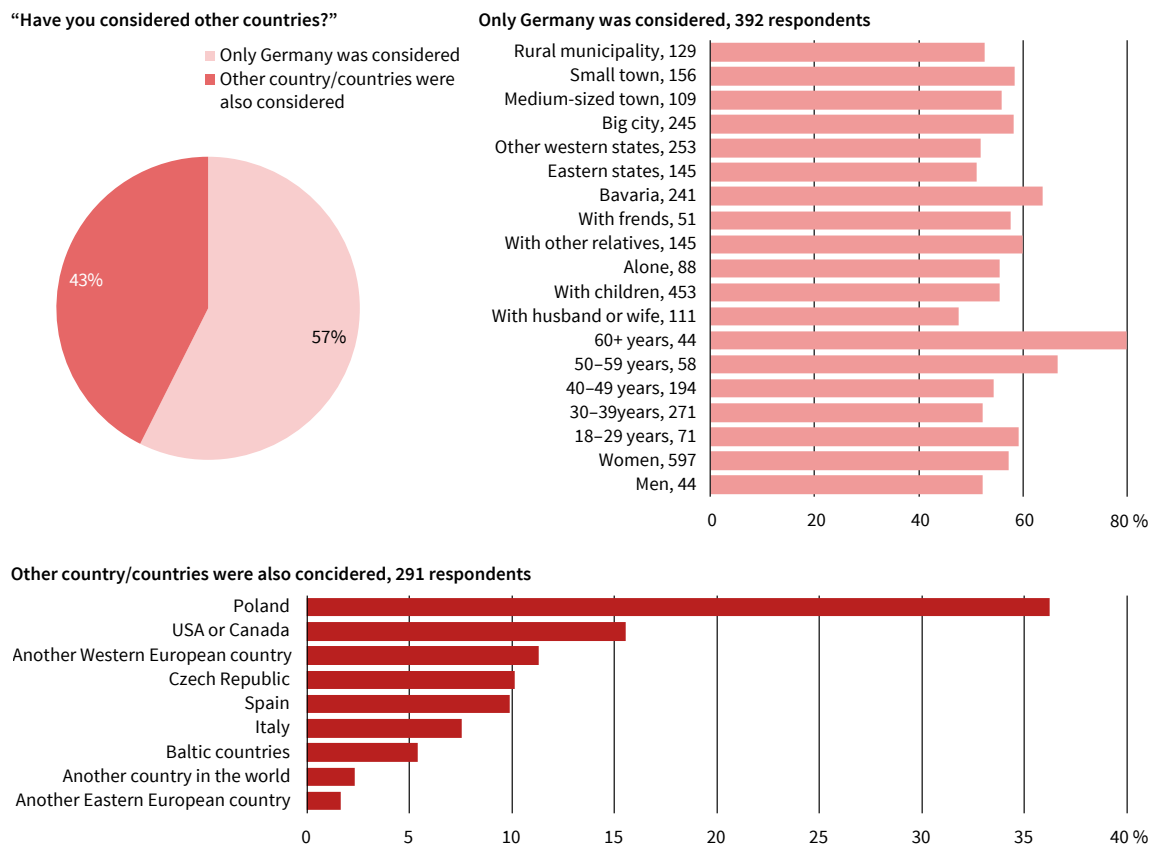
brought,” “an accommodation can be found here,” or “Poland was overcrowded.”

Figure 6 shows the distribution of answers to the question “Have you considered other countries?” (except Germany). The majority of the responding refugees (57 percent) considered only Germany, and for certain groups of respondents, the choice of the country of destination was clearer.

Among them, first of all, are representatives of the older generation, especially those over 60 years old, among whom 80 percent answered that they considered only Germany. They probably came to their relatives and with their relatives, since for this group, too, the lack of alternative choice is seen more clearly than for other groups. It should also be noted that those who arrived in Bavaria considered other countries less than those who arrived in other parts of Germany. Of those groups that were more inclined to consider other countries, full families, meaning those who came with a husband or wife (48 percent), should be noted. Alternatives were also more often considered by men than women, middle-aged people, and those who located in the rural municipalities.

Among the minority who considered other countries as destinations, many were willing to go to Poland (36 percent), which received the largest number of refugees from Ukraine. Much fewer respondents

Figure 6
Planned Refugee Destination, 683 Respondents



Source: ifo Survey 2022.

© ifo Institute

considered other countries with a large Ukrainian diaspora, the US or Canada (16 percent), the Czech Republic and Spain (10 percent each), and Italy (8 percent) as potential destination countries. The Baltic countries (5 percent) and other Western European countries were also named – Austria, the UK, Portugal, Finland, Belgium, the Netherlands, the Scandinavian countries, etc.

Figure 7 reflects the specifics of the adaptation of refugees, which demonstrates which of the respondents used a work permit and the right to social benefits (for people who do not work or their earnings do not exceed a certain threshold) – the basic rights of persons under temporary protection.

More than 90 percent of the polled Ukrainian refugees used these rights or are planning to do so. The difference between the number of those who already have a work permit and received social benefits and those who are just waiting for them can be explained by the long wait for registration under the paragraph 24 of Residence Act (*Aufenthaltsgesetz* 2004), which includes, among other things, a work permit. Refugees from Ukraine can apply for social benefits without registration for temporary protection, which is obviously what the survey participants did. Only 5 percent of those surveyed said that they did not plan to obtain a work permit and 6 percent said that they did not apply for social assistance and do not plan to apply. It can be assumed that the first and probably partially the second do not plan to stay in Germany, staying for 90 days on a visa-free entry.

