Home Country Socio-Political Conditions, Return Intentions, and Labour Market Outcomes*

Jacopo Bassetto†, Teresa Freitas Monteiro‡

July 2023

Abstract

Migration is often temporary, and the intended length of stay in the host country is an important determinant of immigrants' labour market behaviour, human capital investment, and socio-economic integration. In this paper, we investigate whether changes in the socio-political conditions in the home country affect immigrants' return intentions and labour market outcomes. We combine administrative and survey data with precise information on terrorist attacks worldwide. Our identification strategy exploits the quasi-random occurrence of terrorist attacks in the home country relative to the dates of the survey interviews and unemployment registrations in Germany. We show that immigrants interviewed after a terrorist attack in their home country are 12 percentage points more likely to wish to remain in Germany permanently. Economic theory tells us that revisions to the intended length of stay will lead to subsequent changes in the socioeconomic behaviour of migrants. Our second key result confirms this hypothesis by showing that non-EEA or non-Schengen area immigrants who enter unemployment when a terrorist event hits their home countries have a shorter unemployment duration than immigrants who enter unemployment in quiet times. EEA or Schengen area immigrants entering unemployment in the same month of a terrorist event in their home country are not more likely to re-enter employment faster but are more likely to change occupation and industry and to change to larger firms with fewer low-skilled workers. We also show that for migrants who invested more in learning German in the past and have no close family in the home country, the effect of socio-political conditions on return intentions is less relevant.

JEL Code: J15 J61 J64
Keywords: immigration, terrorism, return migration, unemployment

*This work was supported by funding from the European Union's H2020 research and innovation program under the Marie Skłodowska-Curie grant agreement No. 765355. The authors are grateful for helpful suggestions and constructive comments from Achim Ahrens, Silke Anger, Gloria Gennaro, Nikolaj A. Harmon, Stephan Schneider and Alex Yarkin. We also thank the participants at the EPCS 2023, Junior Workshop in Economics of Migration, SEHO 2023, 12th ifo Dresden Workshop on Labor Economics and Social Policy, DeZIM-Tagung 2022, online AYEW Workshop on Migration, Royal Economic Society, Junior Symposium 2022, ZPESS at ETH-UZH, CoLab seminar at U. Copenhagen, Labour and Public Policy Seminar at Aarhus U. and the IAB Brown Bag Seminar. All errors and omissions remain our own.

†University of Bologna and Institut für Arbeitsmarkt- und Berufsforschung (IAB)
‡Humboldt-University of Berlin and Institut für Arbeitsmarkt- und Berufsforschung (IAB)

1 Introduction

Many migration spells are temporary (OECD, 2019, 2008; Dustmann and Görlach, 2016)[1] as people who reside outside of their country of origin ultimately return. Although immigrants arrive in the host country with a planned intended duration of stay, most end up updating their expectations as a result of changes in their personal circumstances and aggregate conditions in both their home and host countries. Revisions to the intended length of stay may lead to subsequent changes in the socio-economic behaviour of migrants and hence can have important implications for the host and home countries and the migrants themselves. Previous research has shown that migrants who plan to stay longer are more likely to invest in the host country's human capital, which can lead to steeper earnings and career paths (Damelang and Kosyakova, 2021; Akay et al., 2020; Bratsberg et al., 2002; Cortes, 2004; Dustmann, 1993, 1999).

This is apparent in the recent wave of Ukrainian refugees, following the 2022 Russian invasion, who migrate to European countries hoping to make it a short stay. However, with changes in the intensity of conflict in Ukraine and the perspective of a prolonged war, refugees regularly revise their return plans.[2] This initial short-term perspective and high uncertainty lower the incentives to invest in German-specific skills or start lengthy processes for the recognition of foreign qualifications, which are often associated with long-term integration (OECD, 2023).

Given the importance of temporary migrations, several studies have analyzed their individual determinants, including education, length of residency, and family ties (Bijwaard and Wahba, 2014; de Coulon et al., 2016; Dustmann, 1993, 1997; Gibson and McKenzie, 2011; Nekby, 2006). However, the socio-political context at the country of origin and destination can also act as push and pull factors that affect migrants' intentions to return migrate (Dustmann and

[1] According to the OECD (2008) report on migration, around 20 to 50 per cent of immigrants in OECD countries leave the host country after five years after arrival

[2] According to a survey by Panchenko and Poutvaara (2022) in October 2022 asking "What are your thoughts on returning to Ukraine?" to a sample of Ukrainians refugees in Germany, around 49 per cent answered planned to return soon or when they feel safe in Ukraine, 30 per cent do not know and only 22 per cent said they would prefer o live outside of Ukraine.

Görlach, 2016). While some recent studies have looked at how changes in natives' attitudes towards immigrants and terror attacks by foreigners in the host country increase return intentions among migrants (Steinhardt, 2018; de Coulon et al., 2016) and worsen their socio-economic outcomes (Gould and Klor, 2016; Elsayed, 2018; Steinhardt, 2018; Schilling and Stillman, 2021), there is little empirical evidence on how changes in the socio-political conditions in the home country affect these outcomes.

In this study, we investigate whether negative socio-political shocks in the home country affect return intentions and, in turn, the economic behaviour of immigrants in Germany. The underlying mechanism is that negative socio-political events in the home country affect the perception of security and hence work as shocks to migrants' location preferences by increasing the attractiveness of the destination country relative to the home country. Our results show that a negative shock to the socio-political conditions in the home country increases migrants' intention to remain in Germany permanently, which translates into lower unemployment duration among unemployed immigrants.[3]

In the empirical analysis, we proxy changes in socio-political conditions in the home country with the occurrence of terrorist attacks. We choose terror events because these are largely unpredictable from the perspective of most individuals residing in their home country and abroad. Data on terrorist attacks come from the Global Terror Database (GTD), a large dataset containing information on almost 200,000 terrorist events worldwide from 1970 to 2018. Events are recorded daily, and the geographical location where the events took place is highly precise. Additionally, the data set includes events' characteristics, such as the number of killed and wounded, which allows us to investigate the effect of both occurrence and intensity of terrorist events.

Contrary to previous studies that consider the absolute number of casualties from terror events (see e.g., Akay et al., 2020; Keita and Schewe, 2021; Sønderskov et al., 2021), we introduce a relative measure of terror that takes into

[3]While return plans can change over the course of an individual migration spell and may deviate from the actual date of the return (Dustmann and Görlach, 2016; Chabé-Ferret et al., 2018), in this study, we are interested in analyzing the effect on contemporaneous re-employment decisions which are based on current return plans.

account country-specific periods of the high and low incidence of terror events. This measure is based on the idea that individuals coming from countries with a high number of terrorist events in the recent past have a different reference point when compared to individuals coming from countries that have very rare terrorist attacks.

In the first part of the analysis, we combine the GTD data with the German Socio-Economic Panel (GSOEP) and investigate the effect of terrorist events in the home country on migrants' intention to remain in Germany. The GSOEP is a large-scale survey representative of the German population. It has been run yearly since 1984 and includes a wide variety of individual-level information. Crucial for our analysis, it also collects information on nationality, the year of migration, and the intention to stay permanently in Germany.

The identification strategy in this part relies on the quasi-random occurrence of the date of the event at origin relative to the timing of the GSOEP interviews and the characteristics of the respondent being interviewed. Our main results show that migrants interviewed within 90 days after terrorist events are 12.0 percentage points more likely to declare they want to stay in Germany permanently. The effect is particularly strong among immigrants who were less integrated before the terrorist event (e.g., scarce German knowledge) and have close family members in the home country. Risk-averse individuals are also more likely to revise their return intentions in the follow-up of a relevant terror event, while there is no difference between employed and unemployed individuals.

As one of the crucial identifying assumptions is that the occurrence of terrorist events in the home countries did not interfere with the implementation of the survey, we provide a series of balance tests as evidence in favour of our assumption. We also show that specific countries, survey years, or bandwidths around the events do not drive the main results. To ensure that we are not capturing some statistical artefact in the data, we provide two pieces of evidence. First, we assign random dates to the terror events (e.g., placebo events) and show that there are no effects on the intention to stay. Second, we look at

the effect of terror events in the home country on placebo outcomes, such as worries about crime and the environment in Germany, and find no significant effect.

In the second part of the analysis, we look at the effect of terrorism on measurable labour market outcomes. A difficulty with this analysis is that if we focus on the most common outcomes, such as investment in human capital, earnings, and career profiles, it is unlikely that we will see an immediate change in response to a shock to return intentions. The completion of an educational degree[4] or a change in the earnings path and career profile take time to materialize. Hence, it is empirically difficult to disentangle the true effect of terror events on these economic indicators. A measurable indicator of economic behaviour that reacts quickly to individual circumstances is job search activity and reservation wages among unemployed individuals. Since these two measures affect the length of unemployment, we take time to employment as our preferred economic indicator.

We argue that terror attacks in the home country can positively impact job search activity and negatively affect reservation wages among unemployed migrants in Germany. However, because terror events can affect these variables jointly, they will have ambiguous consequences for unemployment duration and accepted wages. First, if migrants benchmark their reservation wage in the host country with the wage they could get in the home country by lowering expected utility[5] in the home country terror attacks could lead to lower reservation wages at the destination. Because of lower reservation wages, we would expect terror events in the home country to lead to shorter unemployment duration and lower accepted wages. Second, terror events might create a sense of "fear", for instance, driven by the idea of being potentially obliged to return to the country of origin due to unsustainable economic conditions in the host country. This sense of "fear" might also operate in a way such that migrants feel more pressured and become more committed to ensuring a good career in Germany

[4]Investments in human capital observed in the GSOEP, such as enrolling in further education or acquiring a university degree, are measured once individuals have started to attend them rather than when the decision to take them was taken - and there can be a considerable lag between the two.

[5]Terror events affect the perception of security in the home country

(e.g., they now intend to stay longer). The "fear" effect is expected to increase migrants' job search efforts while potentially making them more selective with respect to the type of career a job ensures. Hence, it can have an ambiguous effect on unemployment duration and a positive effect on accepted wages.

To accurately measure time to employment and the wages in the first job after unemployment, we rely on German administrative data (IEB), using the 10% of the immigrant population in the social security records between 2000 and 2018. The empirical strategy in this section is slightly different: we compare the labour market outcomes of immigrants entering unemployment when terrorist events occur in their home countries to those of immigrants that entered unemployment in times of stable home country conditions.

Our results show that non-EEA/Schengen[6] immigrants entering unemployment in the same month of a terrorist event in their home country re-enter employment 22 days earlier than non-EEA immigrants entering unemployment in times of stable home country conditions. On the other hand, EEA or Schengen area immigrants entering unemployment in the same month of a relevant terrorist event in their home country are not more likely to re-enter employment faster but are more likely to change occupation and industry and to change to larger firms with fewer low-skilled workers. This could signal that EEA or Schengen area immigrants become more committed to pursuing a long-term career in Germany, while non-EEA/Schengen immigrants are bound by visa or monetary constraints and hence re-enter employment faster. These results are robust to placebo treatment assignments and alternative definitions of terrorism.

While this change in economic behaviour benefits the host country in the short term, it is unclear what are the long-run consequences of such a decision. These findings have important implications for sending countries, in parallel with other incentives such as tax incentives, ensuring socio-political stability might work well as a mechanism to attract emigrants back. Economic conditions go hand in hand with security conditions. This is relevant not only for countries

[6]EEA stands for European Economic Area

experiencing intense internal conflict but more broadly to all sending countries experiencing large terror events.

We contribute to the literature in three ways. First, we provide empirical evidence on the link between return intentions and socio-political conditions in the home country. Given the importance of temporary migrations, several studies have analyzed the individual determinants of return intentions (see e.g., Bijwaard and Wahba, 2014; Dustmann and Görlach, 2016). Fewer studies studies look at the country-level determinants of return migration. Previous literature has shown that economic conditions in the home country matter for the well-being of immigrants abroad (Akay et al., 2017) and that they may determine both migration flows and the size of remittances (Gröger, 2021). However, the link between the home country's socio-political conditions and return intentions has only been theoretically hypothesized (Dustmann and Görlach, 2016). While Steinhardt (2018) empirically shows that xenophobic violence in Germany affects migrants' return intentions, we are the first to show that violence in the home country also affects return decisions.

Second, we contribute to the literature on the effects of external shocks on the labour market integration of immigrants. Previous studies have shown that terrorism in the host country affects immigrants' integration. For example, Gould and Klor (2016) shows that the 9/11 attacks had long-lasting effects on the integration of Muslim immigrants, while Brodeur and Wright (2019) shows that the same events also reduced asylum approval rates. Closest to our paper is Steinhardt (2018) which finds that xenophobic violence reduces immigrants' investments in language skills. We show that terrorist events at home do affect not only return intentions but also the labour market behaviour of immigrants. While we cannot directly link the effect of terror on return intentions to its effect on immigrants' labour market behaviour, we show that terror events that create a plausible shock to return intentions also have an effect on the search behaviour of immigrants. We also rule out alternative channels, such as the effect of terror events on remittances.

Third, despite using terrorism as a proxy for socio-political turmoil and

violence in the home country, our paper is closely related to the literature on terrorism and its effect on well-being and mental health. A number of studies find that terrorism in the location of residency affects political opinions and voting behaviours (Peri et al., 2020), reduces the well-being of individuals (Akay et al., 2020; Clark et al., 2020), and of immigrants from affected countries in particular (Sønderskov et al., 2021; Keita and Schewe, 2021). Using comparable research designs, we show that terrorism in the home country affects return intentions and labour market outcomes.

