

Faster Asylum Processes Save Money by Catalyzing the Economic Integration of Refugees



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As more people flee war, state failure, and extreme poverty, refugee-receiving countries in Europe face an urgent and fundamental challenge: the successful integration of refugees. Labor market integration is particularly critical for both refugees and their host communities. It enables refugees to share their skills with their host communities, increases tax contributions, reduces government expenditures, and reduces the risk of local backlash against refugees, many of whom stay in their new countries long term.

In 2015, more than 1.3 million new asylum applications were lodged in Europe. This represented a sharp increase in applications compared with previous years but a relatively modest number compared with the number of asylum claims in Middle Eastern and North African countries such as Jordan, Lebanon, and Turkey.

Asylum seekers often risk a dangerous and sometimes deadly journey in order to flee life-threatening circumstances at home. Yet they are often met with resistance and exclusion in their new countries. The recent spike in asylum seeker arrivals in Europe

has resulted in political conflict and increasingly violent native backlash, including mass demonstrations, hate crimes, and even arson attacks on asylum housing facilities.

“While they wait for a decision on their asylum claim, asylum seekers find themselves in a legal and social limbo in which their lives are essentially put on hold.”

The Dublin Regulation, which applies to European Union Member States and cosignatories such as Switzerland, requires asylum seekers to be temporarily housed in the

responsible country of arrival while they wait for a decision on their asylum claim. During this waiting period – which, for many, lasts for years – asylum seekers find themselves in a legal and social limbo in which their lives are essentially put on hold. They are often required to live isolated from the native population in an assigned reception center or in collective accommodation. They typically receive welfare support and face significant restrictions on travel and employment. They live under threat of being deported, should their application be denied.

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If their application is eventually approved, asylum seekers receive a form of protection. This marks a crucial transition point: they are – at least temporarily – free from deportation and expected to quickly integrate into the host country and earn a living.

Why Might Longer Wait Times Affect Integration?

There is good reason to expect that longer waiting periods hurt an individual's chances of integration. Indeed, there is a large body of in-depth qualitative work illuminating the multitude of challenges that stem from the uncertainty faced by asylum seekers and refugees while living in limbo. De facto unemployment during waiting periods can lead to depression and disempowerment; uncertainty can compound pre-existing trauma; and sheer time out of the labor market can cause refugees' skills to atrophy or become outdated. Recounting her family's experiences in waiting, an asylum seeker in Switzerland captures some of the specific challenges of an uncertain future that these studies highlight:

“We came here and my husband had high hopes; he thought he could find work here ... five years living in real uncertainty, we didn't know what was going to happen with us ... I can see the same with many other men, that they become a mess, and then their marriage and family and everything [falls apart].”¹

However, despite substantial qualitative evidence as to the hardships asylum seekers face during lengthy asylum procedures, it remains unknown how longer waiting times causally affect the integration of refugees into receiving countries. To date, most studies have been descriptive: based on small numbers

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of qualitative interviews and occasional quantitative cross-sectional studies not designed to isolate the causal effects of specific policies on refugee integration.

Our contribution fills this gap by providing new causal evidence that isolates and quantifies the effect of the length of the waiting time for the asylum decision on the subsequent employment of refugees who have been granted subsidiary protection in Switzerland.

Data and Methods

We draw upon unique register panel data that track all individuals who applied for asylum in Switzerland between 1994 and 2004 and were subsequently granted the status of subsidiary protection within 5 years of arrival (n = 17,360). The data are not self-reported but based on the processing records of the State Secretariat for Migration that centrally decides all the asylum claims. On average, refugees in our sample waited 665 days for their asylum decision with a standard deviation of 478 days.

Quantifying the Impact of Lengthy Asylum Processes on Refugee Employment

We measure the effect of the length of the waiting period on the probability that refugees are employed in the year after they receive subsidiary protection. The waiting period is measured as the number of days it took from the submission of the asylum application to the decision. During their waiting period, asylum seekers are housed in accommodations in an exogenously assigned Swiss canton and they are not allowed to leave this canton. In principle, they are allowed to work while waiting but face restrictions in some cantons in the sense that they

can only take jobs after a mandatory waiting period of 3 to 6 months, and employers have to demonstrate that no Swiss native or permanent resident can be found for a given job. In addition, some cantons restrict employment to only specific permissible industries.

