

Immigration and political stability

Tesfaye A. Gebremedhin*, Astghik Mavisakalyan**¹

*Discipline of Economics, University of Canberra, ACT 2601, Australia.

**Research School of Economics, Australian National University, ACT 0200, Australia.

Abstract

Immigration may adversely affect political stability if conflict becomes endemic among heterogeneous groups of people living in close proximity due to the process of migration. If so, the governments could respond by preventive militarisation. The results from two-stage-least squares estimation indicate that higher immigrant share significantly reduces political stability. In addition, higher immigrant share leads to increased government military spending through the channel of political stability. The negative effect of immigrant share on political stability is stronger in places with assimilative citizenship laws. Therefore, the resulting military spending is higher in those places.

Keywords: Immigration, Political stability, Military expenditures, Citizenship laws

¹ Corresponding author; email address: astghik.mavisakalyan@anu.edu.au

1. Introduction

International migration has gained a renewed prominence in this era of globalization with the trend toward greater economic integration opening up new cross border opportunities for labor to exploit (Adamson, 2006). Between 1975 and 2005, for example, the share of immigrants in the OECD population increased from 4.5 per cent to 8.3 per cent (OECD, 2007). Concomitant with this rise in scale of global immigration, we have witnessed the subject of immigration take centre stage in discourses to understand the security dilemma of countries. In particular, immigration leads to ethnic and religious fractionalization, which may foment social strife and increase the likelihood of violent conflicts. Most previous works in the literature have examined the effect of fractionalization on conflict, economic growth and political stability of countries (see for instance De Soysa and Numayer (2008); Montalvo and Reynal-Querol (2005); and Alesina and Perotti (1996)). Despite a growing body of literature that examines fractionalization, the conditions under which the potential costs of immigration outweigh the benefits and the dynamics that lead a society to consider immigration as a threat are poorly understood. This study contributes to academic discourses on the topic by examining the effect of immigration on political stability.

If immigration has the potential to lead to social conflicts, then the natural security dilemma question to ask is how governments would deal with the problem. More importantly, the question of whether governments respond to security concerns (precipitated by immigration) with higher preventive militarisation is crucial. If social harmony is maintained through a heavy (preventive) militarisation, it may have an adverse implication on the provision of other public goods (such as education and infrastructure) in the economy (Alesina, Baqir and Easterly, 1999). However, there is mixed evidence in the literature on the role militarization plays in maintaining peace in highly fractionalised societies. De Soysa and Numayer (2008), for instance, do not attribute peace (in heterogeneous societies) to preventive militarisation while Blomberg (1996) ascribes some degree of political stability (and harmony) to increased defence spending. In light of this conflicting evidence, we examine whether immigrant receiving countries have a higher military build-up in anticipation of social friction.

Citizenship laws in place may intermediate the effect of immigration on political stability. In particular, it may be the case that countries that are successful in integrating immigrants through more assimilative policies do not face as much threat to political stability and therefore, do not require as much militarisation to maintain peace. On the other hand, increased influence of unintegrated but citizenship holding immigrants may increase the threat to stability. This paper also sheds light at these issues.

The various channels through which immigration may pose a security dilemma have been broadly discussed in the wider literature on security (see for instance Guild and Van Selm (2005) and Alexseev and Hofstetter (2006)). To begin with, international migration flows may project an image of weakness and cast doubt about the resolve and capacity of the state to maintain its territorial legitimacy (Weiner, 1992). After all, ‘.....everyday border control activities - checking travel documents, inspecting cargo and luggage, patrolling coastlines and airports, apprehending unauthorized entrants- are part of what gives the state an image of authority and power’ (Andreas, 2003: p.110). The perception that the government is unable to secure its borders may heighten the security concern of the host population and lead them to regard competition for political power as necessary for their security and survival.²

Secondly, a demographic shift in favor of immigrants may adversely affect incumbents control over resources and make them economically vulnerable. Societies may also react unfavourably to immigration if immigrants are perceived to be a social or an economic burden. Immigration may impinge upon the capacity of the state to provide the public with adequate housing, education and transportation services, engendering local resentment and backlash against immigrants. Demleitner (1998: p.9), for instance, notes that ‘.....in the United States the dominant perception of immigrants as nonworking beneficiaries, or even abusers, of a generous welfare system’ fuels anti-immigrant sentiments.