The rest of the paper is organized as follows. Section 2 describes the data. Section 2 analyses terror and return intentions and Section 4 analyses terror and labor market behavior. Section 5 concludes.

2 Data

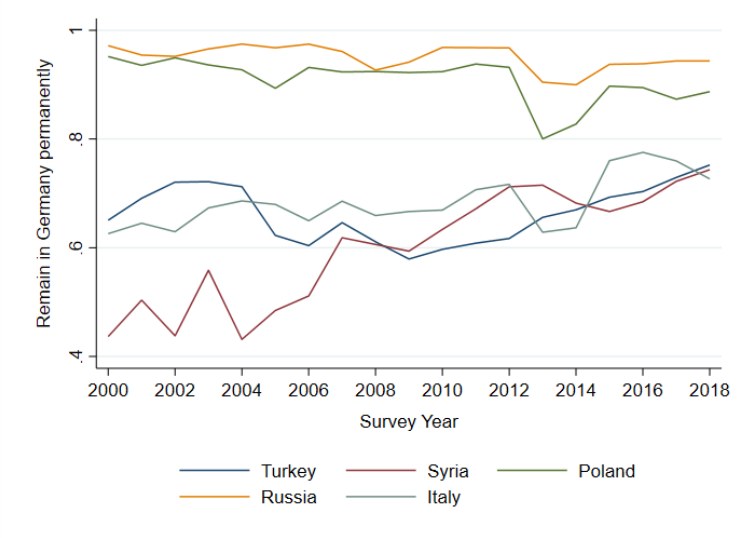
German Socio-Economic Panel: To analyse the impact of terror events on the intended length of stay in Germany, we use the full data set from the German Socio-Economic Panel (GSOEP) from 2000 to 2018. The GSOEP is a large-scale yearly household survey that is representative of the German population[7]. The dataset contains individual and family information on various topics, from education to work-life, to consumption, to more behavioural and attitudinal characteristics. Crucial to our analysis, a large number of immigrants are interviewed each year. If they have a migration background, respondents are asked migration-specific questions, such as their country of origin, the presence of family abroad, their German knowledge, and return intentions. The GSOEP has been widely used to study immigrants in German society, and specifically to study return migration intentions (see e.g. Dustmann and Görlach, 2016; Bauer and Sinning, 2011).

Figure 1 plots the share of immigrants that intend to remain in Germany permanently for the largest nationality groups in the GSOEP. While Eastern

[7]For a complete description of the data, please refer to Goebel et al. (2019)

European immigrants (some of which are ethnic Germans) tend to have stable return migration intentions, for other nationality groups, the share of immigrants who want to settle permanently has increased over time[8].

Figure 1: Remain in Germany permanently, main groups



Notes: Figure 1 displays the share of immigrants that intend to remain in Germany permanently. Shares are computed for each survey year (from 1984 to 2019) only for the 5 largest nationality groups.
Source: GSOEP

In Table B.1 in appendix B.2, we show descriptive statistics of the migrant population in the GSOEP. A very high share of the migrants in Germany over the period under analysis have only lower secondary education or below. While the mean of the full-time employed over the 2000-2018 period is only 0.34, these results are driven by the large inflows of refugees Germany has hosted over the years and by the low labour force participation among female migrants. Refugee employment over the first two to three years after migration is relatively low, but it then catches up with the rest of the migrant population. Finally, most migrants want to remain in Germany for many years.

Social Security Records: To analyse the effect of terror events on labour market outcomes, we rely on the social security records, *Integrated Employment Biographies* (IEB), for a random draw of 10% of the full population of

[8]Part of the increase intentions to stay may be due to compositional changes and panel attrition. In Appendix A.1, we show the share of migrants in the GSOEP over time and discuss the different migration waves to Germany in more detail.

immigrants in the German labor market. The Institute of Employment Research (IAB) of the German Federal Employment Agency provides the data.[9] The dataset includes detailed daily administrative longitudinal information on nationality, occupation, educational background, industry, employment status, and earnings records of all individuals subject to social security in Germany. Crucial for our empirical strategy, we have information on the precise date when immigrants enter unemployment, their occupation, and their wage. Given that the number of unemployed individuals in the GSOEP is relatively low and the questions regarding job search activity and participation in unemployment programs are missing for a large share of the unemployed, IEB administrative data are better suited for this part of the analysis.

Global Terror Database: The Global Terrorism Database (GTD) is an open-source database that provides detailed information on terrorist incidents worldwide (LaFree and Dugan, 2007). Data are collected daily using both human and machine intelligence.[10] The GTD team has developed a proprietary data management system that allows analysts to identify unique attacks, record the details of each event (e.g., date, location, the number killed), and update records for previously recorded events as new information becomes available (The Global Terrorism Database, 2019).

In Figure B.1 in appendix B.1, we present descriptive statistics on the terror events from the GTD database. The left-hand-side panels of figure B.1 show monthly trends in terror events between 2000 and 2018 for the five countries of origin with the largest immigrant population in Germany: Turkey, Syria, Russia, Poland, and Kazakhstan. The number of events strongly varies over time and across countries. For example, Syria experienced a spike in terror events in the last five years, while these are more evenly distributed to other countries. Additionally, while Poland and Kazakhstan have only a few scattered events,

[9] For the description of a 2% random sample from the IEB, the *Sample of Integrated labor Market Biographies* (SIAB), see (Antoni et al., 2019).

[10] First, millions of articles from newspapers worldwide are processed daily to find and document all terrorist events. Natural language processing, named entity extraction, and machine learning models are used to identify and organize news articles that include information about terrorist attacks.

Turkey has experienced frequent events from the 2000s up until nowadays.

Contrary to previous papers that consider the absolute number of casualties (see, e.g., Akay et al., 2020; Keita and Schewe, 2021; Sønderskov et al., 2021), we introduce a relative measure of terror that takes into account country-specific periods of the high and low incidence of terror events. This measure is based on the idea that individuals coming from countries with a high number of terrorist events in the recent past have a different reference point when compared to individuals coming from countries which have very rare terrorist attacks[11]. One terrorist event in a country such as France in 2016 is likely to create a bigger shock to the perception of security and a larger reaction among French migrants abroad than one terrorist event in Syria, for instance, which was experiencing a period of intense turmoil in 2016.

One difficulty with this approach is to know what individuals consider to be the "recent past." We consider different alternatives: if, in a given month, there was at least one more terror event than the past country-specific three-year average, four-year average, and five-year average. Our results do not change greatly with either definition and hence for most of our analysis, we will consider the past three-year average as the relevant "recent past."[12] We define one month as the treatment month (t = 0) if there is at least one more terror event in that month than the past three-year average number of monthly terror events. For our main results, we will also consider the intensity of these terror events, e.g., how many people were killed.

3 Socio-political conditions in the home country and return intentions

In this part of the analysis, we test whether a negative socio-political (e.g., a terrorist event) has a positive effect on immigrants' intention to stay in

[11] Individuals coming from countries with a high number of terrorist events might be more accustomed to this type of violence and hence one isolated terror attack might have little impact on their intentions to stay

[12] The right-hand side panels of figure B.1 in appendix B.1 shows the relevant events between 2000 and 2018 for the five countries of origin with the largest immigrant population in Germany: Turkey, Syria, Russia, Poland, and Kazakhstan. On the left-hand side are the graphs with all the terror events between 2000 and 2018 for the same set of countries.

Germany. We hypothesize the following mechanism: a negative socio-political event in the home country works as a shock to immigrants' location preferences, increasing the attractiveness of the host country relative to the home country and therefore increasing the desire to remain permanently in the host country or to delay the timing of return migration.

3.1 Empirical Strategy

To estimate the effects of terrorist attacks on the intentions to remain, we exploit the variation induced by the timing of interviews in the SOEP and the timing of terror events in the home country[13]. We estimate the following model:

$$I_{i,o,y,m,f} = \sum_{t=-P}^{T} \beta_t Time_{t,o,y} + \delta X_{i,y} + \gamma_o + \eta_y + \mu_{o,y} + \phi_m + \lambda_f + \epsilon_{i,o,y,m,f} \quad (1)$$

where $I_{i,o,y,t}$ measures the return intentions of individual i from country of origin o, interviewed in year y and month m and residing in federal state f. $Time_{t,o,y}$'s are dummies identifying periods around the event where t denotes weeks since the relevant terror event (e.g., $t = -2$ for those interviewed 2 weeks before the event). The coefficients $\beta_1, ..., \beta_T$ identify dynamic treatment effects, t= 0 is the baseline omitted period. γ_o are country-of-origin fixed effects, η_y are interview year fixed effects, ϕ_m are interview month fixed effects, $\mu_{o,y}$ are country of origin times year fixed effects, and λ_f are federal state of residence fixed effects. $\delta X_{i,y}$ is a set of individual controls that includes age, gender years since migration, years since migration squared, marital status, children, and educational achievement.

To precisely estimate the effects of terror events, in our main specification, we include only immigrants interviewed within a 90 days bandwidth from the

[13]This design has been recently used to study also the effect of terrorism on well-being (Akay et al., 2020; Clark et al., 2020) and political opinions (Peri et al., 2020), as well as the effect of football victories in international competitions on national identity sentiments (Depetris-Chauvin et al., 2020)

occurrence of the relevant terror event. In section 3.3, we show the results using smaller bandwidths, such as 30 and 60 days. Within each of these bandwidths, we select "isolated" relevant terror events. For instance, when using a 90 days bandwidth, we consider a relevant terror event to be isolated if individuals interviewed within the 90 days prior to the focal terror event have not experienced any relevant terror event in the past 90 days, and individuals interviewed within the 90 days after the focal terror event have not experienced any other relevant terror event. [14] This procedure ensures that the control group is not contaminated by any terror event within the relevant bandwidth. Table B.2 in appendix B.2 shows the number of relevant and isolated terror events per country, as well as the mean number of monthly terror attacks per relevant and isolated terror event.

The inclusion of country-of-origin times year fixed effects allows us to compare outcomes for immigrants from the same country of origin that are interviewed in the same year right before or right after the relevant and isolated terror event. The estimated coefficient is an average of the effects across countries of origin and terrorist events. The country-of-origin times month of interview fixed effects allows us to take into account seasonality in return intentions. Standard errors are clustered at the country-year-month level.
To summarize the average treatment effect over all periods, we also estimate:

$$I_{i,o,y,m,f} = \beta PostTerror_{i,o,y,m} + \delta X_{i,y} + \gamma_o + \eta_y + \mu_{o,y} + \phi_m + \rho_{m,y} + \lambda_f + \epsilon_{i,o,y,m,f} \quad (2)$$

where time dummies are substituted with the indicator $Post\text{-}Terror_{i,o,y,m}$, which takes the value of 1 if respondent i from the country of origin o is interviewed within 90 days after a relevant terror event, and 0 if a respondent is interviewed within 90 days before that same event.

Our identification strategy relies on the quasi-random occurrence of terror events relative to the precise time immigrants are interviewed. Therefore, our

[14] This procedure is similar to Graeber and Schikora (2021)

identifying assumption is that the occurrence of terror events in the home countries did not interfere with the implementation of the survey. While it is unlikely that the organization of the survey changes in response to terror events, it may happen that immigrants who are more attached to their home countries refuse to be interviewed after the event. This non-random selection may bias our results upward on the intentions to remain in Germany. To test our assumption, we first plot in Figure B.3 in appendix B.1 the share of interviews around each country-specific event that we use in our main estimations[15]. Figure B.3 shows that there is no evidence of a correlation between the implementation of the survey and the occurrence of events.

As a second test, we show that the characteristics of the respondents do not depend on whether they were interviewed before or after a terror event. We regress each individual characteristic on the treatment status (i.e., interviewed after a terrorist event in the home country) and include year times country of origin fixed effects, year times month of interview fixed effects, and federal state of residency fixed effects. The results are presented in Table B.3 in the appendix. For all included characteristics, there seems to be no difference between the treatment and control groups. In Figure B.2 in appendix B.1, we regress the treatment indicator on the full set of individual characteristics and find that none of these characteristics significantly predicts the treatment status. Nevertheless, we show our main results with and without the full set of individual characteristics.

3.2 Main Results

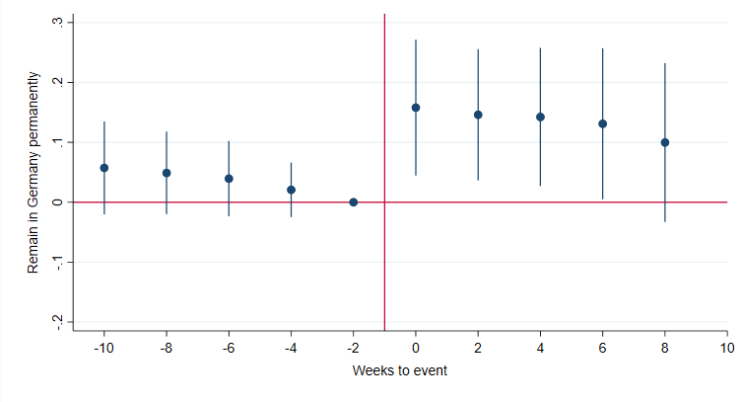
In this section, we present our main results for the effect of terrorism on intentions to remain in Germany. We first show graphical evidence of how intentions to remain in Germany evolved in the months around terror events using a 90-day bandwidth and considering an event to be relevant if the number of events in a given month is higher than the past three-year average. Figure 2

[15] For a given country-specific event, we consider: i) the total number of interviews in the 90 days before and after the event and; ii) the number of interviews at 90, 60, 30 days before and after the event and at 0. The ratio in the x-axis represents the number of interviews at each of these points relative to the total number of interviews, e.g. ii) / (i).

plots the event study coefficients, using the month before the event as a baseline. The plot shows that the coefficients for individuals interviewed before terror events are not statistically different from individuals interviewed in the month before the event, while coefficients are positive and statistically significant for immigrants interviewed after the event. Moreover, the plots show that the increase in intentions to remain lasts up to the fifth month after the attack.

