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# Toward a Common Asylum Policy

## Public Goods Theory and Refugee Burden-Sharing

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**Abstract:**

By its very nature, refugee protection tends to be a matter of international politics as it affects the relationship between countries of origin and destination (host) countries. It frequently also affects the relations between one destination country and another, as national policy responses to forced migration can produce significant externalities for other states. Under-provision in the supply of transnational collective goods such as refugee protection is often viewed as a logical consequence of resulting free-riding opportunities. Such under-provision is widely recognized as a central problem of international governance in a variety of issue areas. But why do some states accept what appear to be disproportionate and inequitable burdens when providing transnational collective goods? This paper shows that analyzing forced migration from a public goods perspective offers new ways to assess the efficiency and equity of regional and global refugee protection regimes.

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## ***Introduction***

Refugee protection tends to be a matter of international politics as it affects the relationship between countries of origin and destination (host) countries.<sup>1</sup> It frequently also affects the relations between one destination country and another, as national policy responses to forced migration can produce significant externalities for other states. Under-provision in the supply of transnational collective goods such as refugee protection is often viewed as a logical consequence of resulting free-riding opportunities that are created by such externalities. The central problem with international public/collective goods is under-provision. Two key questions follow:

- (1) Why do states provide international collective goods and why do some states contribute less than others? Or put differently: What explains the distribution of efforts in the provision of international collective goods?
- (2) What can be done to improve the provision of international collective goods? How can states provide international collective goods with greater efficiency and equity?

The most developed body of literature addressing these questions is the one on public goods and collective action/free-riding. The origins of this literature go back to the writings on the provision of public goods *inside* nation-states. Adam Smith (1994 [1776], p 779) noted the existence of certain products ‘which though they may be in the highest degree advantageous to a great society are, however, of such a nature that the profits would never repay the expenses to any individual or small number of individuals, and which it therefore cannot be expected that any individual or small number of individuals should erect’ (see also Samuelson 1954 who further developed the distinction between public and private goods). Since the late 1960s, public good analysis has been applied to international problems (Olson and Zeckhauser 1966; Olson 1971; Hardin 1968; Russett and Sullivan 1971; Kindleberger 1986; Mendez 1992; Sandler 1992, 1997, 2004). This literature acknowledges that in many areas of public policy that were traditionally regarded as domestic in character, national policy decisions create externalities

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<sup>1</sup> This paper does not deal with internally displaced persons.

for other states.<sup>2</sup> Given that the question of cooperation and non-cooperation between nation-states is crucial for the provision of international public goods, their analysis has been closely linked to the question about why countries cooperate, abide by or defect from, international agreements (Keohane 1984; Krasner 1986; Axelrod 1984)

Much of the literature on international public goods has stressed the existence of free-riding opportunities and has sought to explain the notorious under-provision of such goods. Given the 'non-excludability characteristics' of public goods, i.e. the fact that non-providers cannot be excluded from their consumption (see below), the reasons for this under-provision are well understood. However, it is less clear, and in some ways quite puzzling why, despite their particular characteristics, we do nonetheless see significant contributions by some states. While there has been some excellent international public good analysis in field such as military security, (Olson and Zeckhauser 1966; Oneal 1990a, 1990b; Sandler and Hartley 1999), trade (Birdsall and Lawrence 1999; Mendoza 2003), finance (Wyplosz 1999; Griffith-Jones 2003) and public health (Zacher 1999; Lincoln, Evans and Cash 1999; Arhin-Tenkorang and Conceicao 2003), there has not been any comprehensive public good analysis of refugee protection, even though it is quite clear that that national policy responses to forced migration also produce significant externalities to other states.