² This process may also increase the appeal of anti-immigrant political parties, who may undermine the stability of the regime. The recent resurgence of far-right political parties in national elections across Europe is a testament that electorates (even in countries with a history of tolerance towards immigrants such as Sweden) may turn to anti-immigrant parties.

Thirdly, immigrant receiving countries may find preserving their languages, values, norms and customs challenging in the face of immigration. European security discourses, for example, regularly feature discussions about the threat to European culture coming from the influx of Muslim immigrants who are unwilling or incapable of integrating into the society. In response to this threat, countries are increasingly adopting stringent residency requirements that stipulate immigrants to study the local language, culture and history to be eligible for residency permit (Larsen, 2005).³⁴

The security dilemma facing host nations becomes particularly strong when there is doubt about the long term consequences of immigrant activities and ‘*offensive*’ posturing could be attributed to the intention of immigrants. According to Alexseev and Hofstetter (2006), immigrants’ actions will be considered as ‘*offensive*’ if they fail to return to their home country (and remain illegally) or bring over their families (and friends) to increase their stake on local resources and obtain greater political freedom. This is further compounded by doubt about the intention of the immigrant sending country, which may also be encouraging immigration to deliberately undermine the sovereignty of the receiving country. The immigration of ethnic Chinese to Russian Far East (RFE) over the past two decades, for instance, has been met with (strong) suspicion and apprehension that China’s ulterior motive could be to reclaim lost Chinese territories (Alexseev and Hofstetter, 2006).

The conflict and security dilemma that may result from immigration could upset the social order and lead to political instability. Political instability is an important variable that has been widely shown to hamper economic growth (Alesina *et al.*, 1992; Barro, 1991; 1996). Instability engenders uncertainty about future policies thereby discouraging investment and leading to capital flight. It also adversely affects the quantity and quality of labor available for production as the most skilled and educated workers in the economy flee to avoid persecution (in the wake of political upheaval) or leave in search of better economic opportunities (Fosu, 1992). Consequently, the level of output would decline and the economy would not be on an optimal

³ This sentiment is epitomized by French president Sarkozy’s recent remark that “...French nationality must be merited, and one must be able to show themselves worthy” (Los Angeles Times, 2010).

⁴ The impending prohibition of Burqas in France and the ban on the construction of minarets in Switzerland (presumably because they are symbols of Islamic power) are attempts to assert European values.

growth trajectory. This underscores the importance of political stability and the need to investigate the channels through which different factors may upset the political balance.

The results of the study from two-stage-least squares (2SLS) estimations indicate that increase in the immigrant share of population reduces political stability. In addition, higher immigrant share leads to increased government military spending through the channel of political stability. The negative effect of immigrant share on political stability is stronger in places with assimilative citizenship laws. Therefore, the resulting military spending is higher in those places.

The remainder of the paper is organized as follows. The second section discusses the data and methodology used in the study. The third section presents the results. The last section concludes.

2. Data and methodology

The objective of the study is to examine the effect of immigration on political stability and test if countries counteract the (perceived) security threat posed by immigration through preventive militarisation. To address these research questions, this paper uses a cross sectional data of 78 countries in year 2000.⁵ A cross sectional data facilitates working with a larger and more diverse dataset of countries. The use of cross sectional data in this study is further warranted as the variables of interest, such as immigrant share of a country's population and military expenditure as share of GDP, do not change significantly over short periods of time.

An equation determining political stability is formulated as follows:

$$Polstab_i = \alpha_1 + \alpha_2 immigr_i + \alpha_3 X_i + \alpha_4 Mil_i + \alpha_5 K_i + \varepsilon_i \quad (1)$$

Where i is an index of countries; $Polstab_i$ is a measure of political stability; Mil_i is the share of military expenditures in GDP; $immigr_i$ is share of overseas born population; X_i is a set of exogenous variables; K_i is an exogenous variable which determines political stability, but which

⁵ The list of countries included in the study is given in the appendix.

does not affect military expenditures (years since last civil and last international wars); ε_i is an unobservable component with zero mean and finite variance.

