Integrating Refugees: Language Training or Work-First Incentives?

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RÉSUMÉ

Social and economic integration of refugees are key to their personal fulfillment and to producing positive effects in the host country. We evaluate the impact of a reform that expanded and improved early language classes to refugees in Denmark while also temporarily lowering welfare benefits for a subgroup of them. The policy change applied to those who obtained refugee status in Denmark on or after January 1, 1999. Using a regression discontinuity design around the cutoff date we find that employment and earnings gradually diverged for the treated group after completion of the language program. The effect was significant and resulted in four percentage points permanently higher employment and almost USD 2,510 in extra yearly earnings over eighteen years. We do not find temporary or permanent labor market effects of cutting welfare benefits, but we find evidence of temporarily higher property crime when refugees received lower benefits. We also find that children of refugees who received enhanced language classes were more likely to complete lower secondary school and less likely to commit crime.

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