The aim of this paper is therefore twofold. It not only seeks to assess the usefulness of applying public good analysis to the case of forced migration and refugee protection. It also provides a critical analysis of the principal model of international burden-sharing in

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<sup>2</sup> The concept of externality refers to an interdependency, where the action of one agent imposes consequences on others. In the international context, externalities arise when actions by one country creates an uncompensated interdependency for other countries. Sandler (2004: 69) uses the example of a country's power station which produces emissions that are causing pollution abroad, creating a *negative* transnational externality. Unless the polluter is made to compensate its downwind neighbours, the polluter has not incentive to curb its polluting activity (i.e., it is a case of market failure). A *positive* transnational externality can also be created. For example, such a phenomenon may result when one country eliminates a security threat that faces a number of countries. Decisions regarding a country's immigration policy (e.g. decisions whether to open or close its borders to displaced persons) can thus have positive or negative consequences for other countries. Regarding the relationship between public goods and externalities, it is clear that in the case of international public goods the contribution decisions of each country potentially affect the well-being of other countries. Sandler puts it like this: 'Every public good problem is an externality' (2004:70).

public goods as initially developed in the 1960s (Olson and Zeckhauser 1966). Based on this critique, it proposes an alternative model international burden-sharing, one that is based on the idea of international trade in the provision of transnational public goods. This more comprehensive burden-sharing model does not only appear to be able to predict more accurately international efforts to provide transnational public goods. It also provides an analytical framework which can act as a lense through which existing international burden-sharing regimes can be scrutinized and assessed with regard to their efficiency and effectiveness in providing international public goods.

### ***The Traditional 'Exploitation' Model: Public Goods, Externalities and Collective Action/ Free-riding***

#### **Public Goods, Externalities and Refugee Protection**

A number of scholars, most prominently Suhrke (1998: 399-400), have suggested that refugee protection has important 'international public good' characteristics, adding to the rapidly growing literature on global public goods (Kaul, Grunberg and Stern 1999; Kaul et al. 2003) and international collective action (Sandler 1992, 2004; Boyer 1993; Boyer et al. 2005). But what is a public good? By definition, a public good is characterized by the fact that no other country can be excluded from benefiting from this contribution (i.e. it is 'non-excludable') nor does consumption of the public good reduce the amount available for consumption by others (i.e. it is 'non-rival') (Reference???)<sup>3</sup>. A frequently used example in the domestic context is that of the traffic light (Kaul, Grunberg and Stern (1999:4). The benefits received from a person who crosses a street safely with the help of a traffic light, do not take away the light's utility for other persons. At the same time, it would be impractable and very costly to reserve the usage to certain persons and to try

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<sup>3</sup> In contrast, a private good (say food) is characterised by its excludable and rival characteristics. In today's societies private goods are excludable through institutionally protected property rights. They are also rival as their consumption by one person means that the same unit cannot be consumed by anybody else at the same time.

to exclude others from using it. Even though traffic lights in some ways ‘behave’ like private goods (they can be bought and sold), ‘the traffic light *regime*—the lights, their shared meaning and behavioral expectations they entail—is a public good’ (Kaul, Grunberg and Stern 1999: 4, emphasis in original). Another example is national defense. Once provided, it becomes a collective good from which even non-contributors cannot be excluded. For example, even if some citizen do not contribute to the national defense effort by paying taxes or serving in the military, they cannot be denied the benefits that come from being a resident of the defended state. At the same time, a citizen can benefit (consume) the collective good of national defense without reducing the benefits (or consumption opportunities) available to other citizen. Nowadays, however, more and more public goods are international or even global in character. Examples include a growing number of international (regional) or even global regimes in areas such as communication, trade, monetary policy or the environmental protection. Olson notes ‘the desire for peace ... for orderly financial arrangements for multilateral trade, for the advance of basic knowledge, and for an ecologically viable planet are now virtually universal, yet these collective goods are only episodically or scantily supplied (Olson 1973: 873). At the international level, where similar coercive structures are usually absent, actions towards the common good are inherently more difficult to achieve. In the words of Kindleberger: ‘How do we produce international public goods without international government?’ (Kindleberger 1986). In a state context, governments play an important role in addressing collective action problems and improving conditions for cooperation by creating institutions (that e.g. guarantee property rights or set norms and standards) or through providing (fiscal) incentives or imposing penalties. As Kaul et al. put it: ‘In some cases the coercive power of government produces socially optimal outcomes’ (1999: 8). In an international context, the challenges to provide public goods are thus even more challenging than they are within a states.