The measure of Political stability ($Polstab_i$) captures perception about the likelihood that the government will get destabilised or overthrown through unconstitutional means. The measure is taken from the World Bank, which has been producing indicators of governance (in six dimensions including political stability and absence of violence) for different countries.⁶ The indicators are constructed using several individual variables measuring perceptions of governance obtained from a variety of sources including survey institutes, think tanks, non-governmental organizations, and international organizations. These variables are allocated to the different dimensions of governance and an aggregate index constructed for each dimension following the *unobserved components model*.⁷ Margins of error are also provided for each estimate reflecting the uncertainty involved in measuring (any aspect of) governance. However, Kaufman, Kraay and Mastruzzi (2007, p. 2) note that ‘.....despite these margins of error, our aggregate indicators are sufficiently informative that many cross country comparisons of governance can result in statistically (and practically) significant differences’. These indicators have been previously used in studying the link between economic growth and governance in Kaufmann *et al.* (2002), and the persistence of corruption and regulatory failures in Damania, Fredriksson and Mani (2003), among others.

The study controls for a host of exogenous variables considered important for political stability. One factor considered essential is the level of income or economic performance in a country. Low income or economic hardship, for example, may incite people to rebel against what might be considered as government ineptitude to improve the standard of living of its citizenry and lead to instability. Moreover, the likelihood that people quit their jobs and take part in subversive activities would be higher because the opportunity cost of not working is lower compared to societies where incomes are higher (Collier and Hoeffler, 2004). In our estimation, we control

⁶ The six dimensions of governance considered are voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. These governance indicators were issued for 213 countries over the period 1996-2009 (World Bank, 2010).

⁷ See Kaufmann, Kraay and Mastruzzi (2010) for details of how the indicators are constructed.

for level of income using logarithm of GDP per capita. We also include the Human Development Index (HDI) in the regressions to capture the quality of life more broadly (UNDP, 2000).⁸

Societal inequality also has potential implications for political stability. High inequality may engender resentment on the part of disadvantaged groups and create social friction which could escalate to destabilize the regime. Gini coefficients are included in the regressions to control for inequality. Another variable whose link to political instability has been investigated in the literature is openness to trade. Openness would result in more stability if it brings prosperity and growth. Hegre *et al.* (2003), for example, find that trade promotes political stability in the long run. Collier and Hoeffler (2001), however, argue that trade could lead to conflict if a country's exports are principally composed of primary commodities. In our estimation, we include trade as a proportion of GDP as a measure of openness. In addition, we test if being a major oil exporter leads to instability by including a dummy for countries that generate more than one-third of their export revenue from oil.

Annette (2001) establishes that higher government consumption reduces political instability. The argument is that government consumption expenditure may be used to appease individuals (and/or groups) that are opposed to the regime thereby reducing the level of political risk. It may also be used to promote social harmony by placating and buying peace between conflicting groups in the society. We control for government consumption using government expenditure as a share of GDP. Public spending on health and education as a share of GDP are also included as regressors in the estimation.

Previous studies have also considered the degree of urbanization as a possible determinant of political stability, although consensus is lacking on the direction of causality. Annett (2000), for example, argues that urbanization may promote instability if the government is unable to satisfy the need for basic services in highly populated urban centers. But Collier and Hoeffler (2004) indicate that containing instability in an urbanized society would be easier than in a highly dispersed population (pointing to a negative association between the two variables). We control

⁸ The HDI is a composite index that measures the average achievements in a country in three dimensions of human development- a long and health life (measured by life expectancy at birth), knowledge (adult literacy and the combined gross primary, secondary and tertiary enrolment ratio) and standard of living (GDP per capita) (UNDP, 2000).

for urbanization in the study using the urban share of population. Population size is also included to account for differences in country size, which may also have a bearing on stability through its implication on diversity and heterogeneity in a society. Population density is also added in the regressions to see if there is more tension in societies where the level of density is relatively higher.

We also control for internal and external security threats by taking into account the number of years that elapsed since the last civil and international wars (involving a country) ended. The likelihood that hostilities take longer to subside may lead to the resumption of civil and international wars opening the door for political instability. Moreover, civil and international wars may have a contagion effect in that they have the potential to destabilize (neighboring) countries which are not direct stake holders in the conflict.

