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Article

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INTEGRATING REFUGEES INTO THE LABOR MARKET – A COMPARISON OF EUROPE AND THE UNITED STATES¹

PANU POUTVAARA² AND DANIELA WECH³



Employment plays a key role in the integration of refugees into their new home country. The United States has proven far more successful at integrating refugees into the labor market than the European Union.

Figure 1 illustrates a comparison between the employment rates of refugees and the total population in the EU and the US.⁴ It shows that the employment rate of refugees in the US is higher than in the EU from the very outset (40% compared to 20%) and that it also converges to that of the total population more quickly (in the US, the difference is less than ten percentage points three years after arrival, whereas in the EU, it is only after eight years that the difference becomes smaller than ten percentage points).

Compared to other immigrants in the European Union, the employment rate of refugees is significantly lower during the first five years after arrival (see Figure 2). The different immigrant categories considered are “international protection” (those immigrants who applied for asylum), “family” (those who came to reunite with family) and “work or study”.⁵ In the first three years after arrival, the employment rate of immigrants that came to seek international protection was around 20%. After a stay of six years, it increased

to over 50%. The labor market integration of refugees is influenced by a number of regulations, which will be dealt with in this article. The employment rate of family immigrants increased from around 40% in the first year after arrival to over 50% in year four. The employment rate of the native-born population in 2008 was almost 66%. Immigrants who came as asylum seekers did not reach this level of employment until a stay of 11 to 14 years (then their employment rate even exceeded that of the native-born population), while for family migrants it took 15 to 19 years to reach an employment rate of 66%. The employment rate of immigrants who came to the EU to work or study was slightly higher than the rate of natives in the first year after arrival; and it was significantly above that of the native-born population at around 80% in the following years.⁶

In this article, we shed light on various factors that may explain differences in labor market integration of refugees between European countries and the United States. Firstly, we document how the size and composition of refugee flows differs between various European countries and the United States. There is a dramatic difference in that most refugees come to Europe as asylum applicants, while in the United States, most humanitarian migrants are outside the US when selected as refugees (people who are physically present in the US at the time of application are referred to as asylees). To be considered as a refugee in the US, it is necessary to receive a referral from the United States Refugee Admissions Program. Then the person is interviewed abroad by an officer from the US Citizenship and Immigration Service who determines whether they are eligible for refugee resettlement (US Citizenship and Immigration Services 2016b). There are also major differences in the distribution of countries of origin. In this article, we also present a more detailed picture of the labor market participation of refugees in selected EU countries and the United States. Finally, we take a look at institutional differences in terms of labor market access for asylum applicants.

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⁴ For the US, data for refugees is only available for the first five years since arrival.

⁵ It should be noted that the numbers for immigrants are not fully comparable to the number for the native population, since the age group considered is different: in EU-LSF (2008), all persons aged 15–74 years are considered, versus 15–64 years for the native population.

⁶ A study for Germany suggests that the wage gap between immigrants and natives is higher for low-skilled immigrants with poor German language skills (Beyer 2016). As these characteristics often apply to refugees, they are probably not only doing worse than other groups of immigrants in terms of employment rates, but also in terms of wage earnings.