In the international realm, a prominent example for an international public good is deterrence provided by strategic nuclear weapons in NATO (Sandler and Hartley 1999: 29). Here the good of deterrence is non-excludable, as the deterrence provider (say the US) cannot fail to deliver the promised retaliatory response against the attacker of

another ally without putting up with unacceptable collateral damage to itself (e.g. to US troops stationed in Europe). Nuclear deterrence is also non-rival among allies as its ability to deter enemy aggression 'is independent of the number of allies on whose behalf the retaliatory threat is made' (Sandler and Hartley 1999: 29). If an alliance retaliatory response is automatic and credible, the marginal costs of extending its benefits from the alliance's nuclear umbrella to an additional member are zero. What public goods have in common is that so-called externalities arise when they are produced. Externalities arise when an individual (or a country) does not bear all the costs (in the case of a negative externality) or the benefits (in the case of a positive externality) of a particular action. Some use the term 'public good' when the externalities created are positive for third parties and the term 'public bad' if externalities (i.e. the utilities created) are negative. For example, air pollution from industrial production in country A will have negative externalities to a down-wind neighboring country B, while environmental regulations imposed in country A to curb the pollution of a transnational river flowing through its territory will provide positive externalities to down-stream country B.

Extending these ideas to the area of forced migration, Suhrke (1998) argues that by granting refuge to displaced persons, host countries provide a public good from which all states benefit [add references]. She underlines the positive externalities resulting from one country's refugee protection effort to another and writes: 'If one state admits refugees, others will benefit from the greater international order that ensues regardless of their own admissions' (1998:400). From this perspective, enhanced security and stability can be regarded as the principal benefits, as an accommodation of displaced persons (in particular in the case of mass influx) can be expected to reduce the risk of them fuelling and spreading the conflict refugees are fleeing from. In this characterization, the product (security/stability) fulfils the necessary conditions for a public good of having (at least some) non-excludable and non-rival characteristics. It is non-excludable, as not just contributors (host states) but also non-contributors benefit from the enhanced security and stability achieved. In other words, states that accept refugees cannot prevent neighboring states, which do not open their borders for refugees, to benefit from the enhancement in regional stability achieved. It is also non-rival, as one country's

consumption of the increased security and stability provided does not detract from the resulting security/stability benefits that accrue to other states. Two immediate caveats, however, should be added here. First, the security/stability benefits provided by refugee protection are usually more limited in reach than parts of the *global* public goods literature suggests. The security and stability implications of unregulated refugee flows are predominantly regional (rather than global). We can expect relatively more benefits from refugee protection measures accruing to countries closer to a refugee generating conflict. Countries bordering states from which refugees emanate are faced with the highest risk of conflict spreading across their own border. This is why refugee protection measures are not providing global public goods but rather regional ones. Second, it will be shown in the following that refugee protection, while portraying some public good characteristics, should not be viewed as providing pure public goods.

### **Public Goods, Under-provision and the Distribution of Burdens**

From a distributional perspective, the problem with public goods is with its non-excludability characteristics. In their seminal article on the economic theory of alliances, Olson and Zeckhauser argued that if a collective good is purely public among allies, the following hypothesis can be derived (Olson and Zeckhauser 1966).

First, burdens are expected to be shared unevenly among allies with large, wealthy countries shouldering a disproportionate share of the alliance effort relative to smaller, poorer allies. Non-excludability leads some nations using positive externalities/spill-ins, relying on the provision of their allies to satisfy their demand for public goods through free-riding. For the defense case, Olson and Zeckhauser state: ‘In an alliance, the amount a nation spends on defense will be affected by the amount its allies provide’ (1966: 268). This implies perfect substitutability of the public good provided among allies, as a unit more (less) of the good provided by any of the allies, enhances (decreases) the consumption opportunities for everybody in the alliance. Contribution decisions made by alliance nations ‘are such that the ‘larger’ nation—the one that places the higher absolute

value on the alliance good-will bear a disproportionately large share of the common burden' (1966: 269). This has become to be known as the so-called *exploitation hypothesis*. As a larger/richer nation has potentially more to lose (in absolute terms) from the non-provision of the particular good in question, it will have smaller free-riding incentives than smaller nations. Free riding may result if there is little need for smaller/poorer allies to provide contributions in excess of 'spill-ins' (Sandler and Hartley 1995: 24). The model presented above suggests that we will observe strong evidence of free-riding in the provision in international public goods and seems to lay the basis for frequently accusation of free-riding that the US has made about its NATO allies or that states such as Germany made during the Kosovo refugee crisis. For the NATO collective defense case, Olsen and Zeckhauser (1966) therefore expected unequal burden-sharing based on national income levels, predicting a positive relationship between GNP and defense burdens (measured as military expenditure in relation to GDP).<sup>4</sup> For the forced migration case, this would mean that larger states would be expected to be the ones contributing disproportionately to global/international refugee protection, not just in absolute but also in relative terms. I.e., one would expect a positive relationship between population size/GNP and refugee protection burdens (measured say as number of protection seekers per thousand of population).