PLANS AND INTENTIONS OF REFUGEES FROM UKRAINE

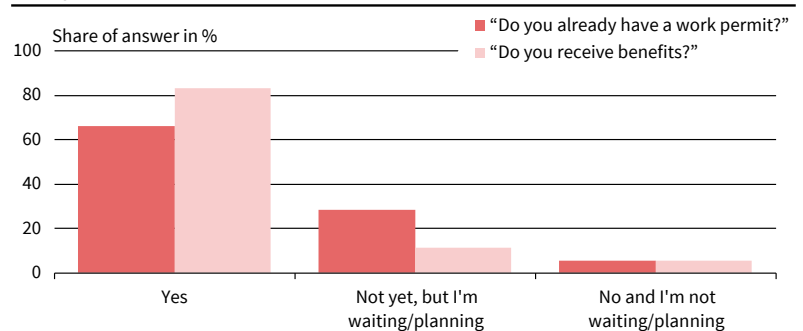
As part of the survey, we directly asked a question about respondents' plans for the next two years. We deliberately chose a relatively long period in order to determine who plans to return in the coming months and who intends to integrate, particularly in the German labor market. The respondents were also asked about their willingness to work in Germany.

Figure 8, which reflects the distribution of respondents' answers about plans for the next two years, clearly demonstrates two dominant strategies for refugees from Ukraine in the future – to stay in Germany or return to Ukraine. The number of those who have further plans to move to another country is insignificant: out of 675 who answered this question, only 1 or 2 percent (the same result (2 percent) was in the INFO GmbH survey (2022). Their choice of the direction of further relocation is not significant due to the small number of answers. However, it should be noted that most of them chose the US or Canada, and this is quite understandable since it is difficult to organize an escape directly from Ukraine across the ocean.

Let us consider in more detail the dominant behavioral strategies. First of all, we note that the pro-

Figure 7

Implementation of the Basic Rights of Persons under Temporary Protection The Right to Work and Social Assistance



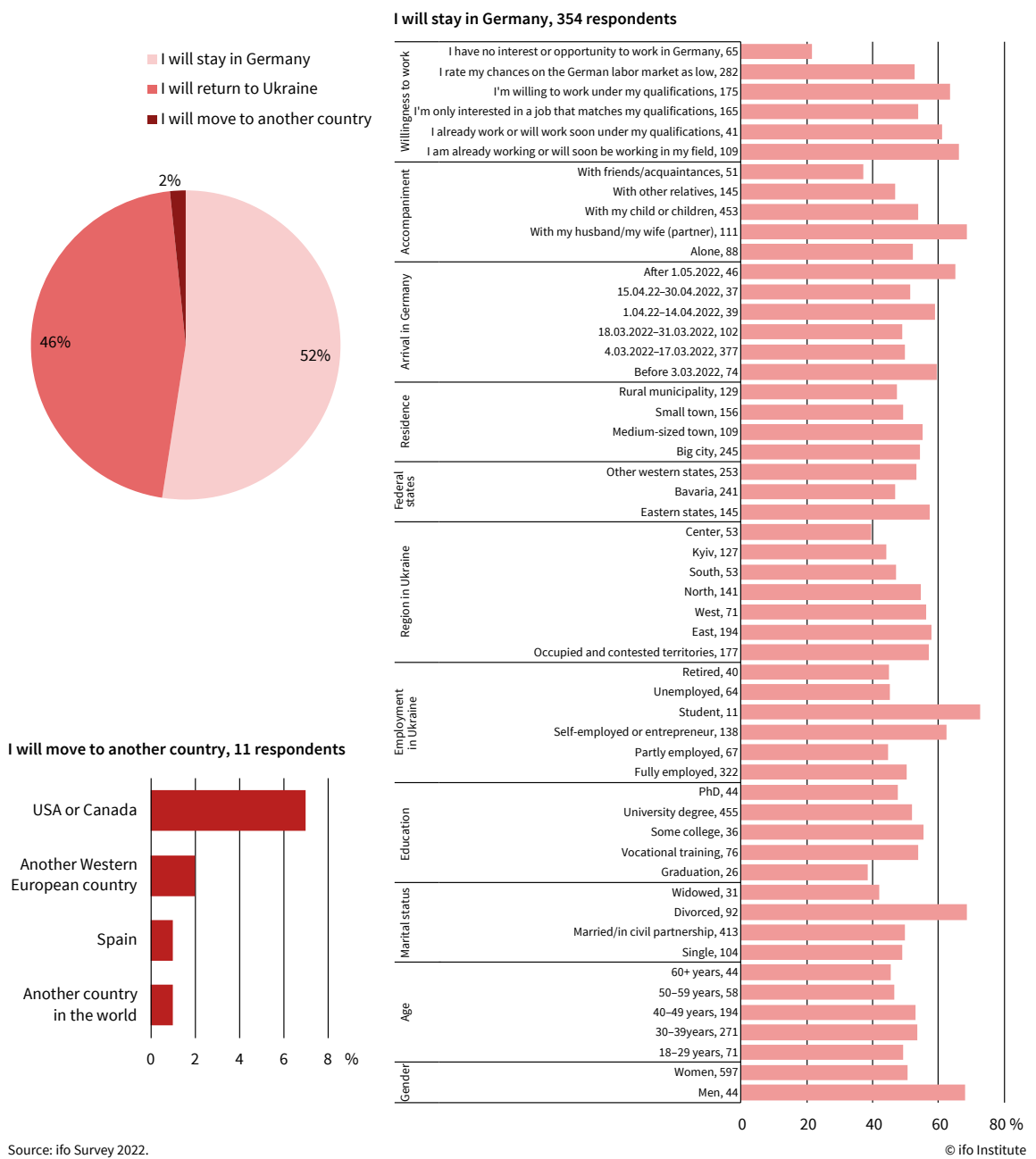
Source: ifo Survey 2022.