The system of governance and other institutional arrangements may also have a bearing on political stability. To account for system of governance, we include a dummy variable that takes a value of 1 if a country has a parliamentary system. To capture historical differences in ideological adherence, dummies for countries communist past are added to the list of controls. A dummy for citizenship laws is also incorporated to check if countries with migrant assimilative (*vis-à-vis* differentialist) tendencies are less prone to instability. Following Dahlin and Hironaka (2008), citizenship laws are regarded as assimilative if the requirement for citizenship is that either parent must be a citizen (irrespective of the country of birth of the child) while differentialist laws stipulate that both parents be a citizen.⁹ Finally, dummy variables for OECD membership status, Latin America, Sub-Saharan Africa, East Asia, North Africa and the Middle East and Israel and Jordan¹⁰ are added to control for region specific characteristics of countries that may affect political stability.

The fundamental issue in estimating equation (1) is that there are potential problems of endogeneity with using immigrant share as a right hand side variable. First, estimates will be biased if the choice of country for immigration is non-random. Second, immigration may

⁹ The citizenship laws of the list of countries covered in the study is given in the appendix.

¹⁰ The two countries appear very different in their immigrant share of population and political stability from the rest in the sample.

correlate with several other variables, often uncaptured, that may affect the political stability. Third, there may be a substantial measurement error in the immigrant share because of, among other things, exclusion of illegal immigrants. As a result, a causal relationship cannot be attributed between immigrant share and political stability.

Due to problems of endogeneity potentially leading to bias in estimates, we use two stage least squares (2 SLS) as an estimation strategy. This requires the use of a good instrumental variable which is exogenous but highly correlated with immigrant share. This is accomplished in the study by borrowing an instrument from Mavisakalyan (2010:pp.4-5), where ‘..... the immigrant share is instrumented by first, estimating a variant of a gravity model, where bilateral immigrant shares are regressed on exogenous characteristics of countries. The fitted immigrant share values are then aggregated across partners to create an instrument for immigrant share’.¹¹ It would be more plausible to interpret the association between immigrant share and political stability as causal in the model estimated with the instrument.

After studying the effect of migration on political stability, its further effect on militarization (through the channel of political stability) is examined. As noted earlier, states may respond to the threat that the regime could be destabilized (and/or overthrown) through preventive militarization. This is studied by jointly estimating equation (1) with the following equation determining the share of military expenditures in GDP.

$$Mil_i = \beta_1 + \beta_2 immigr_i + \beta_3 Polstab_i + \beta_4 X_i + \beta_5 L_i + \omega_i \quad (2)$$

¹¹ The variant of the gravity model estimated to generate the instrumental variable models the bilateral migrant stock between countries *i* and *j*. The estimated coefficients are as follows:

$$\begin{aligned} \text{Migrant stock}_{ij} = & 0.0328 \Delta (GDP/Capita)_{ij} - 1.144 \log (Distance)_{ij} + 0.722 \log(population)_j \\ & (0.001) \qquad \qquad \qquad (0.025) \qquad \qquad \qquad (0.012) \\ & + 1.164 ComLanguage_{ij} + 1.763 ComBorder_{ij} - 0.1243 \log(Area_i Area_j) - 6.346 \\ & (0.049) \qquad \qquad \qquad (0.128) \qquad \qquad \qquad (0.007) \qquad \qquad \qquad (0.250) \end{aligned}$$

$R^2=0.369$; No. of observations=14263.

Robust standard errors are in parentheses. IV generated by summing the fitted values across bilateral partners *j*.

i is an index of countries; $immigr_i$ is included in the regression to allow for the possibility that immigration may affect militarisation through other channels independent of its effect through political stability. The list of exogenous controls includes X_i as in (1) above but excludes K_i (years since last civil and last international wars) which is assumed to determine political stability but not military spending. L_i denotes an exogenous variable which determines military spending, but does not affect political stability. Military personnel as share of total labor force and arms imports relative to total imports are used to capture it. ω_i is an unobservable component with zero mean and finite variance.

The coefficients of interest are α_2 in equation (1) and β_3 in equation (2). The product of the two indicates the effect of immigrant share on military spending operating through the channel of political stability.