Second, as countries have an incentive to hope for positive spill-ins and try to conceal their true preferences for the particular good in question in the hope of being able to free-ride on the efforts of others, contributions to public goods are expected to be provided at inefficient or suboptimal levels. Due to their particular characteristics, public goods lead to behavior that is rational from an individual's perspective, but that can be suboptimal (or even disastrous) from a collective viewpoint (i.e. the point of view of a local, national or international community).<sup>5</sup> There are powerful incentives for individuals to avoid

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<sup>4</sup> They showed that their hypothesis was empirically supported for NATO in 1964 and other studies found a similar (albeit) declining relationship for NATO in later years (Russett 1970; Sandler and Forbes 1980; Oneal 1990). [Sandler and Hartley 1995: 24].

<sup>5</sup> The prisoner dilemma points to a constellation where actors who act solely with the aim of maximizing their own individual utility will produce a result which is contrary to their collective interest (Luce and Raiffa 1957; Rapoport and Chammah 1965). In the original prisoner's dilemma (Rapoport and Chammah 1965), two prisoners who are accused of a crime are interviewed separately and offered a deal. If only one confesses, that prisoner alone will be released, whereas the other one will receive a harsh sentence. If both

contributing personal resources to the provision of public goods. As they fear that the expression of their interest in a particular public good will mean that they will also be the ones who end up footing the bill, public goods are undersupplied and resource allocation remains suboptimal. Resulting problems of under-provision in public goods are widespread and are particularly prominent in the international arena.

There are a number of problems with the ‘exploitation’ model, in that some of the assumptions that make the model neat and parsimonious are incongruous with empirical reality. First, most international collective goods are not pure public goods. Second, there are not just one but several ways that states can contribute to an international collective good and national costs of production of particular contribution are unlikely to be identical. Third, it seems necessary to take into account the effects of consultation among states (in particular when dealing with the EU), as regimes that result from such consultation will help to overcome some of the difficulties in public good provision that have been identified above. These challenges to the ‘pure public good model’ will be addressed in the remainder of this paper.

## **National Preferences: Impure Public Goods and Private Benefits**

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confess, each will receive an intermediate sentence. If both refuse to confess, they will get a milder sentence for some different crime which can be proven independently of either confessing. If each prisoner is concerned solely with their own interest, it is rational for them to confess. But if each is unwilling to receive a benefit when this will harm the other, then each will refuse to confess, and both will be better off. As they lack the ability to communicate, and therefore the opportunity to collaborate for mutual gain, they both lose out due their inability to create a cooperative outcome for themselves. The prisoner’s dilemma applies to many real-life situations where actors are faced with similar incentives to defect from co-operation unless institutions are created that enable provide for effective communication and build trust between the actors. For another real life example, Kaul et al. (1999: 8) refer to the case of labour standards. ‘In the absence of industry-wide negotiating forums, individual firms wishing to improve labour conditions would have to act in isolation. They would most likely be reluctant to improve work conditions, arguing that it would increase costs and jeopardize their competitiveness. The effect could be that no firm would improve work conditions. Indeed, under competitive pressures a perverse incentive emerges to lower labour standards even if many—or most—firms would prefer to raise their standards. Thus we see in a practical case how a lack of communication and ability to agree on a common strategy can lead to a suboptimal strategy—even though each firm acted rationally from its own point of view.’