© ifo Institute

portion of those who plan to stay exceeds the proportion of those who plan to return, which is also quite consistent with the INFO GmbH Survey data, received in March 2022. In this study, a question was asked about plans for the coming months, which suggested a greater number of alternatives. According to the INFO GmbH survey (2022), 42 percent said they want to stay in their current place of residence, and 32 percent that they want to return to Ukraine. The difference in the number of percentages between these surveys can be explained by the fact that almost a fifth of those surveyed in March said that they had not yet decided.

The distribution of answers to the question about plans for two years among various socio-demographic groups and categories of respondents makes it possible to distinguish the characteristics of those who will remain in Germany and who will return to Ukraine. First of all, it should be noted that more men than women (68 vs. 51 percent) are oriented to stay in Germany. This can be explained on the one hand by the difficulties of departure/return of potential conscripts, on the other hand by the fact that, according to preliminary data, most men are staying in Germany with their families, while the vast majority of women in Germany are staying without their partners. The distribution of answers to this question among different age groups shows a greater tendency for Ukrainians aged 30 to 49 to intend to stay in Germany – that is, the working population with children, while the older generation tends to intend returning to Ukraine. It is noteworthy that more than two-thirds of divorced respondents expressed a desire to stay in Germany, which contrasts with other categories of unmarried or persons without partners (68 percent divorced versus 49 percent single and 42 percent widowed). Regarding the distribution of respondents by level of education, it is worth noting that either those without qualifications or those with the highest qualifications are more likely to return to Ukraine. Among persons who had vocational training, some college, and a university degree, most tend to want to stay in Germany. If we take the employment factor in Ukraine into account, it should be noted that a significant tendency to stay

Figure 8
Plans for the Next 2 Years, 675 Respondents



Source: ifo Survey 2022.

© ifo Institute

in Germany was shown by the self-employed or entrepreneurs (62 percent) and students (73 percent, but only 11 students were interviewed). And those who did not work in Ukraine – the unemployed and pensioners or working part-time, showed less desire to stay in Germany (45 percent each).

The plans of the surveyed Ukrainian refugees are significantly determined by the region of their residence in their homeland. Ukrainians who came from the Russian army-controlled or disputed territories, to which part of the eastern “macro-region” of Ukraine currently belongs, as well as refugees from the north of the country, part of which was under occupation or in the war zone in March–April, intend to stay in Germany to a greater extent than their compatriots

who came from the center of the country and the capital. In particular, 58 percent of residents of eastern Ukraine intend to stay in Germany, while only 40 percent of the representatives of central Ukraine are like that. In the partially occupied south and the relatively calm west, however, the opposite tendency can be observed: the percentage of those who intend to stay in Germany is 47 percent for the former and 56 percent for the latter. More representatives of the partially occupied south want to return to Ukraine than stay in Germany (51 percent vs. 47 percent), while representatives of the western macro-region far from the war zone are characterized by the opposite trend: 56 percent of them wish to stay in Germany vs. 42 percent that wish to return. Also of interest is the fact that the

surveyed Ukrainian refugees who settled in Bavaria insist on returning to their homeland more than others (51 vs. 47 percent). The desire to remain in Germany was demonstrated to a greater extent by those who settled in the eastern federal states (57 percent). In addition, Ukrainians seem to be more likely to stay in cities (54 and 55 percent in large and medium-sized cities) than in rural areas and small towns (47 and 49 percent).

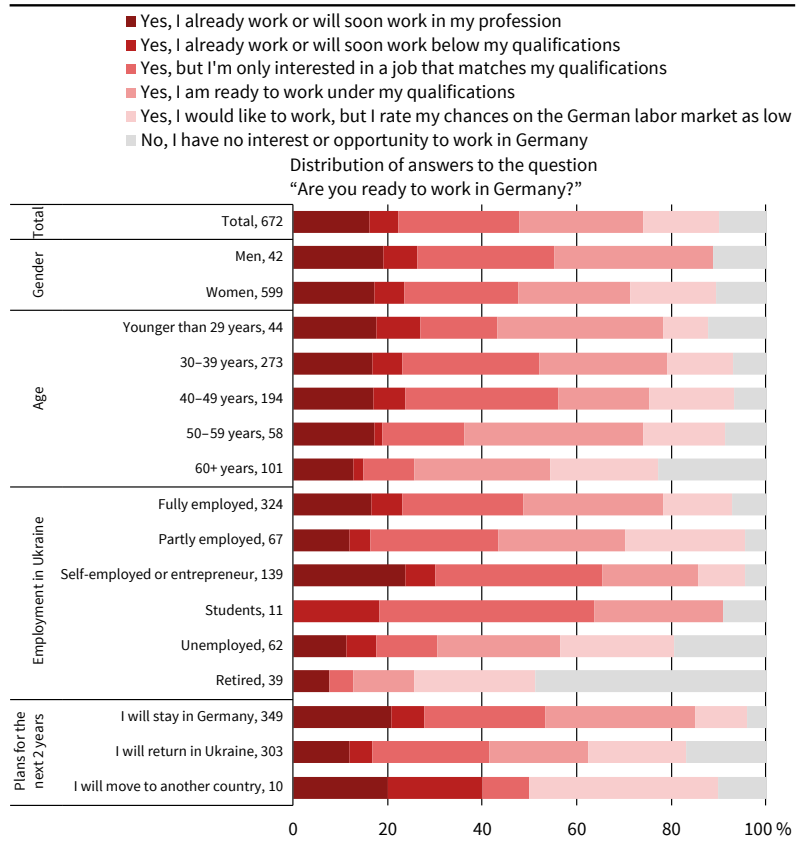
No less interesting is the analysis of the distribution of responses of respondents belonging to categories based on the date of arrival, accompaniment persons, and potential employment in Germany. It is worth noting that there is a larger quota of those wishing to stay in Germany among those who arrived early – in the first week of the war (59 percent) and those who arrived relatively late – in the third month of hostilities (65 percent). The relatively small number of people in these categories should be taken into account. The analysis of the distribution of responses in the category of accompaniment quite naturally shows a high rate of those wishing to stay in Germany among those who arrived with a husband or wife (68 percent). Also, among those who came with children there is a significant proportion who want to stay (54 percent). The plans for further stay in Germany, depending on the intentions for employment in the host country, are discussed in more detail below.