To identify the causal effect of waiting, we exploit the large quasi-random variation in waiting times that results from the batch processing of the asylum claims by the State Secretariat for Migration in Switzerland.²

Figure 1 shows that the average waiting times for asylum decision vary significantly by country of origin and month of arrival.

> *Figure 1 Waiting times for asylum decision by country of origin and month of arrival (see appendix)*

Table 1 shows that longer waiting periods considerably lower subsequent employment. This holds also when we control for week of entry, origin, religion, area of residency, ethnicity, assigned canton, age, and gender. Model 1 shows that being forced to wait one additional year for the asylum decision lowers the probability of being employed by about 4.9 percentage points. This effect is not only highly statistically significant, but also economically large: while the average employment rate of people with subsidiary protection within a year after the decision is about 21% (see the fifth row from the bottom of Table 1), a waiting time of one more year equates to a 23% drop in this percentage. Model 2 shows that the effect is somewhat smaller, but still statistically and substantively significant, at about 3.4 percentage points or 16% compared to the average employment rate, when we add the origin times week of entry fixed effects, thereby focusing the comparison only on asylum seekers

that arrived from the same country during the same week.

> *Table 1: Longer asylum wait times lower the probability of subsequent employment for refugees (see appendix)*

How Reliable Are These Findings?

As with many empirical studies, one particular concern immediately jumps to mind: are we observing a causal relationship (here, between wait times and employment outcomes) or merely a correlation? In other words, what if asylum seekers who find work more quickly are also more likely to have their cases decided quickly? This could perhaps be due to access to more resources, higher levels of skill or better employment histories, or other factors we cannot measure and statistically adjust for. If unobserved factors are at work, then we cannot credibly claim that it is the differences in wait times that cause differences in outcomes.

To meet these concerns, we conduct a number of different “robustness” or reliability checks. All these checks, discussed in detail in our paper, suggest that the effect of waiting on employment is indeed causal.³

Skill Atrophy or Discouragement?

Why might additional time waiting for one’s asylum decision cause such a significant decrease in one’s likelihood to find employment? There are two main possibilities. The first is that individuals’ skills atrophy over time spent out of work. The second is that people become more and more discouraged the longer they have to wait in limbo.

“There are two possible explanations for this causal relationship: the first is that individuals’ skills

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atrophy over time spent out of work, the second that people become more and more discouraged.”

Although we cannot prove for certain which of these causes is at play here, our data lends support to the discouragement theory. This is because our evidence shows that longer decision times impact all refugees similarly across the board, regardless of their gender, region of origin, age, or the language region where they are placed. However, future work is needed to more precisely understand these mechanisms.

How Much Money Could Switzerland Save by Marginally Reducing Waiting Times?

In June 2016, Swiss voters approved a major reform of Switzerland’s asylum system. One key component called for reducing the length of time that individuals must wait for a decision on their asylum applications. Our study shows that even a marginal reduction in wait times would yield a substantial return on investment.

“Even reducing waiting times by a mere 10% – that is 66 days – would lead to savings of at least CHF 5.5 million per year.”

Although we caution against extrapolating the results to extremely large reforms of the asylum process, our findings indicate that a relatively modest reduction in wait times would increase employment significantly, thereby reducing public expenditures for welfare benefits and increasing the tax contributions of newly employed refugees. A marginal cost-benefit analysis suggests that reducing waiting times by only 10% (66 days) would lead to savings of about CHF 5.5 million in a single year alone. However, because asylum application numbers today are roughly twice that of the study pe-

riod 1994–2004, we would expect cost savings to be substantially greater. In other words, modest investments in, for example, additional caseworkers who could quicker process asylum claims would yield an excellent return on investment. Finally, better economic integration of refugees would also likely help dampen the increasing backlash against refugees from local residents.⁴

Next Steps: A Scientific Approach to Asylum, Immigration, and Integration Policy

Although our study provides an important first step in understanding how the asylum process affects refugee integration, more data and research are needed to help guide policymakers who are struggling to manage refugee crises effectively. For example, we do not yet know what the long-term effects of waiting times are on employment. Nor do we know how other policy parameters – such as centralized versus decentralized housing, labor restrictions, or support programs – affect the integration of refugees into their host communities.