Several authors have consequently offered extensions to pure public good framework. They argue that pure public goods are a rare phenomenon. The extent of free-riding is dependent on the degree of 'publicness' of the good in question (Sandler 1977; Sandler and Forbes 1980; Sandler and Hartley 2001). Most goods (even those often referred to as public goods), yield contributor-specific benefits. Hence, even when a good is partly public, there might well be private reasons that motivate contributions. For example, a country will have plenty of incentives of reducing poisonous emissions if they majority of these emission fall onto its own soil. I.e. there are plenty of private incentives to curb emissions, even though doing so will also benefit downwind neighboring countries (Sandler and Hartley 1995: 60). In the defense context an ally might build up its arsenal not only to enhance regional security but also to maintain control over colonies, use defense procurement as a form of regional aid that guarantees employment, or maintain a large army for status enhancement. In this context, public benefits accrue to the nation's population, but there is little, if any, spill over to the nation's ally. Such benefits are thus excludable and rival among allies and hence partly private (or impurely public). According to Sandler and Forbes (1980: 429), some (aspects of) collectively produced goods are public (non-excludable) within a nation but private (excludable) between allies.

When relating these insights to the area of forced migration, one can make the following observations. It is certainly true that the provision of enhanced security provided by refugee protection, benefits not only countries which contribute to the protection of displaced persons but these benefits are also extended to other actors at no marginal cost. However, refugee protection arguably, provides a spectrum of outputs ranging from purely public to private or country-specific outputs. This means that refugee protection provides more than the single output of 'security' implied by the pure public goods model: it also provides country specific security benefits, status enhancement or the achievement of ideological goals (such as when West during the cold war was keen to accept political refugees from behind the Iron Curtain). In other words what is often regarded as a public good has in fact excludable (private) benefits to a country.

The 'joint product model' then has implications for both the efficiency (extent of under-provision) and the equity predictions of the Olson model. According to the joint-product model, the degree to which the particular good will be provided, can be expected to be less suboptimal than predicted in the 'exploitation' model.<sup>6</sup> 'Because of the private benefits obtained through joint products, national allocations to alliance military efforts tend to be somewhat higher than they would be in the pure public goods case' (Boyer 1993: 21). Joint products offer stronger incentives for contributions than pure public goods. This stronger motivation is grounded in self-interest, i.e. the interest of creating jointly-produced private goods (Bobrow and Boyer 2005: 23). The 'joint product model' suggests that a country's contributions to the provision of refugee protection (with its public and private characteristics) will be positively related to the proportion of excludable benefits accruing to that country. The greater the proportion of private benefits to overall benefits, the greater the incentive for individual states to contribute to the provision of an international collective good. I.e., the more excludable benefits occur for individual states, the more we would expect states to reveal their preferences, and the more limited the opportunities for free-riding. It is now widely recognized in the literature that there are few (if any) pure public goods. However, it is still the convention to speak of public goods (sometimes 'impure public goods) if the goods in question have some significant 'public' component.

### ***An Alternative Approach: Multiple Burden-Sharing Dimensions, Comparative Advantage and Contribution Trading***

There have been other challenges to the 'exploitation model' (Connolly 1970, 1972; 1976; Kiesling 1974; Loehr 1973; Boyer 1989, 1993). Boyer questions several of the model's restrictive assumptions. The following three stand out:

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<sup>6</sup> Murdoch and Sandler (1982; 1984) found empirical support for the 'joint-product' hypothesis in the case of NATO burden-sharing efforts in the 1960s and 70s.

- (1) that public/collective goods are produced with equal degrees of economic efficiency in different countries
- (2) that the costs borne by provider countries are only economic or monetary
- (3) that countries make contribution decisions without consulting one another (taking regard of each others actions).

The following will look at each of these challenges in turn.

### **Countries have varying degrees of economic efficiency in producing collective goods**

Public goods tend to be more complex than suggested in the Olson and Zeckhauser framework. Take the example of security. Boyer reminds us that 'security not a one-dimensional concept, and nations define security across economic, military, political, environmental, and even social dimensions' (Boyer 1993: 3). But Boyer remains rather vague in his characterization of the international collective good provided. It is useful to draw a distinction between 'intermediate' and final public goods as done by Kaul, Grunberg and Stern (1999: 13). They distinguish between 'final public goods' which refer to outcomes (say enhanced security/stability) and 'intermediate public goods' that refer to institutions or initiatives that contribute to the provision of final public goods. They use the following example of environmental protection to illustrate this point. To achieve the final public good of a protected ozone layer, the Montreal Protocol could usefully be regarded as the most relevant intermediate public good. The main benefits of such institutions/regimes are the reduction of transaction costs, enhanced predictability of interaction and the reduced risk of misunderstanding and conflict. Applying this categorization to the case of forced migration, enhanced security/stability due to the elimination/minimization of forced migratory flows constitutes would constitute the final public good, measures to prevent refugee crises or to regulate refugee flows would constitute intermediate public goods.