Finally, with the question “Are you ready to work in Germany?” we found the respondents’ intentions to work in Germany. Figure 9 shows the distribution of answers to this question by different socio-demographic groups and categories.

Figure 9 clearly shows the high willingness of Ukrainians to work in Germany: only 10 percent of respondents said they had no opportunity or desire to work. Another 16 percent of respondents wanted to work but assessed their chances in the German labor market as low. Moreover, the share of both the former and the latter responses is the highest among Ukrainian unemployed, pensioners, and people over 60 years old. In particular, 75 percent of retirees, 43 percent of the unemployed, and 46 percent of people over the age of 60 chose one of the two abovementioned answers. In addition, 24 percent of those who work part-time in Ukraine and 18 percent of those aged 40 to 59 estimate their chances of finding employment in Germany as low.

The remaining 74 percent of respondents who expressed their willingness to work in Germany are those who are ready to work exclusively in their profession or already working in their profession (42 percent), and those who are willing to work below their qualifications or already do so (32 percent). In addition, among the 74 percent that are willing to work are those whose intentions have already been realized or will be realized in the near future (22 percent of respondents are already employed or in the process

Figure 9
Willingness to Work in Germany, 672 Respondents



Source: ifo Survey 2022.

© ifo Institute

of employment) and those who are ready to work but have not yet looked for work or have just started looking for work (52 percent).

16 percent of respondents said they already work or will soon work in their profession. The share of these is higher among the self-employed or entrepreneurs (24 percent) and slightly higher among men and the youth under the age of 29. Respondents were also asked to indicate the profession in which they are employed or plan to do so soon. The profession of a teacher was the most mentioned (27 mentions), other professions representing various branches of the economy were mentioned no more than three times. In addition, 6 percent of respondents said they were working below their qualifications or would be working soon. Naturally, there were a few more of them among young people and students. The work of a cleaner or an auxiliary worker in the kitchen, construction, or factory was most often mentioned here.

The most numerous categories were those who want to work but have not yet sought or have just started looking for work of appropriate qualifications or unskilled work (26 percent each). It is worth noting that among men and persons under 29 and over 50, there are more people who are ready to work below their qualifications compared to other categories. On the other hand, the self-employed, students, and middle-aged people are more interested in a work that matches their qualifications.

Also of interest are the answers to the question of those who expressed the intention to stay in Germany, to return to Ukraine, or to move to another country within two years. It should be noted that among those who plan to stay in Germany or move to another country, the proportion of those who are already working or will soon be working is significantly higher than among those wishing to return to Ukraine. In addition, among those wishing to stay in Germany, about 40 percent are ready to work or are already working below their qualifications (32 and 7 percent). However, most of them (47 percent) are oriented towards skilled work in their profession, while only 4 percent said they could not or did not want to work, and 11 percent doubted that they could find work in Germany. Among those who plan to return to Ukraine or move to another country, there are much more of those who do not plan to work or their own chances of finding a job are rated low (38 and 50 percent). In addition, among them, the smallest share are those who are willing to work below their qualifications (up to 25 percent). In addition, Figure 9 shows evidence of a relationship between the willingness to work in Germany and plans to stay in this country. We can note high intent to stay among those who already work or will work in their profession, ready to perform work below their qualifications, and low intent to stay among those who do not want to work, and may not want to, and those who doubt their chances.

Aksoy et al. (2021) studied how economic and social integration of refugees who arrived in Germany 2013 to 2016 depends on initial conditions in the county they were exogenously assigned to. Their analysis relied on exogenous allocation of asylum seekers within Germany, using the so-called Königstein Key. Both economic conditions and attitudes towards immigrants are important determinants of integration outcomes. As Ukrainian refugees can freely choose where to search for place to live, they can avoid less favorable locations, making integration easier than it was for previous refugee cohorts. At the same time, those Ukrainian refugees who expect to return home soon have weaker incentives to invest in host-country-specific human capital. Due to these conflicting effects, it is an open question how quickly Ukrainian refugees will integrate.