In Table 1, we report the results based on Equation 2 using a bandwidth of 90 days around the event, and considering an event to be relevant if the number of events in a given month is higher than the past three-year average. Column (1) uses only the baseline fixed effects year times country of origin fixed effects, year times month of interview fixed effects, and state of residency fixed effects; columns (2) adds gender, age, years since migration, and years since migration squared to the controls in (1); column (3) adds marital status and the presence of children to the controls in (2); and column (4) adds educational achievement to the controls in (3). We estimate that a terror event in the home country leads to a 12.2 to 12.5 percentage point increase in the intention to remain in Germany. This corresponds to an increase of 10 per cent relative to the mean value of the outcome variable (0.81). Overall, the results suggest that the occurrence of terror events in the home country positively affects the intention to remain in the host country - Germany - permanently. In Section 4, we test whether changes in the intentions to remain in Germany affect the integration of immigrants in the labour market.

Figure 2: Event study: intention to remain in Germany and terror events



Notes: Figure 2 displays the event study plot from the estimation of Equation 1, where the outcome is "Remain permanently in Germany".The regression considers a 90 days bandwidth. Bars identify 95% confidence intervals.

Table 1: Terror events and intentions to remain in Germany

	Higher than average of last 3 years			
	(1)	(2)	(3)	(4)
Post-Terror	0.122***	0.122***	0.125***	0.123***
	(0.030)	(0.030)	(0.030)	(0.030)
Observations	6604	6604	6604	6604
Origin country x Year FE	Yes	Yes	Yes	Yes
Month FE,	Yes	Yes	Yes	Yes
State of Residency FE	Yes	Yes	Yes	Yes
Indiv. Controls	No	Some	Some	Yes

Standard Errors in parenthesis clustered at the Country x Year x Month level, *p<.1; **p<.05; ***p<.01
Notes: Table 1 displays the coefficients from the estimation of Equation 2 where the outcome is "Remain permanently in Germany". All results consider a 90 days bandwidth. FE refers to fixed effects. Individual controls include age, gender, years since migration and its square, marital status, educational achievement, and children.

In table 2, we explore whether differences in the intensity of the terror events matter for the intention to remain permanently in Germany. We interact the Post-Terror variable in Equation 2 with a dummy variable that equals 0 if no or less than k individuals were killed and equals 1 if k or more individuals were killed for k= 10, 30, 50. The results show that the effect of terror on return intentions gets stronger as the number of people killed increases.

Table 2: Intensity of terror events and intentions to remain in Germany

	Higher than average of last 3 years		
	k=10	k=30	k=50
	(1)	(2)	(3)
Post-Terror	0.130***	0.111***	0.110***
	(0.032)	(0.032)	(0.032)
Post-Terror × (k or > than killed)	0.096**	0.197***	0.223***
	(0.039)	(0.057)	(0.061)
Observations	6604	6604	6604
Origin country x Year FE	Yes	Yes	Yes
Month FE,	Yes	Yes	Yes
State of Residency FE	Yes	Yes	Yes
Indiv. Controls	Yes	Yes	Yes

Standard Errors in parenthesis clustered at the Country x Year x Month level, *p<.1; **p<.05; ***p<.01
Notes: Table 2 displays the coefficients from the estimation of Equation 2 interacted with a dummy variable that equals 0 if no or less than k individuals were killed and equals 1 if k or more individuals were killed. k denotes the number of individuals killed. All results use a 90 days bandwidth. FE refers to fixed effects. Individual controls include age, gender, years since migration and its square, marital status, educational achievement, and children.

One interesting question is if the response to terror events in the home country is the same for individuals from countries with a durable conflict and those from politically stable countries. Table B.2 in the appendix shows that there is a significant variation in the mean number of terror attacks in a given month for it to be considered a month with a relevant and isolated event. Note that this table does not necessarily include all time periods with relevant events, but only those that occurred in isolated periods as explained in section 3.1. We can see that while in Belgium or Norway, 2 terror attacks in one month are enough for this month to be considered relevant, in Colombia, 17 attacks are necessary, and in Iraq, 285 attacks.

To study this question in more detail, we use the Political Stability Index from the World Bank[16] to rank countries based on their political stability. We consider the ranking in the year before the relevant and isolated event occurred and the mean ranking of the three years prior to the relevant and isolated event.[17] Based on these two measure countries of origin are categorized into: i) low political stability if the ranking below or equal to 25; ii) mid political stability if the ranking higher than 25 and below or equal to 75; and

[16]The Political Stability and Absence of Violence/Terrorism Index is built by the World Bank (Worldwide Governance Indicators) using information from different sources. The index measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism.

[17]This is to be consistent with the individual reference point used to consider an event as relevant: if, in a given month, there was at least one more terror event than the past country-specific three-year average

iii) high political stability if the ranking above 75.[18] The results are shown in table 3 column (1) and (2). The results exhibit no particular difference between countries with different political stability rankings. For instance, in column (2), individuals interviewed after a terror event coming from a country with low political stability are 13.4 percentage points more likely to wish to remain in Germany permanently than individuals interviewed before the terror event. This compares to 11.5 percentage points and 13.5 percentage points for individuals interviewed after a terror event coming from a country with middle and high political stability, respectively.

As a second approach, we take the mean monthly number of terror attacks in the past three years used to classify terror events as relevant events. To compare with the previous analysis, we also use the mean monthly number of terror attacks in the past year. We categorize countries into: i) low stability if the mean monthly number of terror events is equal or above 12; ii) mid stability if the mean monthly number of terror events is above 0 and below or equal to 12; and iii) high stability if the mean monthly number of terror events is equal to 0.[19]. Using this approach, the effect of a relevant terror event on the intentions to remain permanently in Germany seems stronger for those coming from countries with low stability. This includes Algeria, Colombia, Thailand and Iraq, which experienced, on average 15, 17, 40 and 285 terror attacks in one single month, respectively. Nevertheless, the differences across groups are not stark.

[18] The distribution of the index in our particular sample is displayed in table B.4 in the appendix

[19] The choice of cutoffs is fairly arbitrary, we chose 12 because it means that in one single month, there were more terror attacks than in the scenario of 1 event per month in an entire year. We considered different marginal cutoffs, and the results do not change greatly. The index distribution in our particular sample is displayed in table B.4 in the appendix

Table 3: Overall political stability, terror events and intentions to remain in Germany

	Political stability index		Mean monthly terror	
	Previous year	Mean prev. 3 years	Previous year	Mean prev. 3 years
	(1)	(2)	(3)	(4)
Post-Terror × Pol. Stab. <=25	0.146***	0.134***		
	(0.040)	(0.039)		
Post-Terror × Pol. Stab.]25-75]	0.109***	0.115***		
	(0.036)	(0.036)		
Post-Terror × Pol. Stab. > 75	0.136***	0.135***		
	(0.044)	(0.042)		
Post-Terror × >12 attacks month			0.190***	0.186***
			(0.045)	(0.044)
Post-Terror ×]0-12] attacks month			0.115***	0.106***
			(0.036)	(0.033)
Post-Terror × 0 attacks month			0.110**	0.138***
			(0.053)	(0.049)
Observations	6604	6604	6604	6604
Origin country x Year FE	Yes	Yes	Yes	Yes
Month FE,	Yes	Yes	Yes	Yes
State of Residency FE	Yes	Yes	Yes	Yes
Indiv. Controls	Yes	Yes	Yes	Yes

Standard Errors in parenthesis clustered at the Country x Year x Month level, *p<.1; **p<.05; ***p<.01
Notes: Table 3 displays the coefficients from the estimation of Equation 2 interacted with a dummy variable proxing for political stability. All results use a 90 days bandwidth. FE refers to fixed effects. Individual controls include age, gender, years since migration and its square, marital status, educational achievement, and children.

3.3 Placebo Tests and Robustness Checks

In the previous section, we showed that terror events in the home countries positively impact the intentions to remain in Germany. In this section, we test the stability of our results using both placebo tests and robustness checks.

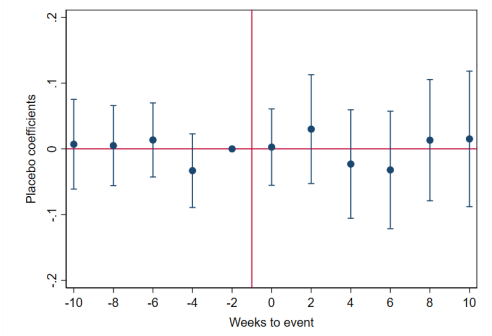
Changing bandwidth or reference point We start by testing whether the main results are sensitive to the bandwidth around the event or the average above which we consider a terror event to be relevant. In table B.5 in appendix B.2, we display the estimated coefficients when reducing the bandwidth from 90 days (i.e., the baseline bandwidth) to 60 days and 30 days around the terror event and when considering if, in a given month, there was at least one more terror event than the past country-specific three-year average (i.e., the baseline average), four-year average, or five-year average. The estimated coefficients remain positive and significant, and we see that the closer we get to the terror

event, the larger the effect on the intention to remain permanently.

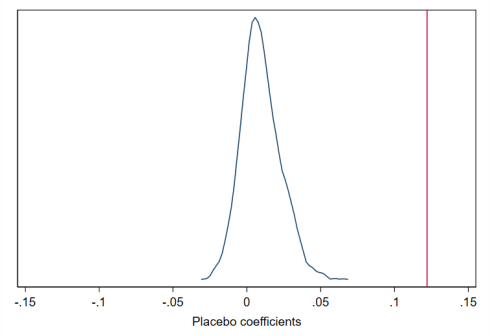
Placebo terror event date As a placebo test, for each country of origin, we assign a random date to each relevant terror event and estimate Equation 1. The event study resulting from this exercise is displayed in figure 3a and shows that there is no effect of the placebo terror events on the intention to remain in Germany permanently. We replicate this procedure 300 times and estimate Equation 2 to obtain the coefficients of the placebo terror events. The distribution of the coefficients is shown in figure 3b and is concentrated around zero, well of the 0.12 we estimated in table 1 using the true date of the relevant terror events.

Figure 3: Placebo Tests using random terror dates

(a) Event study, 90 days Bandwidth



(b) Coefficient distribution, 90 days Bandwidth



Notes: Panel 3a displays the coefficients from the estimation of Equation 1 using placebo terror events. Panel 3b displays the distribution of the coefficients from the 300 estimations of Equation 2 using placebo terror events with different random dates. All regressions consider an event as relevant if the number of terror events in a month is above the past three-year average. Bars identify 95% confidence intervals.

Placebo outcomes As a second placebo test, we consider the effect of relevant terror events in the home country on outcomes that, in principle, should not be affected by such events. These outcomes include worries about the future of the European Union, crime in Germany, economic development, and the environment[20]. As some of these variables rely on questions that are not asked in all survey waves, our sample size differs with the outcome. Table 4 shows

[20]For each of these worries, we create a dummy variable that equals one if the respondent replied to be "very worried" or "worried" and zero otherwise

the coefficients of estimating Equation 2 using these alternative outcomes. We see no significant effect of relevant terror events in the home country on these outcomes.

Table 4: Terror events and placebo outcomes, 90 days bandwidth

Worries about	Higher than average of last 3 years			
	Future of EU	Crime in Ger.	Econ. Develop.	Environment
	(1)	(2)	(3)	(4)
Post-Terror	0.067	0.056	0.018	-0.044
	(0.104)	(0.060)	(0.056)	(0.068)
Observations	908	5097	5334	5085
Origin country x Year FE	Yes	Yes	Yes	Yes
Month FE,	Yes	Yes	Yes	Yes
State of Residency FE	Yes	Yes	Yes	Yes
Indiv. Controls	Yes	Yes	Yes	Yes

*p<.1; **p<.05; ***p<.01
Standard Errors in parenthesis clustered at the Country x Year x Month level
Notes: Table 4 displays the coefficients from the estimation of Equation 2 where the outcome is "Remain permanently in Germany". FE refers to fixed effects. All results consider a 90 days bandwidth. Individual controls include age, gender, years since migration and its square, marital status, educational achievement and children.

Excluding a year or a country Next, we test whether our results are driven by specific countries or survey years. We run the baseline regression excluding one survey year at a time and repeat the same procedure excluding countries of origin. Figure B.5 in appendix B.1 panel a) shows the estimated coefficients for each regression in which a survey year is excluded, while panel b) shows the estimated coefficients for each regression in which a country of origin is excluded. The y-axis displays the excluded survey year or country of origin. Overall, our results are stable throughout these robustness tests.

3.4 Heterogeneous Effects

In this sub-section, we investigate if the effect of terror events on the intention to remain in Germany varies with the level of integration, migration group, visa group, employment status, years since migration, location of closer family members at the time of the event and risk aversion and immigration group. First, we test the hypothesis that the level of integration in Germany mediates the importance of terror events in the home countries in determining the willingness to remain in Germany. If immigrants are highly integrated into

German society is less likely that they pay attention to events occurring in their home countries.