As in the case of equation (1), estimating equation (2) is problematic because military spending and political stability may be jointly determined by unobserved factors. To overcome this problem, we use three stage least squares (3SLS) to jointly estimate the two equations, with the variables number of years elapsed since last civil and international wars used as instruments for political stability. 3SLS treats all of the exogenous variables in the system of equations as instruments for the endogenous variables. In addition, 3SLS allows for cross-equation covariance in the error terms, generating efficiency gains.

A descriptive statistics of the list of variables used in the study (along with the sources from which they are taken from) is presented in table 1 below. Most variables are obtained from standard sources widely used in macro-level studies (such as Heston *et al.*, 2006; UNESCO, 2007). In other cases, datasets compiled by other researchers and used in published papers are used (such as Barro, 2007; Rose and Spiegel, 2009). The summary statistics provided in the table shows that the average index of political stability for the sample is 0.07. Burundi and Colombia, with an index of -2.22 and -1.9 respectively, are ranked as the least stable countries while Finland and Switzerland, with an index of 1.46 and 1.48 respectively, are the most stable. The average proportion of overseas born population (i.e. immigrant share) stands at around 6 per cent for the sample. The smallest proportion is in Peru (0.2%) and Colombia (0.3%) while Jordan

(39.1%) and Israel (37.1%) have the highest proportion. Similarly, military expenditure (as a share of GDP) is highest in Jordan (9%) and Israel (8.2%) whereas Mauritius (0.2%) and Moldova (0.4%) have the smallest share.

3. Results

The results of estimation of equation (1) using 2SLS and OLS are presented in table 2 below.¹² It can be seen from the 2SLS models estimated that the coefficients on the variables of interest are statistically significant. Higher immigrant share, in particular, leads to a reduction in political stability. Immigration could lead to social conflict and political instability for a number of reasons noted earlier. Contrary to our expectation, higher military expenditure (as a share of GDP) is associated with less political stability. One possibility is that militarization may send the wrong signal and agitate some groups to engage in subversive activities. Political stability is also lower in highly populated and more dense countries reflecting the heterogeneity that comes with larger size and the (array of) socioeconomic challenges that may confront the government in societies where density is high. The longer the number of years that elapsed since the conclusion of a civil war, the more stable a country would be. This is also consistent with *a priori* expectations as the probability of war restarting would diminish with the number of years that pass. Higher government expenditure is also shown to improve stability. This is consistent with the findings of Annett (2001) that government expenditure could be used to appease opposition to the regime. Among the regional dummies included, being an OECD member country was significantly associated with more stability while belonging to the Latin American continent led to lower stability. Latin America has been one of the least politically stable continents with 20 coups d'états, 451 political assassinations, 217 riots, and 113 crises between 1971 and 2000 (Blanco and Grier, 2009).

It is apparent from the coefficients in table 2 that the impact of immigrant share on political stability is underestimated when endogeneity is not taken into account. The 2SLS coefficients are

¹² Various robustness tests to check the sensitivity of these results to the choice of the sample have been completed by the authors. The results were preserved throughout.

Table 1: Descriptive statistics

Variable	Source	Mean	Std. dev.	Min	Max
Political Stability	World bank	0.07	0.88	-2.22	1.48
Immigrant share of population	United Nations (2007b)	5.94	7.66	0.2	39.1
Military expenditure/GDP	World Bank (2004)	2.22	1.60	0.2	9
Public education Expenditure/GDP	World Bank (2004)	4.42	1.67	1.34	10.11
Public health expenditure/ GDP	World Bank (2004)	3.89	1.79	0.9	7.8
Log of GDP per capita	Heston, Summers, and Aten (2006)	8.69	1.17	6.24	10.44
Government expenditure/GDP		21.62	8.93	8.21	53.81
Aid		3.85	6.42	-0.04	25.73
OECD		0.26	0.44	0	1
Latin America		0.14	0.35	0	1
Sub-Saharan Africa		0.23	0.42	0	1
Asia (Excluding Japan)		0.14	0.35	0	1
North Africa & Middle east		0.06	0.25	0	1
Gini	Rose and Spiegel (2009)	39.99	10.03	21.7	70
Population	UNESCO (2007), World Bank (2007), World Bank (2004)	16.55	1.30	13.98	20.73
Density	Heston, Summers, and Aten (2006), Rose and Spiegel (2009)	4.04	1.39	0.51	6.81
	Rose and Spiegel (2009), UNESCO (2007), United Nations (2007a)				
Urban		56.11	22.15	9.0	97.1
Communist	Barro (2007)	0.21	0.41	0	1
Openness	Rose and Spiegel (2009)	81.29	40.48	20.18	228.88
System of government	Enikolopov and Zhuravskaya (2007)	0.44	0.50	0	1
Citizenship conferral	Dahlin and Hironaka (2008)	0.5	0.5	0	1
Oil		0.03	0.16	0	1