Multiple contribution dimensions then has a number of theoretical implications. Doing away with the standard model's assumption that all countries can provide particular public goods with the same degree of economic efficiency, Boyer (1989; 1993) puts forward an alternative model that is based on the idea that countries have a comparative advantage in providing certain types of (intermediate) collective goods over others. According to David Ricardo's seminal model of comparative advantage, every country is endowed with varying amounts and qualities of different factors of production (such as land, labor, capital or technology). As a result, each country can produce some goods *relatively* cheaper than another country.<sup>7</sup> Countries recognize these price differentials and engage in mutually beneficial trade. This idea has been extended, to the domain of (impure) public goods (Boyer 1989, 1993; Connolly 1970, 1972; 1976; Kiesling 1974; Loehr 1973).<sup>8</sup> It has been argued that in the case of impure public goods, the incentives for countries to trade are similar to those suggested by David Ricardo's theory for private goods. In order to apply the trade idea in this domain, contributions to particular public goods need to be broken down into multiple components.

In the case of refugee protection, one feasible component is the provision of protection opportunities for displaced persons (providing refuge). One might call this a *reactive* contribution since it deals with the problem once people have already been displaced. Other forms of contribution such as engagement in unilateral and multilateral peace-keeping/making operations are termed *proactive* contributions since they aim to prevent refugee flows before they occur. Peace-keeping/enforcement can be viewed as an alternative way to contribute to security by preventing or limiting uncontrolled flows of migrants seeking refuge. Like the acceptance of displaced persons, peacekeeping also possesses key elements of an international public good. If intrastate and interstate conflicts have negative consequences on other countries in terms of unchecked migration flows, then peacekeeping efforts to end such wars represent a trans-national public good.

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<sup>7</sup> Individual countries need only have a relative (not an absolute) advantage in the production of a particular good to be able to reap benefits from specialisation and trade. Even if a country can produce every good more efficiently than other countries, it will still be better off when it specialises in the production of goods in which it holds the greatest relative advantage.

<sup>8</sup> In a follow-up paper (Olson and Zeckhauser 1970) to their seminal statement of the 'exploitation' hypothesis (Olson and Zeckhauser 1966), Olson and Zeckhauser already hinted at the trading idea, but did not generalise it beyond the domain of military security.

The peace and security provided by keeping migration flows in check through peacekeeping/making operations thus give rise to non-excludable and non-rival benefits.

It is reasonable to assume that countries are not equally well placed to contribute to refugee protection in one particular way. To put differently, we can expect the economic efficiency of countries specific contributions to differ. For example, following a simple 'economies of scale' logic, one might expect a country with well established asylum/refugee institutions will be relatively more efficient in processing and offering refuge to protection seekers than a country without such institutions. In contrast, a country with a large army and experience in interventions abroad can be expected to be more efficient in pro-active refugee protection efforts than a country with a small army and no such experience.

### **Countries face varying degrees of political costs in producing collective goods**

Boyer (1993: 38) goes one step further by introducing the concept of *political comparative advantage*. In doing so, he questions the assumption of traditional burden-sharing models which suggest that the costs borne by contributing countries are exclusively economic in nature. According to Boyer, this is an incomplete picture of the cost-benefit calculations undertaken by decision-makers and he suggests that some aspects of the political cost of a country's contributions to international collective goods should also be taken into considerations. He writes: 'When we deal with security policy decisions that are the result of both national and international political processes, comparative advantage must incorporate a notion of the political forces that constrain the choices available to decision-makers in their domestic situations' (1993: 36).