We proxy the level of integration by the self-reported level of oral German knowledge and the language of the newspaper read by the respondent. For each of these variables, we run separate regressions for each level and display the coefficients in Figure 4. The results in panel 4a show that for immigrants with a very good level of Germany (i.e., highly integrated in Germany), the effect of terror events on the intention to stay is virtually zero. On the contrary, for immigrants with good or poor German knowledge, the effect is similar to our baseline results. Being interviewed after a terror event increases the intention to stay in Germany permanently by 11 percentage points.

Similarly, when looking at the heterogeneous effects of the language of the newspaper read by the respondent in Figure 4b, we find that individuals who read newspapers in mainly the language of their country of origin are more likely to be affected by terror events in their home country.

We also consider how terror events in the home country might affect individuals differently depending on the location of their closer family members (e.g., parents, spouse, children, grandparents and siblings). In principle, we expect that individuals with close family members in their home country are more likely to be affected by events in their home country. The reason is that these individuals were less likely to wish to remain in Germany permanently when compared to individuals who already have their family in Germany. After experiencing socio-political events in their home country, it is not only more likely that they intend to remain in Germany permanently, but they are also more likely to wish to bring their family to Germany. Indeed Figure 4c shows that individuals who have close family abroad are more likely to revise their intentions to remain in Germany than individuals who have close family in Germany. In 4d, we allocate individuals into groups based on the number of years since they arrived in Germany. We can see that the effect is more pronounced among the recent arrivals (0-4 years) who came with a possibly shorter intended length of stay and hence have a higher scope to revise it

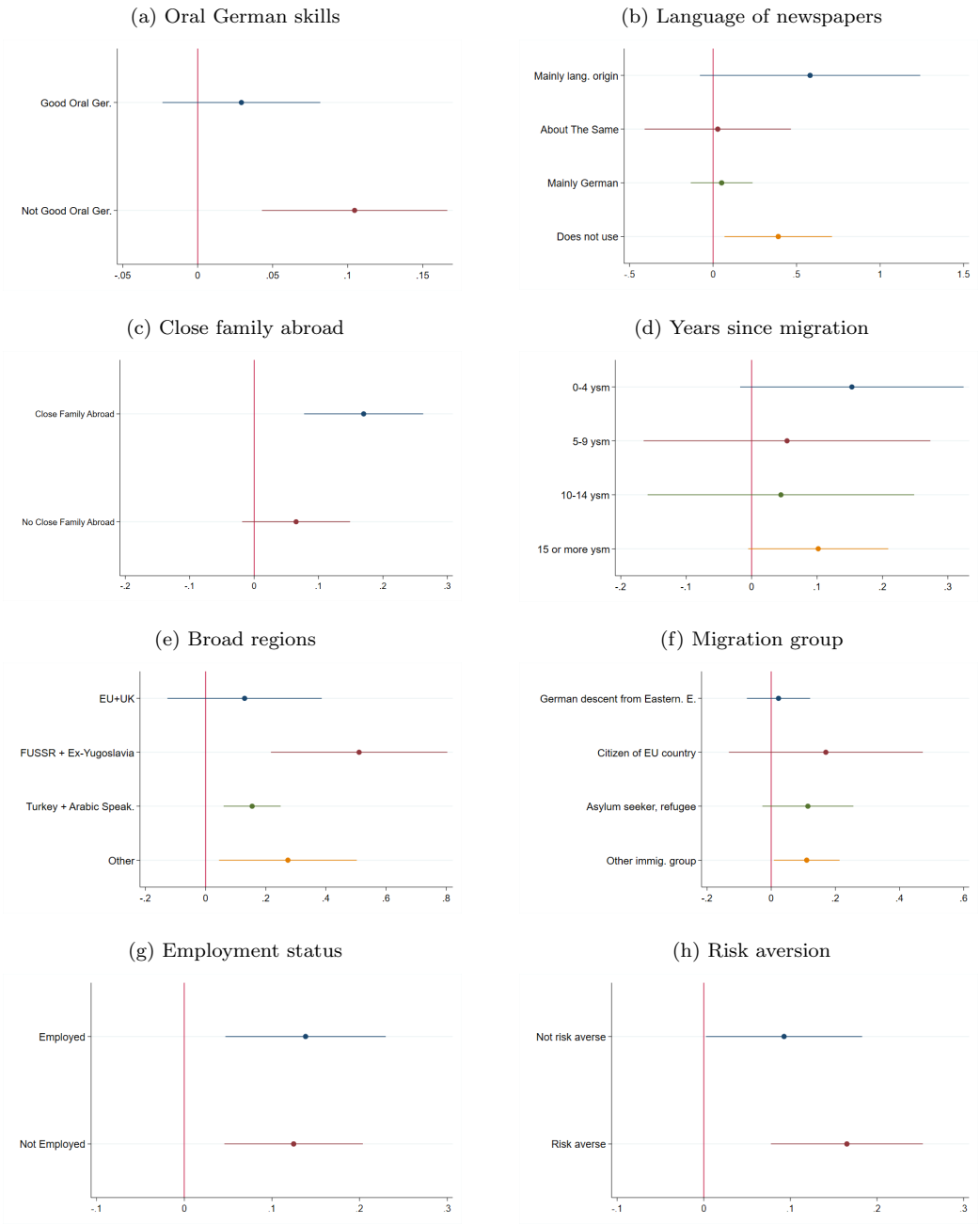
upwards. The effect is also slightly larger for migrants who have been living in Germany for 15 years or more. These could be individuals who are close to retirement and initially planned to return to their home countries, but who update their return intentions following a terror event in their country of origin.

In Figure 4e, we group individuals into broad regions of origin. The effect of terror events on return intentions is larger for individuals coming from the former USSR and ex-Yugoslavian areas, although the standard errors are also considerably larger. Figure 4f compares individuals based on their entry visas to Germany. There are no significant differences between individuals entering Germany as EU nationals, asylum seekers/refugees or another group. The effect is substantially smaller among those entering Germany as German descendants from Eastern Europe. Around 60% of this group arrived in Germany in the 1990s following the fall of the Berlin Wall and the changes in the political systems of the former USSR. Most of these Ethnic German resettlers arrived in Germany already with the intention of staying permanently.

Critical to our analysis in section 4, in Figure 4g, we look at the heterogeneous effects of terror events by employment status at the time of the interview. The results show that there is no significant difference between employed and non-employed individuals.

Finally, in Figure 4h, we look at the heterogeneous effects of terror events by risk aversion. As expected, more risk-averse individuals are more likely to put a higher value on physical security and hence react more to changes in the socio-political conditions in their home countries. An increase in the incidence of terror events in the home country, for which the exact location and timing are unpredictable, creates a state of uncertainty and decreases safety.

Figure 4: Heterogeneity analysis



Notes: Each panel displays the coefficients from the estimation of Equation 2 for each level of the variable in the graph title. All regressions consider an event as relevant if the number of terror events in a month is above the past three-year average and uses 90 days bandwidth.

4 Socio-political conditions in the home country and labor market outcomes

In the previous section, we showed that by affecting the perception of security in the home country, terror events in the country of origin lead to an update in migrants' return intentions. In this section, we investigate whether this update on intentions to stay translates into changes in the economic behaviour of migrants.

Previous research has shown that differences in the intended length of stay among immigrants can create different incentives to invest in human capital, which in turn lead to differences in earnings and career profiles (Adda et al., 2022). However, if we focus on these outcomes, it is unlikely that we will see an immediate change in response to a shock to return intentions. The completion of an educational degree[21] or a change in the earnings path and career profile take time to materialize. Hence, it is empirically difficult to disentangle the true effect of terror events on these economic indicators. A measurable indicator of economic behaviour that reacts quickly to individual circumstances is job search activity and reservation wages among unemployed individuals. Since these two measures affect the length of unemployment, we take time to employment as our preferred economic indicator.

In this section, we leverage social security data from Germany and test whether a negative shock to return intentions, induced by terror events, has an effect on the labour market outcomes of immigrants entering unemployment when terror events occur in their home countries. Specifically, we compare this group of immigrants to immigrants that enter unemployment in times of stable home country conditions and look at differences in the length of unemployment and the wage at the first job. In section 4.4, we ruled out an alternative channel through which terror events could affect unemployment length and accepted wages - sending remittances to the home country.

[21] Investments in human capital observed in the GSOEP, such as enrolling in further education or acquiring a university degree, are measured once individuals have started to attend them rather than when the decision to take them was taken - and there can be a considerable lag between the two.

The a priori effect of a negative event in the home country among unemployed migrants is less clear than the effect among employed migrants or recently arrived migrants who have some economic security. First, by lowering expected utility[22] in the home country, terror attacks could result in lower reservation wages at the destination if migrants benchmark their reservation wage in the host country with the wage they could get their country of ancestry. In this case, we expect migrants who experience a relevant terrorist event in their home country to have shorter unemployment spells and lower accepted wages in Germany. Second, terrorist events could instil "fear," motivated, for example, by the possibility of having to leave Germany owing to unsustainable economic conditions.[23] This feeling of "fear" may also lead migrants to feel under strain, making them more determined to pursue a long-term career in Germany. In this case, the present value of a job in Germany increases. Hence, the "fear" effect can lead to a higher search effort and more selectivity regarding future wage growth and non-wage job characteristics, leading to a positive impact on accepted wages and an ambiguous effect on unemployment duration.

As a note of caution, by using the length of unemployment as our primary economic outcome means that we will use a particular group of immigrants – those who have already been employed in Germany and have unemployment spells. These migrants might have already spent resources learning German or invested in other host-country-specific skills. Hence, their adjustment pattern is not directly comparable to recent arrivals.

4.1 Empirical Strategy

To investigate the effect of terror events on unemployed immigrants' labor market outcomes, we define immigrants from the same nationality who enter unemployment at the time of a terror event as treated and those who enter unemployment at the time of no events as controls. We, therefore, estimate

[22] Terror events affect the perception of security in the home country

[23] The amount of unemployment benefits an individual receives and the duration of those benefits depends on how long they have contributed and the salary they received before becoming unemployed. Furthermore, individuals who have mini-jobs are not obliged to contribute to unemployment insurance, and self-employed individuals contribute on a voluntary basis.

the following model:

$$Y_{i,o,y,m} = \beta Terror_{o,y,m} + \delta X_{i,y} + \gamma_{o,s} + \eta_y + \phi_m + \rho_k + \epsilon_{i,o,y,m} \tag{3}$$

where $Y_{i,o,y,m}$ can be the time until employment in days, a dummy variable taking the value of one if there was a change in occupation (industry) between the last occupation before unemployment and the first occupation (industry) after unemployment, the percentage change in the last wage before unemployment and the first wage after unemployment and a dummy if the first job after unemployment is a full-time job. $Terror_{o,y,m}$ is an indicator that takes the value of 1 if a person from country of origin o entered unemployment in a month m and year y when terrorist events occurred in the country of origin o and 0 if a person entered unemployment in a month with no events. The terror events used in this section are exactly the same used in the survey section. We consider only individuals who entered unemployment in the exact same month that a relevant terror event occurred in the home country and individuals who entered unemployment in a month where there were no terror events in the 90 days before and 90 days after that month.[24] By not considering individuals who entered unemployment one, two or three months after the relevant terror event we are taking a conservative approach to ensure that these individuals did not enter to unemployment as a consequence of the relevant terror event.

We use country of origin fixed effects times state fixed effects ($\gamma_{o,s}$) to compare individuals from the same country of origin who reside in the same German state and got unemployment at different time periods. The year fixed effects (η_y), month fixed effects (ϕ_m) and local labour market fixed effects (ρ_k) control for time and geographical differences that could drive time to unemployment. X includes gender, education, age, years since entering the administrative data set (a proxy for years since migration), and its square, the log of the last wage before unemployment and the log of the firm size (in number of employees) before unemployment.

[24] In Figure B.7 we show the results when varying this bandwidth.

Our identifying assumption is that had the terror event not occurred, the difference in outcomes between unemployed who entered unemployment with and without an event would have been zero. While we can't directly test this assumption, we run a balance test between these two groups of unemployed, comparing a large set of characteristics at the time of unemployment registration. Results are reported in Table B.6 in appendix B.2, where the first column indicates the average values for the control group (i.e. those who entered unemployment in a month with no home country terror events[25]), and the other columns indicate the difference between the control and the different treatment groups defined based on terror intensity. While some of the characteristics are statistically different, the size of the differences is extremely small, and significance is given by the large sample size. For example, the female coefficient is always statistically significant. However, on average, individuals in the treatment group are 0.2 percentage points more likely to be females than the control group, a qualitative small difference.

4.2 Main Results

We now turn to our main results for the effect of terror on immigrants' labour market outcomes. The results are reported in Table 5 where column (1) shows the estimated coefficients from Equation 3, using the number of days in unemployment as an outcome; columns (2) and (3) use as an outcome a dummy variable that equals one if the individual changed occupation or industry; column (4) use a dummy variable that equals one if the first job after unemployment is full time, and column (5) the percentage change in the last wage before unemployment and the first wage after unemployment. All specifications include individual characteristics, month and year-fixed effects, country-of-origin times state fixed effects, and local labour market (Kreis) fixed effects. We use the same events as in the SOEP section for the three months above the average with a 90 days bandwidth.

For unemployment duration, we find that immigrants who enter

[25] This follows our definition of no affected people in a terror event

unemployment in a month when there is a relevant terror event in the home country are more likely to have a shorter unemployment duration, of about 12 days, than individuals entering unemployment in times of stable home country conditions. There is no significant difference in wages and changes in occupation. However, we find significantly different results when we break down by migrants from the EEA or Schengen area (Panel C) and from outside the EEA or Schengen area (Panel B). We choose this breakdown because of the legal residency differences between EU and non-EU.