more significant (statistically) and more than two times as large in magnitude compared to the OLS coefficients (in column 5). This points to the relative importance of measurement error in immigrant share variable over the other sources of endogeneity. The instrument used to control for endogeneity in the first 2SLS model is the predicted immigrant share estimated from the gravity model. The validity of the instrument needs to be duly checked since weak instruments would lead to misleading statistical inferences. As can be seen from the second column, the immigrant share instrument is positively and highly significantly associated with the actual immigrant share.

A valid instrument has to also satisfy the exogeneity condition that it should not be correlated with the residuals in the structural equation. However, the exogeneity of the instrument cannot be tested in the first 2SLS model estimated because there are no overidentifying restrictions as the model is just-identified. The second 2SLS model estimated uses an additional variable, the amount of arable land available for farming (per capita), to instrument for immigrant share (in addition to the first instrument used previously). The results from the first stage regression indicate that both instruments significantly affect immigrant share (significant at the 1 per cent level of significance). Moreover, the F-test conducted to test the strength of the instruments rejects the null hypothesis that the parameters on both instruments are zero.¹³ In this case, we can also test the overidentifying restriction because there are more instrumental variables than endogenous variables. Our model also passes the overidentification restriction test as we fail to reject the null that all instruments are uncorrelated with the error term in the structural model.¹⁴

In the last column, table 2 reports OLS results with the migrant share disaggregated into proportion who share the same language with the host country and proportion who don't share the same language.¹⁵ This result will give an indication whether migration from culturally distant countries is more significant for social strife and instability compared to migration from culturally similar countries. The OLS coefficient shows that migration from culturally distant

¹³ The partial F-statistic is 13.86, significant at the 1 per cent level of significance.

¹⁴ The Sargan statistic is 0.116, statistically insignificant (p-value of 0.734).

¹⁵ We also run 2SLS estimations instrumenting for migrant proportion who share the same and different languages using the two instrumental variables used above. However, the first stage regressions showed the instruments to be weak yielding this exercise inconclusive.

countries reduces political stability (significant at the 10 per cent level of significance). This result merits further investigation.

The third and fourth columns of table 3 report the results of the joint estimation of equations (1) and (2) using 3SLS. The negative signs on the coefficient on immigrant share in equation (1) and on the coefficient on political stability in equation (2) suggest that, as hypothesized, an increase in immigrant share leads to an increase in military spending through adversely affecting political stability. However, the results do not indicate that migrant share has a significant effect on militarization independent of its effect on political instability. In so far as migration affects political stability of countries, it leads to higher military spending.

The results reported in the last two columns of the table that include an interaction term of immigrant share and citizenship laws. They indicate that the destabilizing effect of immigrant share of population is stronger in places with assimilative citizenship laws and the resulting increase in militarization is larger in those places.

Table 2: Immigration and political stability

Dependent variable	2SLS		2SLS		OLS	OLS
	First stage	Second stage	First Stage	Second stage	Political stability	Political stability
Immigrant share	Immigrant share	Political stability	Immigrant share	Political stability	Political stability	Political stability
Immigrant share		-0.065** (0.031)		-0.057*** (0.021)	-0.026* (0.015)	
Immigrant share (same language)						-0.021 (0.028)
Immigrant share (different language)						-0.032* (0.016)
Military expenditure	-0.395 (0.433)	-0.237*** (0.045)	-0.244 (0.387)	-0.234*** (0.043)	-0.222*** (0.050)	-0.216*** (0.050)
Last civil war	-0.046 (0.032)	0.011*** (0.004)	-0.046 (0.029)	0.011*** (0.003)	0.013*** (0.004)	0.012*** (0.004)
Last international war	-0.058* (0.032)	-0.007** (0.003)	-0.034 (0.029)	-0.007** (0.003)	-0.006 (0.004)	-0.006 (0.004)
Population	-0.214 (0.555)	-0.105* (0.057)	-0.203 (0.494)	-0.100* (0.054)	-0.083 (0.063)	-0.093 (0.063)
Density	-1.905*** (0.565)	-0.096* (0.057)	-0.573 (0.611)	-0.089* (0.051)	-0.058 (0.058)	-0.056 (0.058)
Urban	0.036 (0.057)	0.009 (0.006)	0.042 (0.050)	0.009 (0.006)	0.007 (0.006)	0.008 (0.007)
Governance	1.198	0.334	0.845	0.326**	0.293*	0.303*