CONCLUSIONS

Summing up the analysis of the main results of the ifo survey, we can draw the following conclusions. First, this survey fully confirms the results of previous research and observations that among Ukrainians who arrived in Germany after February 24, 2022: there is a predominance of women aged 30 to 49 with children. They, as well as other Ukrainians fleeing the war, are generally well educated and mainly engaged in skilled labor in Ukraine, being mostly fully employed or self-employed. In addition, it was found that most

refugees from Ukraine are married but are staying in Germany without their partners. The exception is a small proportion of men who came to Germany with their families. It was also found that most refugees came from eastern and northern Ukraine, whose territory is or was occupied or in the war zone. At the same time, the share of refugees from the south of the country, which is also partly under the control of the Russian army, is relatively small, but has the potential for growth. In Germany, refugees from Ukraine are more inclined to settle in cities than in rural areas.

Second, the survey found that four-fifths of Ukrainians arrived in Germany during March 2022, especially during the second and third weeks of the war, and the arrival of Ukrainians in Germany is largely due to the aggravation of the situation in some regions. In addition, it was found that Ukrainians chose Germany as their destination mainly due to the presence of friends or relatives in Germany, which confirms numerous hypotheses about the role of the diaspora in choosing a destination. Moreover, it is worth noting that for some groups other factors were important when choosing a host country: random arrival and knowledge of the country for the population from 30 to 49 years, hope for social assistance and support for young people and people of pre-retirement age (retired hoped more for the help of relatives), and intercultural competence and employment opportunities for men. In general, employment opportunities in Germany were the least important for most respondents.

It was also revealed that most Ukrainians surveyed aimed only to come to Germany and did not consider other countries. Moreover, there were more such people among older and young people, persons who arrived accompanied by relatives and friends, as well as those who are in Bavaria. Those who considered other countries mainly considered Poland, only a few considered the US, Canada, and some European countries. During the study, it was revealed that Ukrainians who arrived in Germany generally prefer to register for temporary protection while receiving a work permit. Even sooner, they apply for social payments and receive them. Only a few Ukrainians do not enjoy the rights of persons under temporary protection.

Third, the study proved that there are two dominant strategies for the further behavior of Ukrainians who fled the war and are currently in Germany: stay in Germany or return to Ukraine. Moving onward to another country (usually the US or Canada) was the plan of a few. The number of those wishing to stay in Germany for at least two years slightly exceeds the number of those who plan to return. At the same time, we can single out certain categories of Ukrainians for whom the strategy of staying in Germany is the most acceptable. Among them, the largest group is the active working population from 30 to 49 years, usually with higher or professional education, whose

chances of integrating into the German labor market are quite high. Most of them came to Germany with children who currently need support from the state, but if they stay in Germany, they will be able to significantly support the German economy in the future. In addition, some smaller groups of Ukrainians who plan to stay in Germany deserve attention. Among them are men who are in Germany with their families, divorced persons (especially women with children) who are ready to build their lives in another country, self-employed, or entrepreneurs who are not afraid of challenges. In addition, among those who plan to stay in Germany, there are more who came from regions of Ukraine where it is especially dangerous (especially from the east part of the country), those who settled in Germany in cities and eastern states (probably in hopes of better opportunities for integration), those who arrived from Ukraine rather quickly or relatively late (probably due to more conscious decisions), as well as those who have already become employed or almost employed in Germany or ready to work below their qualifications.

In addition, it is possible to identify groups of Ukrainians who are more inclined to return to their homeland than their compatriots. First of all, these are older people who find it difficult to integrate. Also, this category can include young people under 29 years old, born in independent Ukraine and very patriotic. These young people, moreover, as a rule, are still single and do not have children yet. Also, people without vocational education, those with the highest qualifications, Ukrainians who arrived from the capital or relatively calm center of the country (but not from the calm West!), those who located in Bavaria, as well as in rural areas of other states are less likely to stay in Germany.

Finally, the study concludes that Ukrainians are mostly ready to work in Germany. Only a quarter of Ukrainian refugees surveyed said they were not

interested in employment in Germany or were estimating their chances of finding employment as low. And among them are mostly older people, some of whom are retired, and the Ukrainian unemployed. It should be noted that one-fifth of respondents are already working, mostly in their profession. The rest were divided in equal proportions between those who are willing to work exclusively within their profession and those who are willing to perform work below their qualifications. It should be noted that men, young people, and people over the age of 50 are willing to work below their qualifications, while among those who are ready to work exclusively in their profession, a large proportion are the self-employed, students, and middle-aged people. In addition, among those who plan to stay in Germany, the share of those who are already working or will soon work, as well as those who are willing to work below their qualifications is higher than among those who plan to return to Ukraine.

REFERENCES

Aksoy, C. G., P. Poutvaara and S. Felicitas (2021), "First Time Around: Local Conditions and Multi-dimensional Integration of Refugees", *ifo Working Paper* 361.

Aufenthaltsgesetz (2004), *Gesetz über den Aufenthalt, die Erwerbstätigkeit und die Integration von Ausländern im Bundesgebiet (AufenthG)*, https://www.gesetze-im-internet.de/aufenthg_2004/BJNR195010004.html.

INFO GmbH Markt- und Meinungsforschung (2022), "Geflüchtete aus der Ukraine", Bundesministerium des Innern und für Heimat, Pressegespräch, 4 April, https://www.bmi.bund.de/SharedDocs/downloads/DE/veroeffentlichungen/nachrichten/2022/umfrage-ukraine-fluechtlinge.pdf;jsessionid=9087A8889121AE48FA5156788899C878.1_cid287?__blob=publicationFile&v=2.