Non-EEA migrants who entered unemployment when a terror event occurred in their home country have significantly shorter unemployment durations. The effects on the accepted wages are not significant at conventional levels, although they point to a negative effect. For EEA or Schengen area migrants (Panel C), terror attacks in their home country do not rush them into finding a new job. However, they seem more likely to change occupations and industries. Wages are marginally higher, but the difference is not statistically significant at 10 per cent. These results could signal that EEA or Schengen area migrants get more selective concerning their careers in Germany.[26]

[26]Figure B.6 in the appendix shows the effect on return intentions for EEA/Schengen and Non-EEA/Schengen breakdown. The magnitude of the coefficients is similar, although the standard errors for the EEA/Schengen group are larger since this groups represents about 30% of the SOEP sample

Table 5: Effects of terror events on unemployed immigrants' outcomes

Panel A: All migrants	Unemp. durat.	Change occup.	Change industry	FT employ	% wage change
	(1)	(2)	(3)	(4)	(5)
Unemp. with terror	-12.029*	0.010	0.007	0.006	-0.030
	(7.115)	(0.007)	(0.007)	(0.005)	(0.154)
Observations	188521	187441	187441	187441	186675
Panel B: Non-EEA/Schen. mig.	(1)	(2)	(3)	(4)	(5)
Unemp. with terror	-21.790**	-0.010	-0.001	0.012	-0.021
	(9.890)	(0.009)	(0.009)	(0.007)	(0.124)
Observations	101052	100697	100697	100697	100250
Panel C: EEA/Schen. mig.	(1)	(2)	(3)	(4)	(5)
Unemp. with terror	9.990	0.043***	0.023**	0.001	0.252
	(10.596)	(0.010)	(0.010)	(0.009)	(0.179)
Observations	87444	86719	86719	86719	86400
Year FE	Yes	Yes	Yes	Yes	Yes
Month FE	Yes	Yes	Yes	Yes	Yes
LLM FE	Yes	Yes	Yes	Yes	Yes
C. Origin x State FE	Yes	Yes	Yes	Yes	Yes
Indiv. charact.	Yes	Yes	Yes	Yes	Yes

Robust Standard Errors in parenthesis, *p<.1; **p<.05; ***p<.01
Notes: Figure 5 reports the estimated coefficients and robust standard errors in parenthesis for regressions of the outcome on the terror indicator. The terror indicator is defined based on different levels of affected individuals in the home country in the same month when immigrants register as unemployed. FE refers to fixed effects. Individual controls: education, age, gender, years since migration, and its square.

We now turn to the type of firms and jobs migrants become employed. Even if there are no immediate wage gains, non-EEA/Schengen area migrants could switch to companies that offer more stable jobs, better career prospects, higher future wage growth or better amenities. Even though we cannot measure all these outcomes directly in the IEB data, we use some proxies. In Table 6, we regress equation 3 on: (1) a dummy variable that equals one if after unemployment the individual is employed in a larger firm[27] than before unemployment; (2) a dummy variable that equals one if after unemployment the individual is employed in a firm where the top wages (25th percentile) are above the top wages before unemployment; (3) a dummy variable that equals one if after unemployment the individual is employed in a firm with fewer low qualified workers than before unemployment; (4) a dummy variable that

[27] According to Destatis classification, a micro firm is a firm with up to 9 employees, a small firm with up to 49 employees, a medium firm with up to 249 employees and a large firm is one with more than 249 employees.

equals one if after unemployment the individual is employed in a firm with more foreigner workers than before unemployment; (5) a dummy variable that equals one if the individual changed from non-full-time employment to full-time employment; and (6) a dummy variable that equals one if the individual changed from full-time employment to non-full-time employment. For some firms, information is missing on the wage distribution, and hence the sample size for that outcome differs.

Non-EEA/Schengen area migrants entering unemployment in a month with a relevant terror event are significantly less likely to be employed in a high-pay firm than non-EEA/Schengen area migrants entering unemployment in stable home country conditions (column (2)). Although not significant at 10 per cent, non-EEA/Schengen area migrants are slightly less likely to be employed in large firms, which can proxy for job stability (column (1)). On the other hand, EEA or Schengen area migrants entering unemployment in a month with a relevant terror event are significantly more likely to be employed in a larger firm and a firm with fewer low-qualified workers than non-EEA/Schengen area migrants entering unemployment in stable home country conditions (column (1)). Although not significant at 10 per cent, EEA or Schengen area migrants are slightly more likely to move to a firm which offers high wages at the top 25th percentile of the firm wage distribution (column (2)). This signals that non-EEA/Schengen area migrants entering unemployment in a month with a relevant terror event might be more selective and enter firms offering better job prospects or higher job stability.

Table 6: Effects of terror events on unemployed immigrants' outcomes

Panel A: All migrants	Change larger firm	Change high pay firm	Change fewer low skill firm	Change higher share foreigners	Change non-FTE bfu to FTE	Change FTE bfu to non-FTE
	(1)	(2)	(3)	(4)	(5)	(6)
Unemp. with terror	0.004	-0.004	0.012*	-0.002	0.000	0.001
	(0.006)	(0.008)	(0.007)	(0.006)	(0.003)	(0.005)
Observations	179917	150748	179917	179917	187441	187441
Panel B: Non-EEA/Schen.	(1)	(2)	(3)	(4)	(5)	(6)
Unemp. with terror	-0.001	-0.019*	0.005	-0.007	-0.001	0.001
	(0.008)	(0.010)	(0.009)	(0.008)	(0.005)	(0.007)
Observations	96322	81061	96322	96322	100697	100697
Panel C: EEA/Schen.	(1)	(2)	(3)	(4)	(5)	(6)
Unemp. with terror	0.016*	0.011	0.024**	0.005	-0.003	0.001
	(0.009)	(0.012)	(0.011)	(0.010)	(0.006)	(0.008)
Observations	83576	69672	83576	83576	86719	86719
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Month FE	Yes	Yes	Yes	Yes	Yes	Yes
LLM FE	Yes	Yes	Yes	Yes	Yes	Yes
C. Origin x State FE	Yes	Yes	Yes	Yes	Yes	Yes
Indiv. charact.	Yes	Yes	Yes	Yes	Yes	Yes

Robust Standard Errors in parenthesis, *p<.1; **p<.05; ***p<.01
Notes: Figure 6 reports the estimated coefficients and robust standard errors in parenthesis for regressions of the outcome on the terror indicator. The terror indicator is defined based on different levels of affected individuals in the home country in the same month when immigrants register as unemployed. FE refers to fixed effects. Individual controls: education, age, gender, years since migration, and its square.

4.3 Placebo Tests and Robustness Checks

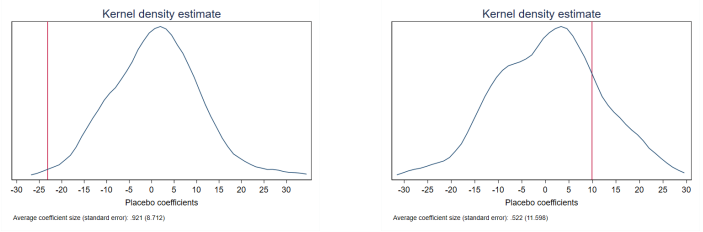
In the previous section, we showed that terror events in the home countries affect the labour market outcomes of immigrants entering unemployment in a month when a terror event occurs in their home country. In this section, we test the stability of our results using both placebo tests and robustness checks.

Changing bandwidth or reference point We start by testing whether the main results are sensitive to the bandwidth around the event or the average above which we consider a terror event to be relevant. Figure B.7 in appendix B.1 displays the estimated coefficients for the entire sample of immigrants when reducing the bandwidth from 90 days (i.e., the baseline bandwidth) to 60 days and 30 days around the terror event and when considering if, in a given month, there was at least one more terror event than the past country-specific three-year average (i.e., the baseline average), four-year average, or five-year average. Our main conclusions hold.

Placebo terror event date One concern is that other factors drive the effects on labour market outcomes, and we would observe the same pattern in the absence of the terrorist event. To address this issue, we randomly assign the binary treatment status 100 times across all observations. If there are x-treated and y-controls across all observations, the total number of treated and controls does not change, but x and y and reshuffled across observations. We then estimate the effect of placebo treatment status on unemployment duration. Figure 5 shows the distribution of the 100 estimated coefficients for the five outcomes of interest used in the main analysis in table 5. The red vertical lines indicate the point under the true treatment assignment (the same coefficients reported in Panel A of Table 5).

Figure 5: Robustness: terror events and labour market outcomes all migrants

(a) Non-EAA/Sch.: Unemp. dur. (b) EAA/Sch.: Unemp. dur.



Notes: Figure 5 reports the estimated coefficients and confidence intervals in parenthesis for regressions of the outcome on the terror indicator. The outcomes and the specification are the same as those reported in Table 5. On the left-hand side are the results for Non-EEA/Schengen immigrants. On the right-hand side are the results for EEA/Schengen immigrants. Unemp. dur. refers to unemployment duration, occ. to occupation, indu. to industry, FT employ. to full-time employment and Sch. to Schengen.

In Table 5, we found a negative and significant effect of entering unemployment in a month with a terror event for all migrants. This effect was mostly driven by non-EEA/Schengen immigrants. Figure 5 shows that assigning placebo treatment status to all migrants and non-EEA/Schengen immigrants who did not in reality experience a terrorist event has, on average, zero effects on their unemployment duration. This finding provides an important piece of evidence in favour of our baseline results.

Excluding specific groups We have chosen to break down countries by EEA/Schengen area and non-EEA/Schengen area because within the Schengen

area, members from other Schengen countries have few work restrictions and generally do not need a permit to work (they also do not need a visa to enter). We test the sensibility of our results by considering only EU countries for the EEA/Schengen group and by excluding OECD members, which in principle are wealthier, and refugees, which in principle cannot return home, from the non-EEA/Schengen group. A drawback of the IEB data is that we cannot identify the workers' visas for the period 2000-2018; therefore, we cannot precisely identify refugees. We created a group of "potential" refugees by considering the ten largest refugees group each year in the Destatis. Nevertheless, many Eastern Europeans were entering Germany in the late 1990s and early 2000s both as refugees and as economic migrants, and hence we do not consider them refugees. The results are displayed in Figure B.8 in the appendix and confirm that our main conclusions are robust to group specification.

4.4 Additional Results

In this section, we explore the effect of terror attacks on other outcomes that could potentially mediate the effect of terror on labour market behaviour - which we analyze in section 4. Namely, we look at the effect of terror events on remittances and self-reported health. It could be that the families of immigrants in the home country are directly affected by the terror events and hence some migrants will want to re-enter employment faster to be able to send money to their relatives. On the other hand, it could be that terror events affect the mental health of immigrants such that they find it difficult to re-enter employment. To proxy for remittances, we rely on a GSOEP question that asks respondents if they have sent money abroad.

The results are shown in table 7. Terror events have no significant effect on self-reported health satisfaction and have a negative and significant effect on sending money abroad. This negative effect could be driven by the fact that after a terror attack, migrants perceive their home country as being more financially insecure or that they expect the terror attacks to affect the financial

markets.

If anything, wanting to spend less money abroad would have a negative effect on job search efforts and a positive effect on reservation wages - the opposite of the effect of the intention to stay permanently in Germany. Hence, there is the possibility that our results in section 4 are muted by the negative effect on remittances.

In column (3) of table 7, we also show that terror events might affect the reservation wage of GSOEP respondents who were unemployed at the time of the survey. About 60% of the sample of unemployed individuals around a terror event in the GSOEP are from non-EEA/Schengen area. Despite the small sample size, there is some suggestive evidence that by creating a feeling of insecurity in the home country, terror events lower the reservation by 364 euros in Germany. The negative effect of relevant terror events on reservation wages effect might be driven by the fact that migrants benchmark their reservation wage in Germany by the wage below which they would prefer to go back to their home country. When comparing with results in Table 5, we do not find evidence that there is a pass-through from lower reservation wages to lower accepted wages but this could be driven by the fact that non-EEA/Schengen migrants earn very low wages to start with (close to minimum wage). Nevertheless, one should be cautious when drawing conclusions, given the small sample size.

Table 7: Terror events, 90 days bandwidth

	Higher than average of last 3 years		
	Send money abroad	Satisfaction with health	Reservation wage
	(1)	(2)	(3)
Post-Terror	-0.036	-0.041	-363.651**
	(0.028)	(0.181)	(179.130)
Observations	6555	6489	575
Origin country x Year FE	Yes	Yes	Yes
Month FE,	Yes	Yes	Yes
State of Residency FE	Yes	Yes	Yes
Indiv. Controls	Yes	Yes	Yes

Standard Errors in parenthesis clustered at the Country x Year x Month level, *p<.1; **p<.05; ***p<.01
Notes: Table 7 displays the coefficients from the estimation of Equation 2 where the outcome is "Remain permanently in Germany". FE refers to fixed effects. All results consider a 90 days bandwidth. Individual controls include age, gender, years since migration and its square, marital status, educational achievement and children.

5 Discussion and Conclusion

The economic and social behaviour of temporary migrants can sharply differ from that of permanent or long-term migrants. Previous research has shown that differences in the intended length of stay among immigrants can create different incentives to invest in human capital, leading to differences in earnings and career profiles (Adda et al., 2022). It is, therefore, important to better understand the determinants of migrants' intended length of stay. In this paper, we contribute to this understanding. Specifically, we investigate whether the home country's socio-political conditions affect immigrants' return intentions and labour market behaviour in the host country. We focus on terrorist events in the home country and combine precise terror event data with survey and administrative data. Our paper is the first to empirically test the effect of changes in home country conditions on return intentions and labour market outcomes.

