

Are immigrants influenced by news from their home country? Evidence from Germany

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Does intensity of conflict/cooperation in relationships between home and host country affect life satisfaction of immigrants? And is there a way to measure it? We investigate both questions by testing the effects of an index of bilateral relationships on happiness of immigrants in Germany between 1990 and 2004. The index is build in three steps: a group of Harvard political science experts i) defines a taxonomy of conflict/cooperation news and ii) assign weights to each category. Finally, an automated system selects and classifies news on the basis of such taxonomy. We find that the effect of the index is significant and in the expected direction in the overall sample, and especially so when we downweight low value event types on which experts diverge more. Since the significance is mostly concentrated on respondents with longer duration of stay and who want to remain forever in the host country we argue that what affects immigrants are the expected consequences of the news on their status and living conditions in the host country. Our findings identify one of the possible elements positively contributing to the shadow (public good) value of diplomacy: diplomatic relationships between home and host country generate significant externalities on citizens living abroad and are an important factor affecting their wellbeing.

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