Boyer suggests that political comparative advantage is determined by a country's domestic political environment, with no two polities supporting an identical mix of

policies. In any political system whether democratic or authoritarian, he argues, national policy-makers are constrained by the preferences of their constituents. To remain in power, policy-makers will have to take such preference into account. For example, in a country where public attitudes are strongly opposed to its army's intervention abroad but where there is general support for refugee protection in general, granting refuge to displaced persons (i.e. re-active rather than pro-active refugee protection measures) might be a policy-maker's policy of choice. Take the example of post-war Germany. Given its historical legacy, for much of the post-war period, the German public insisted on a policy of non-intervention by the German security forces, which constitutionally prohibited 'out of area' operations by the German army (which, in terms of troop size, was larger than both the French and British armed forces). The resulting policy choices, became most obvious during the time of the Bosnian conflict in the early 1990s, when Germany chose not to participate in NATO-led military action against the Bosnian Serbs. Instead it provided refuge to very large numbers of Bosnian asylum seekers (more than 420.000 in 1992 alone). One can expect constraints on policy-makers, like the ones just illustrated in the German case, to change over time. However, given the nature of the political process in most liberal democracies, these changes tend to be gradual.<sup>9</sup> Boyer writes: 'As a country's political sentiments and economic priorities shift, so will be its specific contributions' (Boyer 1993: 42).

Both the economic and political sources of comparative advantage therefore provide incentives for specialization and trade in contributions to international collective goods. In the refugee context this means that some nations will devote large amounts of resources to 'pro-active' refugee protection efforts (e.g. through peace-keeping/making) while being less active in the realm of re-active refugee protection measures. Other countries can be expected to find the economic and political costs of sending their troops abroad prohibitive but might be prepared to contribute to regional stability by accommodating refugees within their borders.

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<sup>9</sup> In the German case, the coalition government of the Social Democratic and the Green party did finally break with Germany's fifty year long non-intervention doctrine, sending modest consignments of German troops in support of the NATO led actions in Kosovo and Afghanistan.

This alternative trade model has two important implications for a discussion of public good provision and burden-sharing. First, the model suggest that trading might be able to offset some of the dynamics that have been identified as being responsible for the expected under-provision of public goods. Even if provision remains sub-optimal, with trade, public goods will be provided more efficiently than would be the case without specialization and trade. This means that initiatives/proposals to force countries to increase/equalize their contributions on a particular contribution dimension may be counter-productive to the efficient production of international collective goods such as refugee protection. The trade model also implies that whilst we may see what appears to be evidence of the ‘exploitation hypothesis’ on some dimension of collective goods provision, the overall picture (when taking account of multiple contribution dimensions) may be less inequitable.

### **Countries communicate/co-operate (especially in the EU)**

A final assumption of the ‘exploitation model’ that appears to be overly restrictive concerns its ‘non-consultation’ assumption. This assumption is grounded in non-cooperative game theory (the prominent example being the prisoner’ dilemma). It suggests that countries make decisions on public good provision without consulting/cooperating with other countries. The ‘exploitation model’ requires an analyst to assume that countries make their contribution decisions without considering their impact on other countries (assuming that others will do their part, even if oneself does not) (Boyer 1993: 39).

However, it is not at all unrealistic to expect countries to seek to address the sub-optimal tendencies of public good provision by taking account (and reacting to) contributions made by other countries (Cornes and Sandler 1984), by consulting (sometimes pressurizing) other countries to ‘do their bit’ and by creating international institutions that might help to overcome ‘credibility of commitment’ problems. Such institutions (or

regimes) can facilitate ‘repeated games/interactions’ which will lower the transaction costs of decision-making on contributions, enhance predictability and trust among contributors (Sandler and Canley 1977; Keohane 1984; Axelrod 1984). In essence, consultation through regimes decreases uncertainty and the risks that countries are confronted with when making decisions about whether or not to cooperate with others (Keohane 1984: 93-94). [see EU!] The various types of regimes that have been developed for this purpose are discussed below.

### **2.3 International Burden-Sharing Regimes**

From the discussion of the two models above, one can usefully distinguish two different types of international burden-sharing regimes and four principal burden-sharing mechanisms (see Table 1).