In this study, we provide evidence that terror events lead to an update in migrants' priors with respect to the level of security in the country of origin and hence affect the intended length of stay. While return plans can change over the course of an individual migration spell and may deviate from the actual date of the return (Dustmann and Görlach, 2016; Chabé-Ferret et al., 2018), in this study, we are interested in analyzing the effect on contemporaneous re-employment decisions which are based on current return plans. We find that non-EEA/Schengen area migrants entering unemployment in Germany when a relevant terror event occurs in the home country re-enter employment faster than migrants entering unemployment in stable times. While this change in economic behaviour benefits the host country in the short term, it is unclear what are the long-run consequences of such a decision since non-EEA/Schengen area migrants get employed in firms with lower top wages.

For EEA or Schengen area migrants, there are few Visa restrictions and their outside option in the home country is higher than that of non-EEA/Schengen migrants. We find strikingly different results for this group. Namely, EEA or

Schengen area migrants entering unemployment in Germany when a relevant terror event occurs in the home country are more likely to change occupation and industry and to be employed in a larger firm with fewer low-skilled workers than migrants entering unemployment in stable times. This could signal that EEA or Schengen area migrants entering unemployment in Germany when a relevant terror event occurs in the home country become more committed to pursuing a long-term career in Germany.

Our results add an important and credible piece of evidence on the effect of home-country events on migrants' behaviour. With this study, we contribute to the understanding of migrants' intended duration of stay and its effect on economic behaviour in the host country. Our insights are policy-relevant for both host and home countries since they help host countries to understand what affects migrants' labour market outcomes and home countries how they might attract migrants back home.

References

Adda, J., C. Dustmann, and J.-S. Görlach (2022). The dynamics of return migration, human capital accumulation, and wage assimilation. *Rev. of Economic Studies 89*(6), 2841–2871.

Akay, A., O. Bargain, and A. Elsayed (2020). Global terror, well-being and political attitudes. *European Economic Rev. 123*, 103394.

Akay, A., O. Bargain, and K. F. Zimmermann (2017). Home sweet home? macroeconomic conditions in home countries and the well-being of migrants. *J. of Human Resources 52*(2), 351–373.

Antoni, M., A. Schmucker, S. Seth, P. Vom Berge, et al. (2019). Sample of integrated labour market biographies (siab) 1975-2017. Technical report, Institut für Arbeitsmarkt-und Berufsforschung (IAB), Nürnberg.

Bauer, T. K. and M. G. Sinning (2011). The savings behavior of temporary and permanent migrants in germany. *J. of Population Economics 24*(2), 421–449.

Bijwaard, G. E. and J. Wahba (2014). Do high-income or low-income immigrants leave faster? *J. of Development Economics 108*, 54–68.

Bratsberg, B., J. F. Ragan, and Z. M. Nasir (2002). The effect of naturalization on wage growth: A panel study of young male immigrants. *J. of Labor Economics 20*(3), 568–597.

Brodeur, A. and T. Wright (2019). Terrorism, immigration and asylum approval. *J. of Economic Behavior & Organization 168*, 119–131.

Chabé-Ferret, B., J. Machado, and J. Wahba (2018). Remigration intentions and migrants' behavior. *Regional Science and Urban Economics 68*, 56–72.

Clark, A. E., O. Doyle, and E. Stancanelli (2020). The impact of terrorism on individual well-being: Evidence from the boston marathon bombing. *The Economic J. 130*(631), 2065–2104.

Cortes, K. E. (2004). Are refugees different from economic immigrants? some empirical evidence on the heterogeneity of immigrant groups in the united states. *Rev. of Economics and Statistics 86*(2), 465–480.

Damelang, A. and Y. Kosyakova (2021). To work or to study? postmigration educational investments of adult refugees in germany – evidence from a choice experiment. *Research in Social Stratification and Mobility 73*.

de Coulon, A., D. Radu, and M. Steinhardt (2016). Pane e cioccolata: The impact of native attitudes on return migration. *Rev. of International Economics 24*(2), 253–281.

Depetris-Chauvin, E., R. Durante, and F. Campante (2020). Building nations through shared experiences: Evidence from african football. *American Economic Rev. 110*(5), 1572–1602.

Dustmann, C. (1993). Earnings adjustment of temporary migrants. *J. of Population Economics 6*(2), 153–168.

Dustmann, C. (1997). Differences in the labour market behaviour between temporary and permanent migrant women. *Labour Economics 4*(1), 29–46.

Dustmann, C. (1999). Temporary migration, human capital, and language fluency of migrants. *The Scandinavian J. of Economics 101*(2), 297–314.

Dustmann, C. and J.-S. Görlach (2016). The economics of temporary migrations. *J. of Economic Literature 54*(1), 98–136.

Elsayed, A.and De Grip, A. (2018). Terrorism and the integration of muslim immigrants. *J. of Population Economics 31*(1), 45–67.

Gibson, J. and D. McKenzie (2011). The microeconomic determinants of emigration and return migration of the best and brightest. *J. of Development Economic 95*, 18–29.

Goebel, J., M. M. Grabka, S. Liebig, M. Kroh, D. Richter, C. Schröder, and J. Schupp (2019). The german socio-economic panel (soep). *Jahrbücher für Nationalökonomie und Statistik 239*(2), 345–360.

Gould, E. D. and E. F. Klor (2016). The long-run effect of 9/11: Terrorism, backlash, and the assimilation of muslim immigrants in the west. *The Economic J. 126*(597), 2064–2114.

Graeber, D. and F. Schikora (2021). Hate is too great a burden to bear: Hate crimes and the mental health of refugees. *SOEPpapers 1130* (53 S).

Gröger, A. (2021). Easy come, easy go? economic shocks, labor migration and the family left behind. *J. of International Economics 128*, 103409.

Keita, S. and P. Schewe (2021). Out of sight, out of mind? terror in the home country, family reunification options, and the well-being of refugees. *World Development 146*, 105562.

LaFree, G. and L. Dugan (2007). Introducing the global terrorism database. *Terrorism and political violence 19*(2), 181–204.

Nekby, L. (2006). The emigration of immigrants, return, vs. onward migration: evidence from sweden. *J. of Population Economics 19*, 197–226.

OECD (2008). International migration outlook 2008. *OECD Publishing, Paris*.

OECD (2019). International migration outlook 2019. *OECD Publishing, Paris*.

OECD (2023). Responses on the impacts of the war in ukraine: What we know about the skills and early labour market outcomes of refugees from ukraine. *OECD Publishing, Paris*.

Panchenko, T. and P. Poutvaara (2022). Intentions to Stay and Employment Prospects of Refugees from Ukraine. EconPol Policy Brief 46, ifo Institute.

Peri, G., D. I. Rees, and B. Smith (2020). Terrorism, political opinions, and election outcomes: Evidence from europe.

Schilling, P. and S. Stillman (2021). The impact of natives' attitudes towards immigrants on their integration in the host country. *CESifo Working Paper*.

Sønderskov, K. M., P. T. Dinesen, B. T. Hansen, S. D. Østergaard, and B. Danckert (2021). Terrorism in the country of origin is linked to deterioration in the mental health of refugees. *Nature Human Behaviour 5*(11), 1555–1561.

Steinhardt, M. F. (2018). The impact of xenophobic violence on the integration of immigrants. *Available at SSRN 3249895*.

A Immigrants in Germany

The current immigrant population in Germany essentially reflects three large immigration waves. The first wave started in the mid-1950s when, as a result of strong economic growth in (West-) Germany and a lack of available manpower, Germany started to actively recruit foreign workers abroad, predominantly in Turkey, Yugoslavia, Italy, Greece, and Spain. Following the recession in 1973/1974, this active recruitment of immigrants was abandoned. However, subsequent immigration of family members continued. The second and more recent immigration wave to Germany was triggered by the collapse of the former Soviet Union and the political changes in Eastern Europe in the late 1980s and early 1990s. The main immigrant groups of this period were, on the one hand, ethnic German immigrants (so-called Aussiedler), mostly from Poland and the former Soviet Union, and, on the other hand, refugees from the wars in former Yugoslavia. The third wave was in 2015-2016, when a new wave of asylum seekers arrived in Germany driven by the wars in Syria, Iraq, and Afghanistan.

In Table A.1, we show the fifteen largest immigrant groups in the GSOEP survey across time, the last column shows the frequencies for the time period used in this study (we restrict to after 1999 to be compatible with the IEB). We can see that the share of migrants in the sample accompanies well the different migration waves[28]

[28] We discuss the migration samples within the GSOEP in appendix A.1

Table A.1: Largest migrant groups in the GSOEP data in %

	1985-1990	1991-2000	2001-2010	2011-2018	Total 1985-2018	Sample 2000-2018
Turkey	35.403	30.998	20.914	6.938	18.567	11.845
Italy	17.915	13.207	7.760	3.170	8.140	4.797
Greece	13.330	8.643	3.931	1.872	5.206	2.631
Spain	10.244	5.019	1.873	0.961	3.211	1.298
Ex-Yugoslavia	9.171	4.114	1.785	0.191	2.518	0.751
Croatia	4.601	5.105	3.029	1.018	2.751	1.735
Bosnia-Herzegovina	3.039	4.170	2.790	1.173	2.373	1.743
Poland	0.715	7.440	11.052	8.400	7.746	9.333
Kosovo-Albania	0.389	0.920	1.414	2.632	1.729	2.212
Romania	0.373	2.568	4.653	5.221	3.918	5.000
Russia	0.039	3.952	9.008	9.580	7.048	9.354
Kazakhstan	0.000	3.781	8.628	8.095	6.255	8.260
Syria	0.047	0.040	0.054	14.631	6.645	9.612
Iraq	0.000	0.020	0.171	4.575	2.110	3.058
Afghanistan	0.000	0.020	0.078	3.668	1.680	2.436

Notes: Table A.1 reports the distribution of the largest nationalities in the GSOEP over time. Shares are computed across the sample of respondents in each decade. The last column reports the distribution of the largest nationality groups in the full sample.
Source: GSOEP

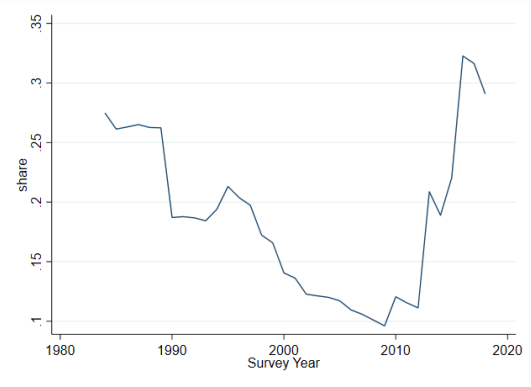
A.1 Migrants in the GSOEP

Figure A.1 shows the share of migrants in the GSOEP sample. When the survey started, in 1984, migrants represented about 27 percent of the GSOEP sample. At this time, the main groups of foreigners were individuals from Turkey, Greece, Yugoslavia, Spain, and Italy (sample B). The share of migrants fell until 1994 when a boost sample (D1 and D2) of migrants who came to Germany after 1984 was added to take into account the flow of ethnic Germans from the former Soviet countries. After the boost sample was added in 1994-95 the share of migrants in the GSOEP fell steadily. To improve the representation of migrants living in Germany, two new samples (M1 and M2) were established in 2013, which covered individuals who immigrated to Germany after 1995 or second-generation immigrants[29]. Following, the Arab Spring and the war in Syria, a new refugee sample was added in 2016 (M3 and M4), with a subsequent

[29]Sample M1 was added in 2013 with around 2,700 households and it includes individuals who immigrated to Germany after 1995 or second-generation immigrants. Sample M2 was added in 2015 with around 1,100 households and it includes individuals who immigrated to Germany between 2010 and 2013. The samples were drawn using register information from the German Federal Employment Agency and were the product of a cooperation between the Institute for Employment Research (IAB) in Nuremberg and the German Socio-Economic Panel (SOEP) at DIW Berlin. The first seven survey waves were carried out between 2013 and 2018.

booster in 2017 (M5). These samples covered households with individuals who arrived in Germany between January 2013 and December 2016 and had applied for asylum by June 2016 or were hosted as part of specific programs of the federal states[30].

Figure A.1: Share of migrants in the GSOEP



Notes: Figure A.1 displays the share of immigrants in the sample of SOEP respondents in each survey wave. The y-axis refers to the share. The time window is 1984-2019. Source: GSOEP.

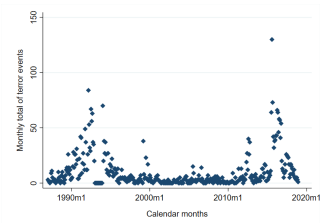
[30]The refugee samples are a joint project of the Institute for Employment Research (IAB), the Research Center of the Federal Office for Migration and Refugees (BAMF-FZ) and the Socio-Economic Panel (SOEP).