Compared with other fields such as medicine, public health, environmental protection and economic development, the fields of immigration and integration policy are remarkably underdeveloped. Governments and policymakers are often forced to choose from among several less-than-ideal options, based on best guesses, gut instinct, or political pressure – rather than based on empirical evidence. We would not expect a business to make strategic decisions based on best guesses; we should not expect governments deciding important matters of public policy to do so either.

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“When emotions are running high, cool-headed calculations can show what works and what doesn’t.”

One reason for this underdevelopment has been the unusual difficulty in determining causation in a system as large, complex, rapidly changing – and human – as immigration and integration policy. It is often difficult to gather large-scale, high-quality data on a diverse and vulnerable population and then to pair this data rigorously to outcome data. The self-selection of asylum seekers to destination countries, confounding effects of unobservable variables, and difficulty of measuring integration outcomes all hinder a comprehensive assessment of policy.

But this is not to say that immigration scholars are fighting quixotic battles. Methodological obstacles and data limitations can be – and have been – overcome. We are optimistic that we can continue to meet many of these challenges through new experimental methods and increased access to data, in partnership with policymakers, nonprofits and governments.

The Immigration Policy Lab, with branches at ETH Zurich and Stanford University, is working on a comprehensive research program to provide much-needed empirical evidence regarding the most pressing questions and dilemmas of immigration and integration policy. In so doing, we hope to provide policymakers with the tools to create wise public policies that benefit both host communities and refugees. For more information on our work, please see www.immigrationlab.org.

- 1 UNHCR 2014
- 2 A detailed description of the causal identification strategy is found in Hainmueller et al. 2016.
- 3 Hainmueller et al. 2016
- 4 Dancygier and Laitin 2014

References

Hainmueller, Jens, Dominik Hangartner, and Duncan Lawrence. “When Lives Are Put on Hold: Lengthy Asylum Processes Decrease Employment among Refugees.” *Science Advances* 2, no. 8 (2016): e1600432.

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Further Reading

This article is adapted from the following article, with significant abridgements and alterations: Hainmueller et al. 2016.

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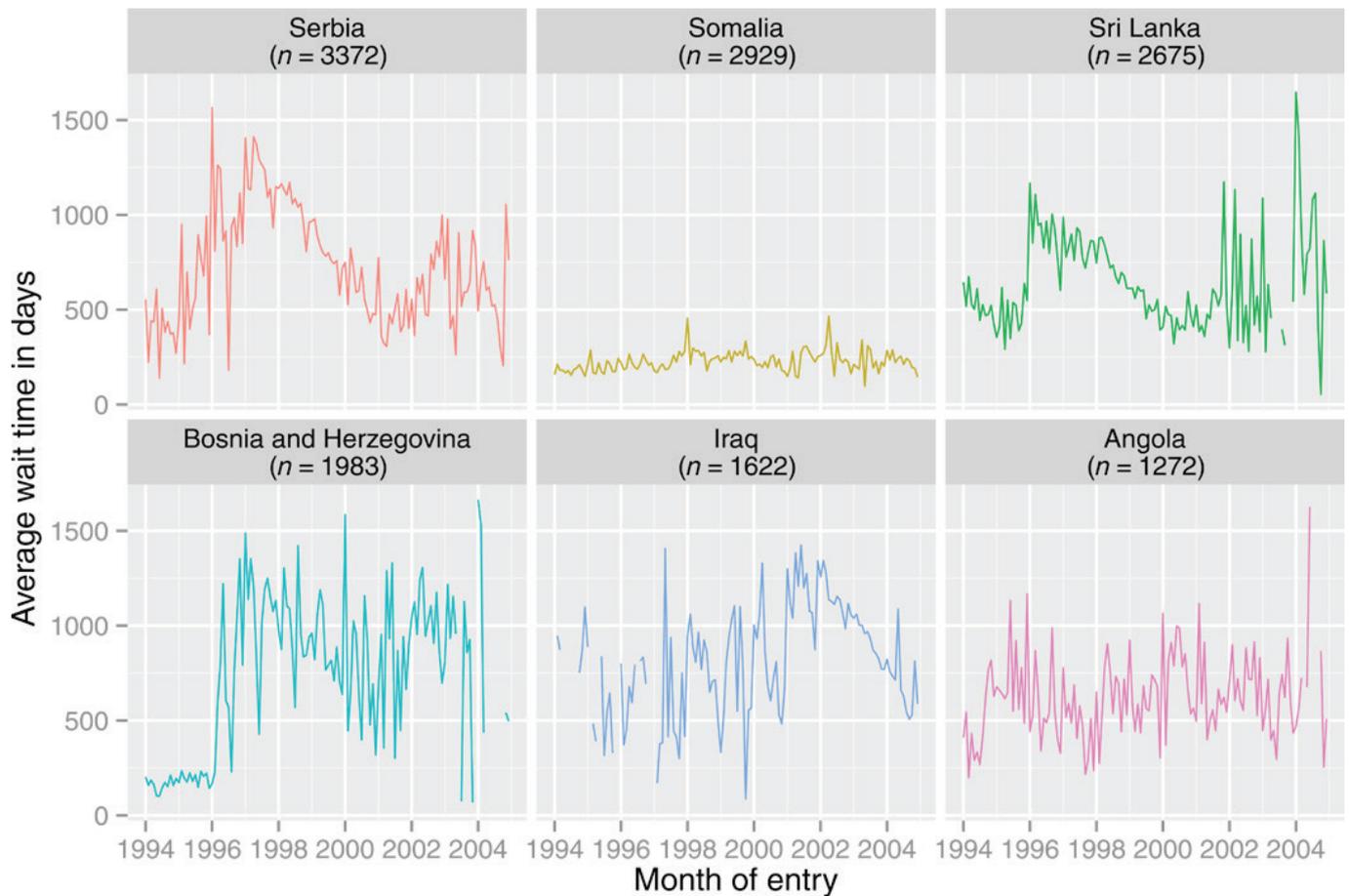
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Appendix