**Table 1: Types of International Burden-Sharing**

<i>One dimensional</i>	<i>Multi dimensional</i>
Common Rules	Compensation
Redistribution/Quotas	Trade

First, there are *one-dimensional* burden-sharing regimes that aim to equalize effort on one particular contribution dimension. They often seek to equalize international efforts in two ways – through common rules/ policy harmonization (ex ante equalization) or through redistribution/quotas (ex-post equalization). The former method is based on the assumption that inequalities in burdens can be overcome by agreeing on a common set of rules that aims at equalizing the obligations in public good provision of individual states. By obliging states to harmonize their policies or to comply with a set of common inter/supranational rules, it is expected that the burdens that individual countries are faced

with will converge. For example, this has been a major driving force behind the creation of the common EU asylum policy but similar concerns could already be seen in having driven the creation of the Geneva Convention. [Non-Refugee Example?]. The idea with ex-ante mechanism is that common rules will prevent unequal burdens from arising, thus eliminating/reducing the need for corrective action (Thielemann 2004, 2006).

Redistributive measures are classical ex-post measures, in the sense that they try to equalize observed imbalances/inequities in burdens. Once a potential or actual imbalance or inequity has been observed, measures are employed to address these. A prominent instrument is the use of quotas that distribute burdens according to an agreed distribution key (which is usually based on one or several fairness principles such as such as responsibility, capacity, benefit or cost).<sup>10</sup> Examples can be found in efforts to harmonize aid commitments to developing countries [check status/details/name of this agreement] or the emission of green house gases through Kyoto/Montreal Protocol; NATO commitments. The most prominent burden-sharing regime that relies on such a mechanism can be found in the area of refugee resettlement where both voluntary mechanisms and compulsory quotas are used to redistribute refugees across territories .

Multi-dimensional burden-sharing regimes are those which do not seek to equalize burdens/responsibilities on one particular contribution dimension alone. On the one hand, there are those multi-dimensional regimes which are based on an explicit compensation logic. In these cases a country's disproportionate contribution on one contribution dimension are recognized and that country gets compensated (through benefits or cost-reductions) on other dimensions. In the refugee area, the most developed regime of this kind is the European Refugee Fund (Thielemann 2005) which aims 'to promote a 'balance of efforts' in receiving and bearing the consequences of displaced persons' in order 'to demonstrate solidarity between the Member States' in their efforts to

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<sup>10</sup> The 'responsibility' principle is commonly used in environmental regimes and also known as the 'polluter pays' principle. The 'capacity' principle refers to a state's 'ability to pay' (and is often linked to relative GDP). The 'benefit' principle proposes that states should contribute to a particular regime in relation to the benefit they gain from it and the 'cost' principle suggests that states' relative costs in making certain contributions should be taken into account when establishing burden-sharing regimes.

promote the social and economic integration of displaced persons.<sup>11</sup> The ERF does so by allocating common European funds to Member States in relation to the numbers of asylum-seekers and refugees that they are dealing with.

Beyond explicit compensatory multi-dimensional burden-sharing regimes, the world of international diplomacy is full of examples where states, which are unable (or unwilling) to contribute on one particular contribution dimension, have been induced through moral or other pressure to contribute to the provision of international collective goods on another dimension. The cheque-book diplomacy performed by Japan (and to an extent by Germany) in the post World War II period provides only one example. Partly unwilling, partly unable (as the result of constitutionally imposed constraints) to contribute to military operations by the NATO alliance, the two countries have contributed to alliance efforts through financial contributions rather than through troops or military hardware. In the refugee context, implicit compensatory arrangements between countries also exist, as states who are putting few resources into ‘pro-active’ refugee protection measures (such as peace-keeping/making operations) have sometimes been more active with regard to ‘re-active’ refugee protection efforts (accepting refugees onto their territories), and vice versa (Thielemann and Dewan 2006).

## ***Conclusion***

This paper has shown that public goods analysis offers a number of new insights into the international politics of forced migration and the efficiency/equity of existing refugee protection regimes. It has presented a critique of the standard model of international burden-sharing that is based on the idea of free-riding in one policy dimension and suggested that this model tends to overstate both efficiency and equity problems of existing international burden-sharing regimes. It is hoped that insights gained from this analysis, and the typology of international burden-sharing mechanisms developed here,

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<sup>11</sup> Council Decision of 28 September 2000 (2000/596/EC), L252/12 of 6.10.2000.

might contribute to the ongoing discussion over how to reform regional and global refugee protection systems.

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