	(1.409)	(0.144)	(1.257)	(0.139)	(0.162)	(0.163)
Citizenship	-2.761** (1.159)	-0.250* (0.144)	-3.471*** (1.047)	-0.230* (0.127)	-0.143 (0.139)	-0.174 (0.142)
Communist	1.760 (2.420)	0.353 (0.242)	0.759 (2.169)	0.346 (0.237)	0.317 (0.276)	0.296 (0.278)
GDP per capita	-1.496 (1.839)	0.196 (0.178)	-0.861 (1.645)	0.197 (0.174)	0.199 (0.204)	0.197 (0.206)
Gini	0.108 (0.089)	0.019* (0.010)	0.121 (0.079)	0.018* (0.009)	0.014 (0.010)	0.015 (0.010)
HDI	0.175 (0.147)	-0.005 (0.014)	0.114 (0.132)	-0.005 (0.013)	-0.004 (0.016)	-0.005 (0.016)
Education spending	-0.830*** (0.438)	-0.069 (0.049)	-0.709* (0.391)	-0.063 (0.045)	-0.041 (0.051)	-0.043 (0.054)
Health spending	-0.375 (0.573)	0.044 (0.057)	-0.154 (0.513)	0.046 (0.056)	0.053 (0.066)	0.045 (0.067)
Government share	0.068 (0.068)	0.002 (0.007)	0.089 (0.061)	0.002 (0.007)	0.001 (0.008)	0.002 (0.008)
Aid	-0.082 (0.178)	0.005 (0.018)	0.013 (0.161)	0.005 (0.017)	0.007 (0.020)	0.007 (0.021)
Openness	0.004 (0.019)	0.002 (0.002)	0.017 (0.017)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)
oil	5.282 (3.264)	0.434 (0.360)	4.004 (2.923)	0.397 (0.335)	0.241 (0.381)	0.286 (0.384)
Regional controls	Yes	Yes	Yes	Yes	Yes	Yes
Predicted Immigrant share (instrument 1)	2.144*** (0.669)		2.053*** (0.595)			
Arable Land (instrument 2)			6.631*** (1.729)			
Constant	17.388 (15.758)	0.315 (1.691)		0.162 (1.592)	-0.473 (1.825)	-0.265 (1.854)
No. of Observations	78	78	78	78	78	78
R-squared	0.832	0.812	0.870	0.820	0.835	0.838

* Denotes significance at 10 percent level; ** at 5 percent level; *** at 1 percent level. Standard errors are in parenthesis.