Figure 1: Waiting times for asylum decision by country of origin and month of arrival



The graph shows the average waiting times for the asylum decision in days by month of arrival for refugees from the top six sending countries.

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Appendix

Table 1: Longer asylum wait times lower the probability of subsequent employment for refugees

model:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
outcome:	employed (t)											
sample mean:	21.17		24.38			28.35			31.71			
wait time (years)	-4.87 (1.18)	-3.43 (1.46)	-4.64 (1.27)	-4.79 (1.13)	-3.63 (1.47)	-5.86 (1.73)	-6.14 (1.51)	-5.04 (1.96)	-9.48 (2.48)	-9.84 (2.15)	-7.12 (3.16)	
employed (t-1)			48.27 (1.33)	48.72 (1.54)			45.86 (1.54)	47.39 (1.87)			44.57 (1.95)	45.30 (2.54)
employed (t-2)							11.49 (1.80)	6.81 (2.15)			12.60 (2.23)	8.61 (2.75)
employed (t-3)											2.80 (2.53)	2.24 (3.33)
n	17,360		13,877			9,108			5,437			
employed Δ (%)	-23.01 (5.55)	-16.21 (6.89)	-19.04 (5.19)	-19.67 (4.63)	-14.90 (6.04)	-20.65 (6.10)	-21.65 (5.32)	-17.78 (6.91)	-29.90 (7.83)	-31.04 (6.79)	-22.46 (9.95)	
additional fixed effects:												
origin (# 96)	x		x	x		x	x		x	x		
entry week (# 572)	x		x	x		x	x		x	x		
origin x entry week (# 5,054)		x			x			x			x	

Regression coefficients with robust standard errors in parentheses. Outcome is measured as 100 for employed and 0 for not employed so that effects are in percentage points. All regressions include fixed effects for gender, age, quarter of residency, religion, ethnicity, and canton. Models 1, 3, 4, 6, 7, 9, and 10 also include fixed effects for origin and week of entry. Models 2, 5, 8, and 11 also include fixed effects for each origin \times week of entry combination. Models 1 and 2 refer to all refugees. Models 3 to 5, 6 to 8, and 9 to 11 are restricted to refugees for which 1, 2, or 3 years are observed before the asylum decision, respectively.