Mediendienst Integration (2022), "Flüchtlinge aus der Ukraine", <https://mediendienst-integration.de/migration/flucht-asyl/ukrainische-fluechtlinge.html>.

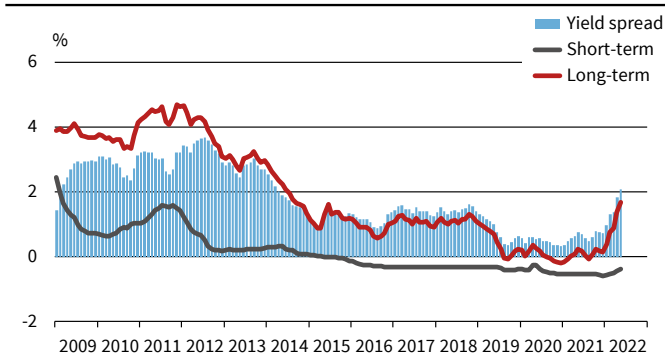
Statista (2020), *Verteilung der Einwohner in Deutschland nach Gemeindegrößenklassen*, <https://de.statista.com/statistik/daten/studie/161809/umfrage/anteil-der-einwohner-an-der-bevoelkerung-in-deutschland-nach-gemeindegroessenklassen/>.

UNHCR (2022), *Ukraine Refugee Situation*, <https://data2.unhcr.org/en/situations/ukraine>.

Statistics Update

Financial Conditions in the Euro Area

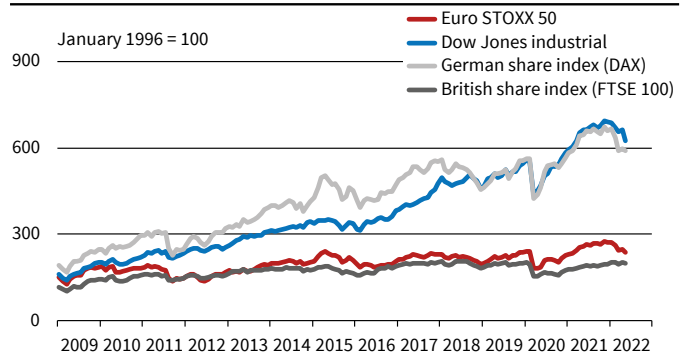
Nominal Interest Rates^a



^a Weighted average (GDP weights).
Source: European Central Bank; calculations by the ifo Institute. © ifo Institute

In the three-month period from March 2022 to May 2022 short-term interest rates increased: the three-month EURIBOR rate was -0.50% in March 2022 and reached -0.39% in May 2022. The ten-year bond yields increased from 0.89% in March 2022 to 1.69% in May 2022, while the yield spread also increased from 0.96% to 1.38% between March 2022 and May 2022.

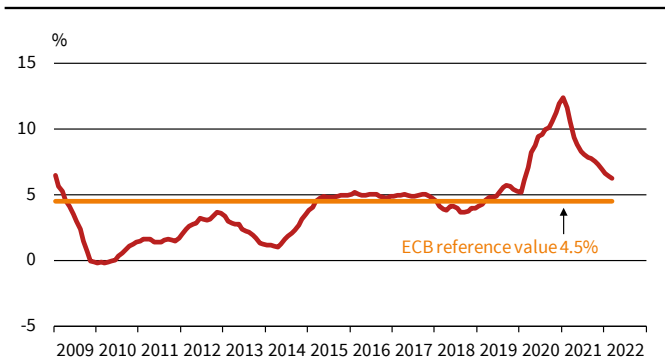
Stock Market Indices



Source: Deutsche Börse; Dow Jones; FTSE; STOXX. © ifo Institute

The global fears about the spread of the Coronavirus, oil price drops caused by an oil price war between Russia and the OPEC countries, and the possibility of a recession led to the stock market crash in March 2020, and global stocks saw a severe downturn in this month. The subsequent rise of the German stock index DAX was halted in February 2022, when the war in Ukraine began: the index decreased in May 2022, averaging 13,992 points, down from 14,167 points in April 2022. The UK FTSE-100 also fell from 7,555 to 7,448 points over the same period. The Euro STOXX amounted to 3,692 in May 2022, down from 3,838 in April 2022. Furthermore, the Dow Jones Industrial decreased, averaging 32,417 points in May 2022, compared to 34,321 points in April 2022.

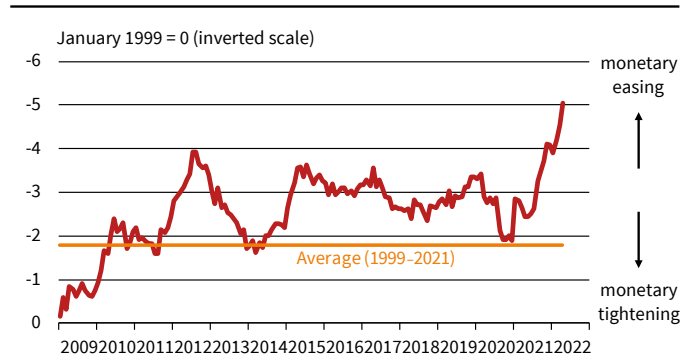
Change in M3^a



^a Annual percentage change (3-month moving average).
Source: European Central Bank. © ifo Institute

The annual growth rate of M3 decreased to 6.0% in April 2022, from 6.3% in March 2022. The three-month average of the annual growth rate of M3 over the period from February 2022 to April 2022 reached 6.2%.