B Additional Tables and Figures

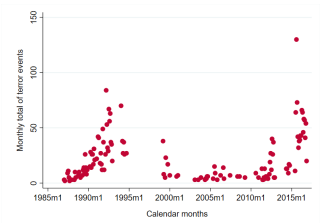
B.1 Additional Figures

Figure B.1: All terror events and relevant terror events (higher than average of last 3 years)

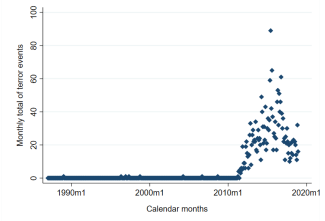
(a) Turkey: all terror events



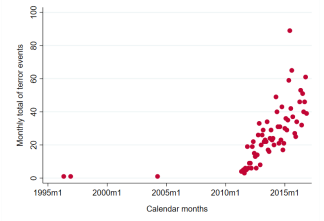
(b) Turkey: relevant terror events



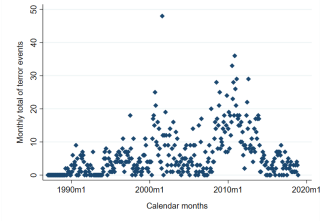
(c) Syria: all terror events



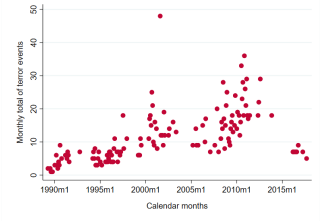
(d) Syria: relevant terror events



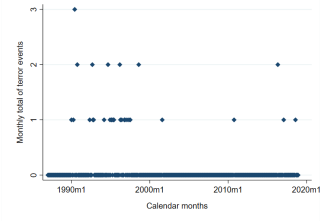
(e) Russia: all terror events



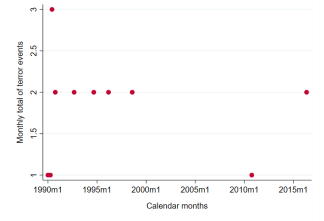
(f) Russia: relevant terror events



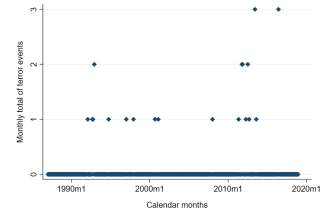
(g) Poland: all terror events



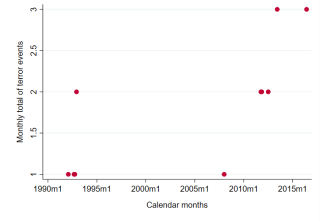
(h) Poland: relevant terror events



(i) Kazakhstan: all terror events



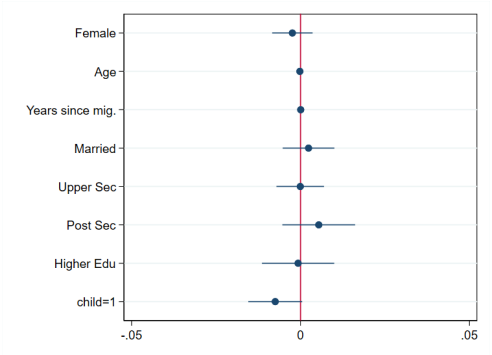
(j) Kazakhstan: rel. terror events



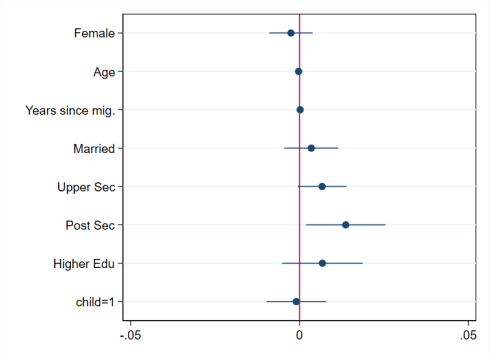
Notes: The left panel shows all terror attacks for each country between 2000-2018 as in the GTD data. The right panel shows the relevant events. An event is defined as relevant if in a given there is at least 1 more terror attack than the past country-specific 3-year monthly average number.

Figure B.2: Joint balance test

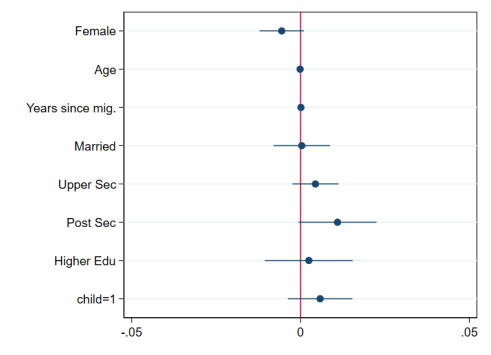
(a) Deviation to 3 year mean



(b) Deviation to 4 year mean

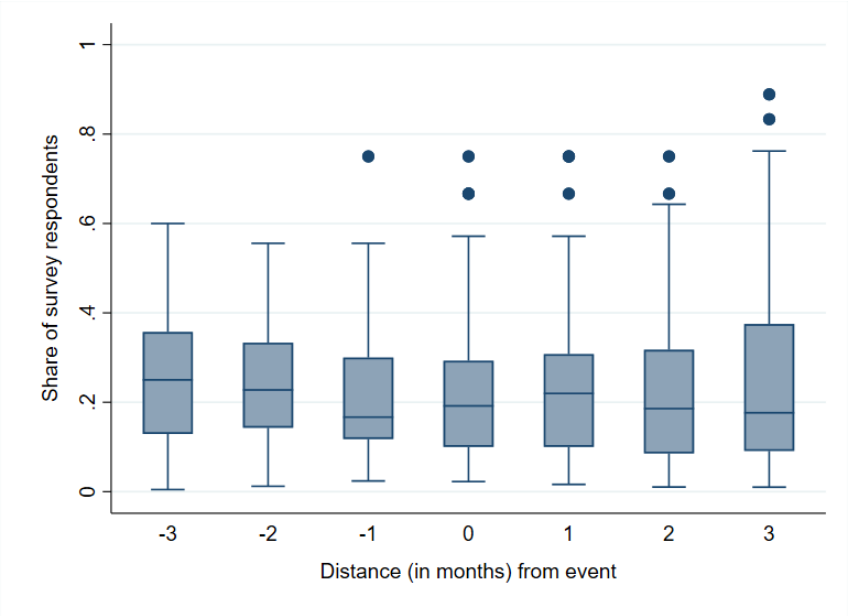


(c) Deviation to 5 year mean



Notes: Panel 3a displays the coefficients from the estimation of Equation 1 using placebo terror events. Panel 3b displays the distribution of the coefficients from the 300 estimations of Equation 2 using placebo terror events with different random dates. All regressions consider an event as relevant if the number of terror events in a month is above the past three-year average and include country of origin fixed effects (FE), survey year FE, country of origin x survey year FE and month FE. Bars identify 95% confidence intervals.

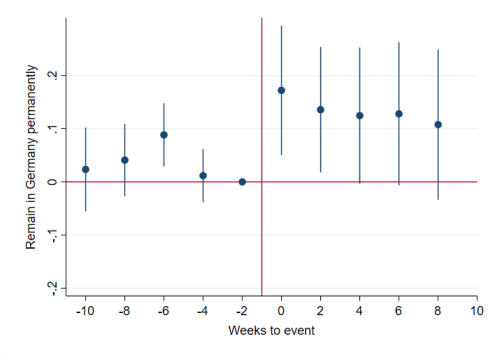
Figure B.3: Density of interviews around terror events



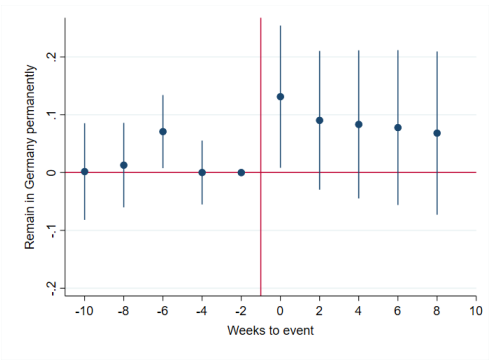
Notes: Figure B.3 displays the share of interviews around each country-specific event that we use in our main estimations. For a given country-specific event, we consider: i) the total number of interviews in the 90 days before and after the event and; ii) the number of interviews at 90, 60, 30 days before and after the event and at 0. The ratio in the x-axis represents the number of interviews at each of these points relative to the total number of interviews, e.g. ii) / (i). The x axis indicates the months around terror events and the red line at 0 indicates the time of the terror event.

Figure B.4: Robustness: higher than the average of last 4 or 5 years

(a) Higher than average of last 4 years

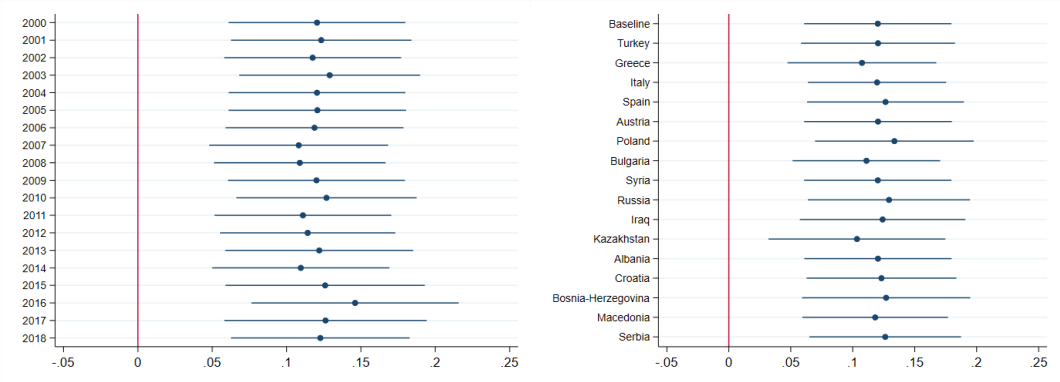


(b) Higher than average of last 5 years



Notes: Figure 2 displays the event study plot from the estimation of Equation 1, where the outcome is "Remain permanently in Germany".The regression considers a 90 days bandwidth. Bars identify 95% confidence intervals.

Figure B.5: Robustness: exclude one country and survey year at the time

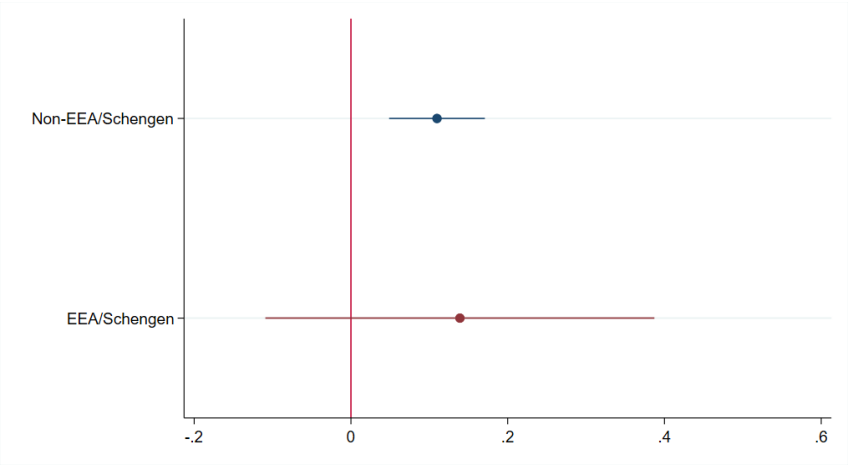


a) Exclude one survey year, 90 days Bandwidth

b) Exclude one country, 90 days Bandwidth

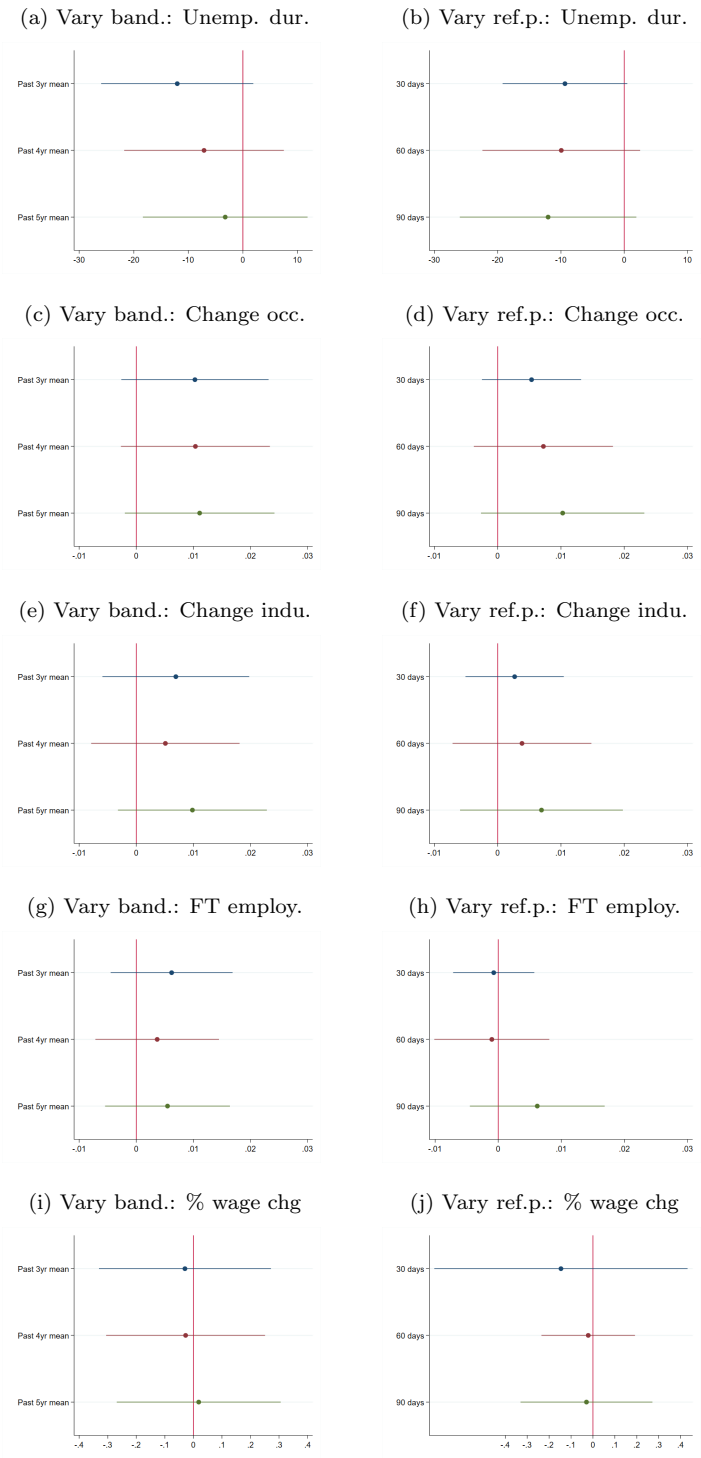
Notes: Panel a) and b) display point estimates and 95% confidence intervals for regressions that exclude one survey year and country at a time, respectively. The y-axis refers to the excluded survey year (country). The x-axis indicates the size of the estimated coefficients. All regressions consider an event as relevant if the number of terror events in a month is above the past three-year average and include the full set of fixed effects and individual controls as in the baseline estimation. Robust standard errors. 90 days bandwidth