Table 3: Immigration, political stability and military spending

Dependent variable	3SLS		3SLS	
	Military expenditure	Political stability	Military expenditure	Political stability
Immigrant share	-0.072 (0.053)	-0.069** (0.030)	-0.056 (0.049)	-0.047* (0.028)
Military expenditure		-0.244*** (0.068)		-0.251*** (0.065)
Political stability	-0.787** (0.399)		-0.830** (0.412)	
Last civil war		0.010*** (0.004)		0.010*** (0.003)
Last international war		-0.008** (0.003)		-0.008** (0.003)
Military personnel	0.903*** (0.188)		0.892*** (0.204)	
Arms imports	0.074 (0.050)		0.071 (0.049)	
Population	0.071 (0.121)	-0.106* (0.057)	0.084 (0.117)	-0.081 (0.055)
Density	-0.107 (0.098)	-0.102* (0.056)	-0.111 (0.100)	-0.106** (0.054)
Urban	0.008 (0.011)	0.009 (0.006)	0.005 (0.011)	0.006 (0.006)
Governance	0.372 (0.292)	0.338** (0.144)	0.364 (0.285)	0.309** (0.137)
citizenship	-0.228 (0.261)	-0.265* (0.144)	-0.055 (0.311)	-0.027 (0.175)
citizenship*			-0.020 (0.030)	-0.026* (0.014)
* Immigrant share				
communist	0.879** (0.428)	0.358 (0.247)	0.903** (0.431)	0.386 (0.236)
GDP per capita	0.308 (0.330)	0.190 (0.179)	0.351 (0.334)	0.235 (0.172)
Gini	0.045*** (0.017)	0.019* (0.010)	0.042** (0.017)	0.014 (0.010)
HDI	-0.036 (0.022)	-0.004 (0.013)	-0.034 (0.022)	-0.002 (0.013)
Education spending	-0.029 (0.091)	-0.073 (0.050)	-0.006 (0.089)	-0.041 (0.049)
Health spending	0.140 (0.0995)	0.044 (0.059)	0.137 (0.099)	0.040 (0.056)
Government share	0.023* (0.0119)	0.002 (0.0070)	0.020 (0.0123)	-0.001 (0.0069)
Aid	-0.029 (0.033)	0.005 (0.018)	-0.026 (0.033)	0.008 (0.018)

Openness	-0.001 (0.004)	0.002 (0.002)	-0.001 (0.004)	0.002 (0.002)
oil	0.126 (0.664)	0.447 (0.359)	0.147 (0.658)	0.443 (0.341)
Regional controls	Yes	Yes	Yes	Yes
Constant	-2.528 (3.125)	0.435 (1.703)	-3.136 (3.094)	-0.390 (1.641)
No. of Observations	78	78	78	78
R-squared	0.821	0.807	0.827	0.826

* Denotes significance at 10 percent level; ** at 5 percent level; *** at 1 percent level. Standard errors are in parenthesis.

4. Summary

Using a dataset of a large sample of countries, this paper examined the implication of international migration on the political stability of countries. The key finding is that higher immigrant share leads to less political stability. In addition, higher immigrant share leads to increased government military spending through the channel of political stability. The negative effect of immigrant share on political stability is stronger in places with assimilative citizenship laws. Therefore, the resulting military spending is higher in those places.

The focus of the paper on immigration is timely as globalization has created wide-ranging economic opportunities and an ever more increasing number of people are migrating to exploit them. Investigating the link with political stability is essential as political instability has invariably been shown to hamper economic growth.

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Appendix

Table A1: Countries used in the study

Australia (A)	Chile (A)	India (D)	Malaysia (D)	Norway (D)	Rwanda (D)	United Kingdom (A)
Austria (A)	Colombia (A)	Ireland (A)	Mali (A)	Pakistan (D)	Senegal (D)	United Republic of Tanzania (D)
Bangladesh (D)	Croatia (D)	Israel (A)	Mauritania (A)	Panama (A)	Slovenia (D)	United States (D)
Belarus (D)	Czech Republic (A)	Italy (A)	Mauritius (D)	Paraguay (D)	Spain (A)	Uruguay (A)
Belgium (A)	Denmark (A)	Japan (D)	Mexico (D)	Peru (A)	Sri Lanka (D)	Zambia (A)
Bolivia (A)	El Salvador (A)	Jordan (D)	Mongolia (D)	Philippines (A)	Sweden (D)	Zimbabwe (D)
Brazil (A)	Finland (D)	Kazakhstan (A)	Morocco (D)	Poland (D)	Switzerland (D)	
Bulgaria (A)	France (A)	Kenya (D)	Mozambique (D)	Portugal (A)	Thailand (D)	
Burundi (D)	Ghana (A)	Latvia (D)	Namibia (D)	Republic of Korea (A)	Tunisia (D)	
Cambodia (A)	Greece (D)	Lesotho (D)	Nepal (D)	Republic of Moldova (A)	Turkey (A)	
Cameroon (D)	Guatemala (A)	Lithuania (A)	Netherlands (A)	Romania (A)	Uganda (D)	
Canada (A)	Hungary (A)	Madagascar (D)	Niger (A)	Russian Federation (A)	Ukraine (D)	

*(A) stands for Assimilative and (D) for differentialist citizenship laws.