Monetary Conditions Index

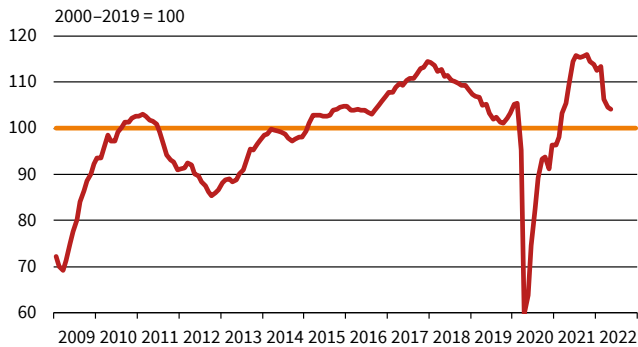


Source: European Commission. © ifo Institute

Between April 2010 and July 2011, the monetary conditions index had remained stable. Its rapid upward trend since August 2011 had led to the first peak in July 2012, signaling greater monetary easing. In particular, this was the result of decreasing real short-term interest rates. In May 2017 the index had reached one of the highest levels in the investigated period since 2007 and its slow downward trend was observed thereafter. A steady upward trend that had prevailed since October 2018 was abruptly halted in March 2020 with the onset of the Covid-19 crisis, and the index continued to decline in 2020. The rapid increase of the index in January 2021 was followed by a decline in the period February to April 2021, while a continuous increase was again recorded since May 2021.

EU Survey Results

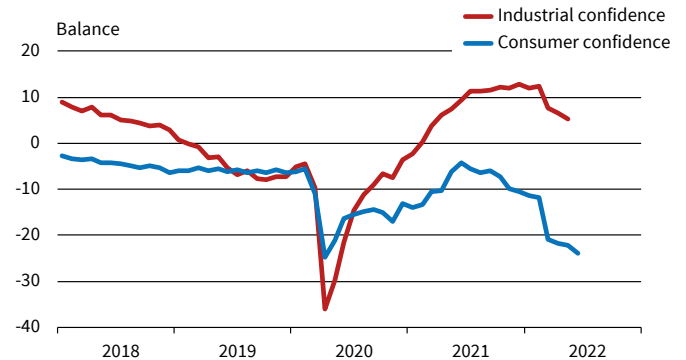
EU27 Economic Sentiment Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In May 2022, the *Economic Sentiment Indicator* (ESI) decreased slightly in the EU (- 0.5 points to 104.1), while it stayed broadly unchanged in the euro area (+ 0.1 points to 105.0). In the EU, the decline in the ESI in May was due to weaker confidence among industry managers and, to a lesser degree, consumers. Services, retail trade and construction confidence remained virtually unchanged.

EU27 Industrial and Consumer Confidence Indicators
Percentage balance, seasonally adjusted

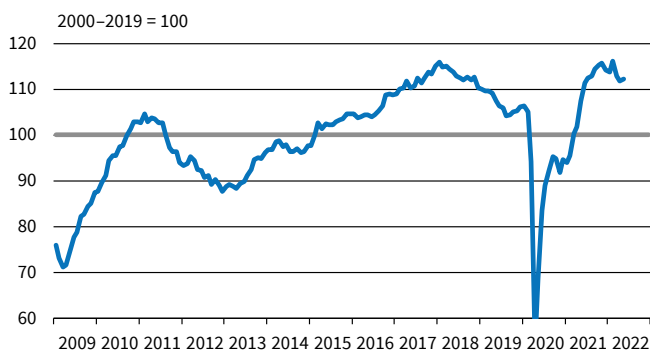


Source: European Commission. © ifo Institute

* The industrial confidence indicator is an average of responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).
** New consumer confidence indicators, calculated as an arithmetic average of the following questions: financial and general economic situation (over the next 12 months), unemployment expectations (over the next 12 months) and savings (over the next 12 months). Seasonally adjusted data.

In May 2022, the *industrial confidence indicator* fell by 1.4 points both in the EU and in the euro area, compared to April 2022. In June 2022 the *consumer confidence indicator* decreased in both the EU (1.9 points down from May) and the euro area (2.4 points down).

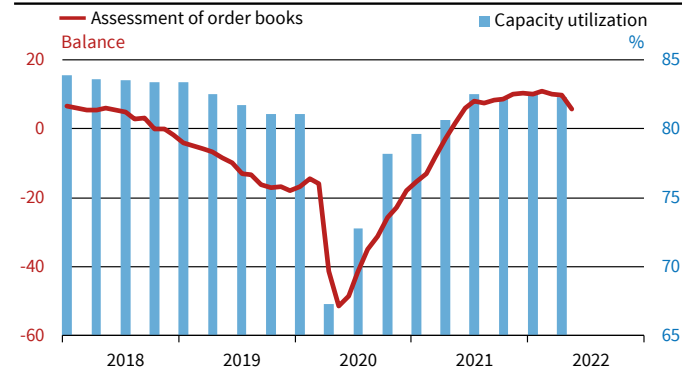
EU27 Employment Expectations Indicator
Seasonally adjusted



Source: European Commission. © ifo Institute

In May 2022, the *Employment Expectations Indicator* (EEI) increased mildly + 0.5 points to 112.3 in the EU and + 0.3 points to 112.9 in the euro area.

