

Labor Market Integration, Local Conditions and Inequalities: Evidence from Refugees in Switzerland

Abstract

The paper examines the patterns of economic integration of refugees in Switzerland, a country with a long tradition of hosting refugees, a top-receiving host in Europe, and a prominent example of a multicultural society. It relies on a unique longitudinal dataset consisting of administrative records and social security data for the universe of refugees in Switzerland over 1998–2018. This data is used to reconstruct the individual-level trajectories of refugees and to follow them since arrival over the life-cycle. The empirical analysis exploits the government dispersal policy in place since 1998, which consists of the random allocation of refugees across cantons, to identify the causal effects of the local initial conditions. The study finds that higher unemployment rates at arrival slow down the integration process, whereas the existence of a co-ethnic network does not consistently lead to a faster integration. It is shown that a change toward more restrictive attitudes over time in a canton (relative to attitudes in other cantons) leads to higher employment rates of the successive refugee cohorts. These effects persist over the refugees' life-cycle. Together these results, highlight the importance of taking a longer run perspective when examining the effectiveness of policies, as the effects may vary over time and different complementary interventions may be needed in the short vs. long-run.

This paper is joint work with Tobias Müller (UNIGE) and Pia Pannatier (UNIGE).

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