Figure B.6: Return intentions Non-EEA/Schengen and EEA/Schengen



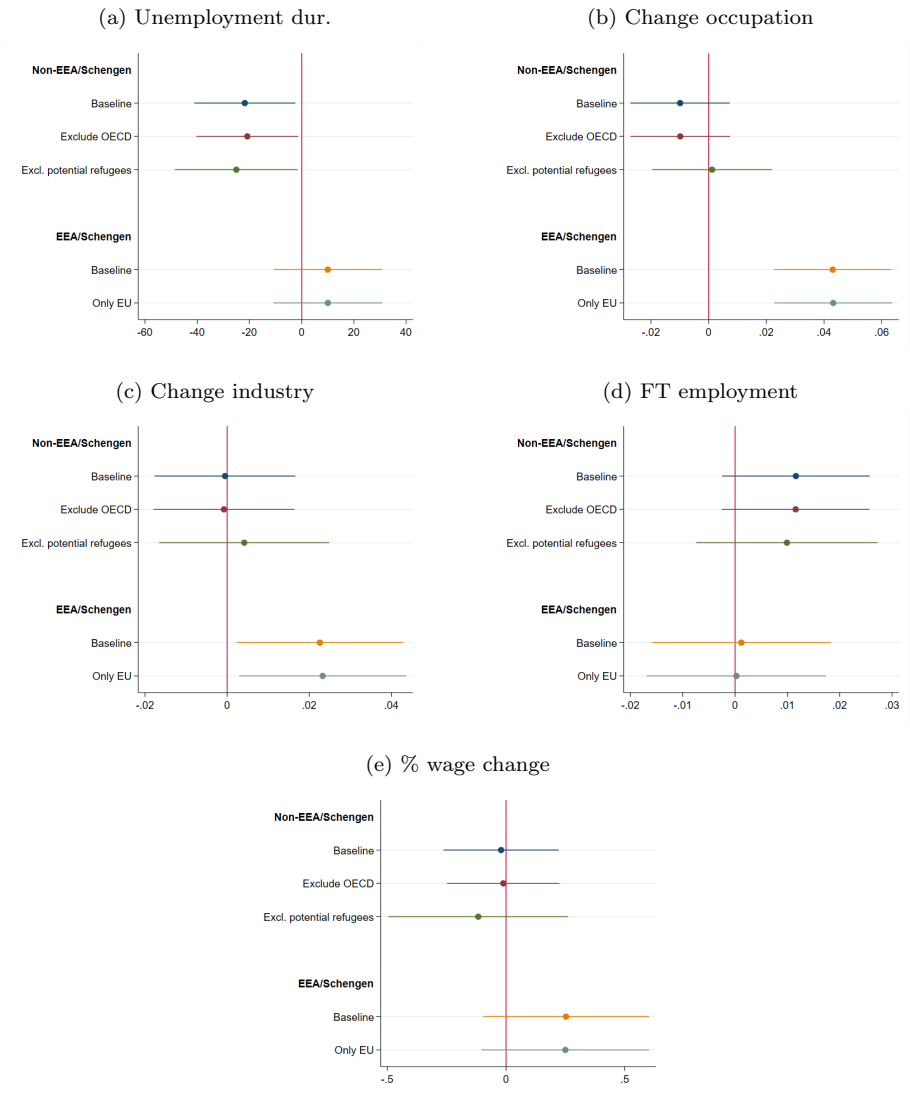
Notes: Figure B.6 displays the coefficients from the estimation of Equation 2 for each level of the variable in y-axis. All regressions consider an event as relevant if the number of terror events in a month is above the past three-year average and uses 90 days bandwidth.

Figure B.7: Robustness: terror events and labour market outcomes all migrants



Notes: Figure B.7 reports the estimated coefficients and confidence intervals in parenthesis for regressions of the outcome on the terror indicator. The outcomes and the specification are the same as those reported in Table 5. On the left-hand side, the bandwidth varies (baseline is 90 days). On the right-hand side, the reference point varies (baseline is past 3-year mean). Unemp. dur. refers to unemployment duration, occ. to occupation, indu. to industry, FT employ. to full-time employment, chg. to change, ref.p to reference point and band to bandwidth.

Figure B.8: Robustness: vary group definition



Notes: Figure B.8 reports the estimated coefficients and confidence intervals in parenthesis for regressions of the outcome on the terror indicator. The outcomes and the specification are the same as those reported in Table 5. Unemployment dur. refers to unemployment duration, FT employ. to full-time employment

B.2 Additional Tables

Table B.1: Summary characteristics of the migrant population in the GSOEP data

	Entire sample 2000-18		Analysis sample 2000-18	
	Mean	SD	Mean	SD
Female	0.513	0.500	0.524	0.499
Age	42.606	14.344	43.986	14.418
Years since migration	17.049	12.885	20.031	12.404
Marital status	0.698	0.459	0.735	0.441
Has children	0.591	0.492	0.597	0.491
Low secondary or bellow educ.	0.348	0.476	0.347	0.476
Upper secondary educ.	0.322	0.467	0.354	0.478
Post-secondary educ.	0.133	0.340	0.135	0.342
Higher education	0.197	0.398	0.164	0.370
Full-time employed	0.338	0.473	0.360	0.480
Part-time employed	0.111	0.314	0.119	0.323
Other employed	0.079	0.270	0.082	0.274
Not employed	0.471	0.499	0.440	0.496
Remain in Germany permantly	0.835	0.371	0.812	0.391
Non-European	0.677	0.467	0.753	0.431
Observations	71059	71059	6604	6604

Notes: Table B.1 reports the main characteristics of the full sample of immigrants in the GSOEP data (2000-2018). For each variable, we report the mean, standard deviation, and median value. The last row reports the total number of immigrants.
Source: GSOEP

Table B.2: Effective sample: Isolated and relevant terror events

	Higher than average past 3 years, 90 days bandwidth	
	Number of rel. & isol. events	Mean number monthly of terror attacks
Algeria	2	15
Argentina	1	2
Austria	2	4
Belarus	1	1
Belgium	2	2
Bosnia-Herzegovina	4	3
Brazil	2	2
Bulgaria	1	2
Canada	2	2
China	3	4
Colombia	1	17
Congo	1	4
Croatia	1	2
Czech Republic	2	2
Denmark	1	2
Ecuador	1	3
Ethiopia	1	2
Ex-Yugoslavia	2	3
France	3	5
Georgia	1	3
Ghana	1	2
Great Britain	3	6
Greece	3	6
Hungary	1	2
Iran	1	3
Iraq	1	285
Ireland	1	2
Israel	1	9
Italy	2	3
Jamaica	1	1
Japan	1	6
Kazakhstan	3	3
Kosovo-Albania	8	4
Kyrgyzstan	1	2
Lithuania	1	1
Macedonia	4	2
Mexico	1	5
Montenegro	1	1
Morocco	2	1
Norway	1	2
Pakistan	1	9
Palestine	1	4
Peru	1	2
Philippines	1	7
Poland	2	2
Romania	1	1
Russia	4	10
Serbia	2	2
Spain	3	6
Sri Lanka	1	5
Sweden	2	5
Switzerland	1	2
Taiwan	1	2
Tajikistan	2	3
Thailand	3	40
The Netherlands	2	3
Tunisia	3	3
Turkey	5	6
USA	5	8
Ukraine	1	5
Uzbekistan	3	2
Vietnam	1	2

Notes: Table B.2 reports the isolated and relevant events merged with the GSOEP. An event is defined as relevant if in a given there is at least 1 more terror attack than the past country-specific 3 year monthly average number. A relevant event is isolated if individuals interviewed within the 90 days prior to the focal relevant terror event have not experienced any relevant terror event in the past 90 day.

Table B.3: Balance test (GSOEP), terror events, 90 days bandwidth

	Higher than average of last 3 years				
	Gender	Age	YSM	Marital status	Child
	(1)	(2)	(3)	(4)	(5)
Post-Terror	-0.041	-0.502	-0.017	0.003	-0.070
	(0.048)	(1.180)	(0.979)	(0.043)	(0.045)
	Low sec. educ. or <	Upper sec. educ.	Post-sec. educ.	Higher educ.	
	(1)	(2)	(3)	(4)	
Post-Terror	-0.015	-0.009	0.039	-0.014	
	(0.041)	(0.045)	(0.043)	(0.045)	
Observations	6604	6604	6604	6604	6604
Origin C. x Year FE	Yes	Yes	Yes	Yes	Yes
Month FE	Yes	Yes	Yes	Yes	Yes
State of Residency FE	Yes	Yes	Yes	Yes	Yes

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$
Standard Errors in parenthesis clustered at the Country x Year x Month level
Notes: Table B.3 reports the estimated coefficients of a regression of each characteristic on the treatment status (i.e. interviewed after a terrorist event in the home country).

Table B.4: Distribution of the political stability index and mean month terror events

	Mean	Percentile						
		5	10	25	50	75	90	95
PSI prev. year	36.477	2.857	14.762	22.275	34.286	50.000	63.333	68.269
PSI mean prev. 3 years	37.728	2.857	14.603	20.063	30.490	57.203	75.661	77.648
Mean monthly terror prev. year	19.030	0.000	0.000	0.167	0.500	3.583	12.583	281.917
Mean monthly terror prev. 3 yrs	19.027	0.000	0.000	0.139	0.889	3.083	16.389	279.667

PSI refers to the Political Stability Index, which ranges from 0-100. Mean monthly terror refers to the mean number of terror attacks in one month

Table B.5: Terror events and intentions to remain in Germany using different bandwidths

Panel A: 30 days	Higher than average of last			Higher than average of last		
Bandwidth	5 years	4 years	3 years	5 years	4 years	3 years
	(1)	(2)	(3)	(4)	(5)	(6)
Post-Terror	0.328***	0.322***	0.329***	0.322***	0.321***	0.324***
	(0.047)	(0.050)	(0.049)	(0.043)	(0.047)	(0.044)
Observations	1915	2056	2671	1915	2056	2671
Panel B: 60 days	Higher than average of last			Higher than average of last		
Bandwidth	5 years	4 years	3 years	5 years	4 years	3 years
	(1)	(2)	(3)	(4)	(5)	(6)
Post-Terror	0.147**	0.202***	0.112***	0.146**	0.207***	0.118***
	(0.065)	(0.041)	(0.029)	(0.065)	(0.041)	(0.029)
Observations	3712	4078	4886	3712	4078	4886
Panel C: 90 days	Higher than average of last			Higher than average of last		
Bandwidth	5 years	4 years	3 years	5 years	4 years	3 years
	(1)	(2)	(3)	(4)	(5)	(6)
Post-Terror	0.074**	0.083**	0.122***	0.068*	0.080**	0.123***
	(0.036)	(0.037)	(0.030)	(0.037)	(0.037)	(0.030)
Observations	5328	5790	6604	5328	5790	6604
Origin country x Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Month FE,	Yes	Yes	Yes	Yes	Yes	Yes
State of Residency FE	Yes	Yes	Yes	Yes	Yes	Yes
Indiv. Controls	No	No	No	Yes	Yes	Yes

Standard Errors in parenthesis clustered at the Country x Year x Month level, *p<.1; **p<.05; ***p<.01
Notes: Table B.5 displays the coefficients from the estimation of Equation 2 where the outcome is "Remain permanently in Germany". FE refers to fixed effects. Individual controls include age, gender, years since migration and its square, marital status, educational achievement, and children.

Table B.6: Balance in covariates among unemployed immigrants

	Treated mean	Control mean	Unemp. with terror Coef.
Middle education	0.289	0.341	0.001
			(0.001)
High education	0.060	0.092	0.002
			(0.001)
Age	36.748	37.401	-0.000***
			(0.000)
Female	1.361	1.431	0.002**
			(0.001)
Years since mig. at unemp.	12.915	9.548	0.001***
			(0.000)
Ln wage bfu	3.330	3.374	-0.000
			(0.000)
Ln firm size bfu	3.676	3.641	0.000
			(0.000)
Observations	15299	202439.00	217738
Year FE			Yes
Month FE			Yes
LLM FE			Yes
C. Origin x State FE			Yes

Robust Standard Errors in parenthesis, *p<.1; **p<.05; ***p<.01
Notes: Figure B.6 reports the estimated coefficients and robust standard errors in parenthesis for regressions using entering unemployment with a terror event as an outcome. The terror indicator is defined based on different levels of affected individuals in the home country in the same month when immigrants register as unemployed. FE refers to fixed effects.