EU27 Capacity Utilisation and Order Books in the Manufacturing Industry
Seasonally adjusted

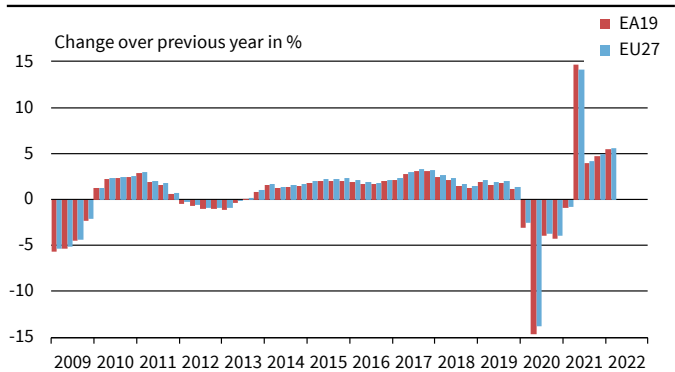


Source: European Commission. © ifo Institute

Managers' assessment of *order books* reached 5.6 in May 2022, compared to 9.6 in April 2022. In March 2022 the indicator had amounted to 9.9. *Capacity utilization* stood at 82.3 in the second quarter of 2022, slightly down from 82.5 in the first quarter of 2022.

Euro Area Indicators

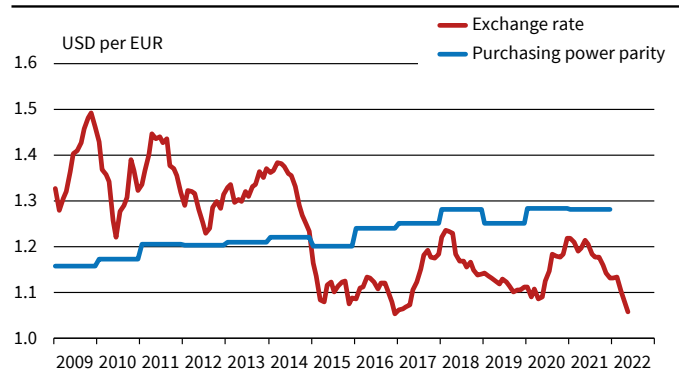
Gross Domestic Product in Constant 2015 Prices



Source: Eurostat. © ifo Institute

According to the Eurostat estimates, seasonally adjusted GDP increased by 0.6% in the euro area and by 0.7% in the EU during the first quarter of 2022, compared to the previous quarter. Compared to the first quarter of 2021, i.e., year over year, (seasonally adjusted) GDP increased by 5.4% in the EA19 and by 5.6% in the EU27 in the first quarter of 2022.

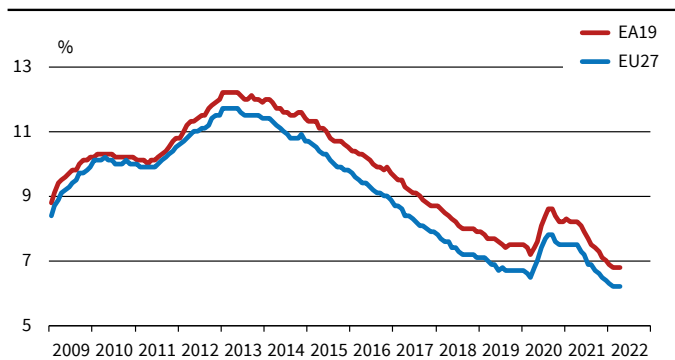
Exchange Rate of the Euro and Purchasing Power Parity



Source: European Central Bank; OECD. © ifo Institute

The exchange rate of the euro against the US dollar averaged approximately 1.08 \$/€ between March 2022 and May 2022. (In February 2022 the rate had also amounted to around 1.13 \$/€.)

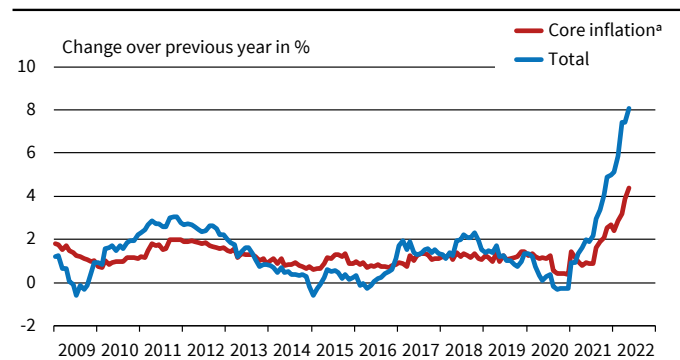
Unemployment Rate



Source: Eurostat. © ifo Institute

Euro area unemployment (seasonally adjusted) amounted to 6.8% in April 2022, stable compared with March 2022. The EU unemployment rate was 6.2% in April 2022, also stable compared with March 2022. In April 2022 the lowest unemployment rate was recorded in Czechia (2.4%), Poland and Germany (both 3.0%), while the rate was highest in Spain (13.3%), Greece (12.7%), and Italy (8.4%).

Euro Area Inflation Rate (HICP)



Source: Eurostat. © ifo Institute

Euro area annual inflation (HICP) amounted to 8.1% in May 2022, up from 7.4% in April 2021. Year-on-year EA19 core inflation (excluding energy and unprocessed foods) was 4.4% in May 2022, up from 3.9% in April 2022.



TOPIC IN THE NEXT ECONPOL FORUM:

EconPol FORUM 5/2022 will be published in September 2022

European Labor Markets: Mastering Technological and Structural Change