Figure 1

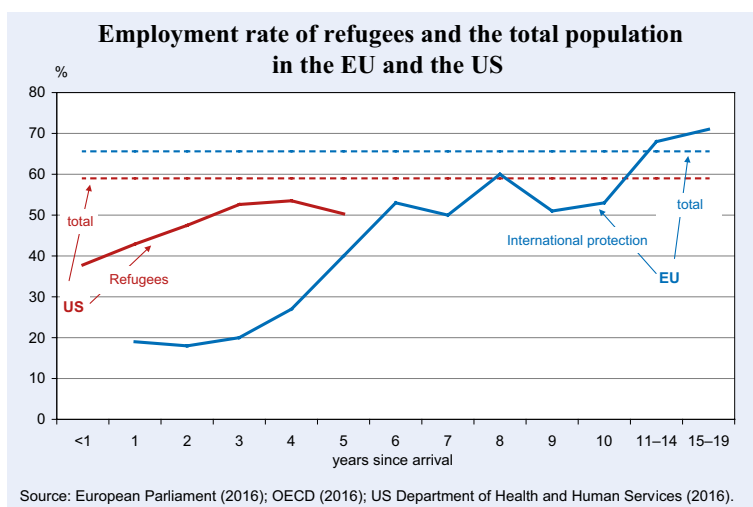


Figure 2

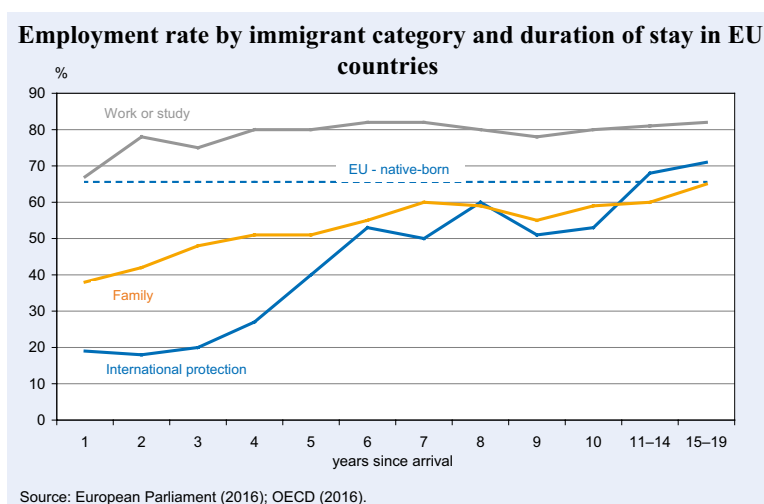
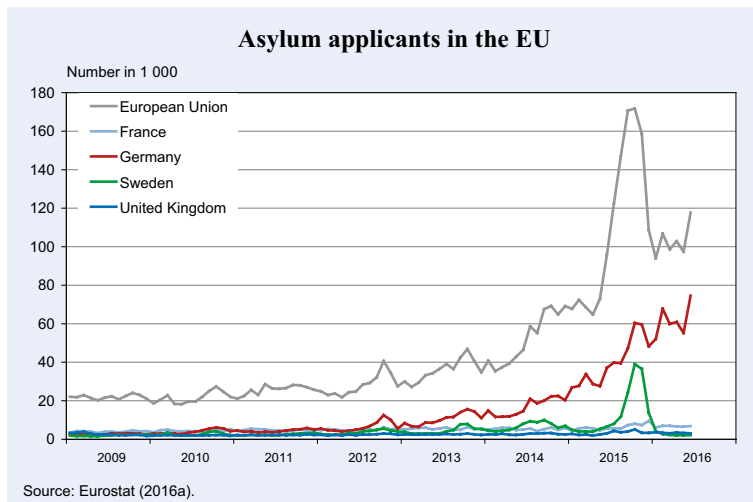


Figure 3



Asylum applications

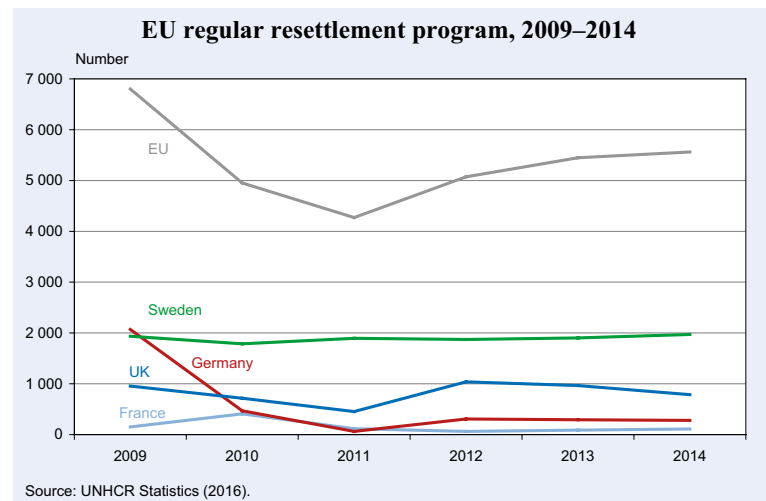
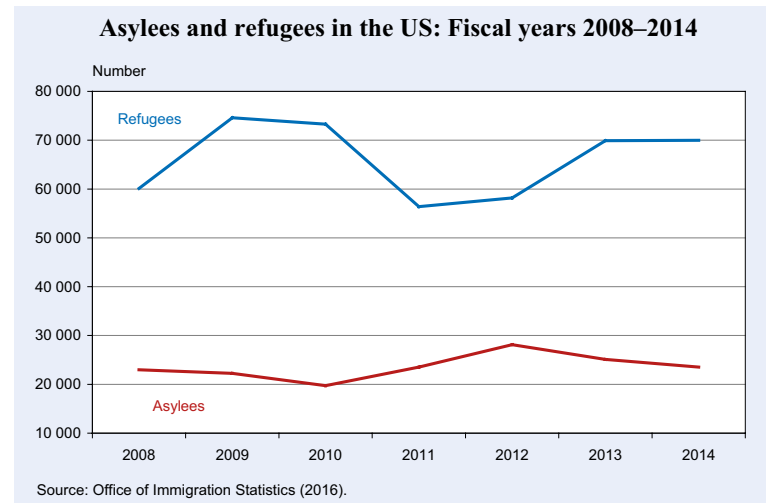
Since August 2015, the refugee crisis in the EU has received a great deal of public attention. The number of refugees that applied for asylum in the EU has soared, particularly due to the civil war in Syria. Figure 3 illustrates the development in the number of asylum applicants in the EU in recent years. The monthly number of asylum applications in the EU more than doubled between May and October 2015. It then decreased to around 100,000 applications per month at the beginning of 2016 due to the Turkey deal. Most asylum applications were submitted in Germany and Sweden. In the 4th quarter of 2015, almost 170,000 people applied for asylum in Germany (which corresponds to a share of almost 40% in the EU) and almost 90,000 people applied in Sweden (corresponding to a share of 20% of all applications in the EU). It is also interesting to note that the number of applications already started to increase substantially at the end of 2012 in the EU and Germany, long before the topic became the focus of policymakers and the media.

When comparing asylum applications between the EU and the United States, it is important to note that the terms “asylum applicants” and “refugees” are used differently in the EU and the US. In the EU, an asylum applicant is defined as a person having submitted an application for international protection (Eurostat 2016b). However, in the US, two different terms are used for individuals applying for protection: refugees and asylees. The former refers to individuals who are outside of the US at the time of sub-

mitting their application, whereas the latter refers to individuals who are physically present in the US or at a US port of entry when applying for asylum (MPI 2015). At the beginning of each fiscal year, the US government establishes a refugee admission ceiling, which determines the maximum number of refugees that are granted protection during the following 12 months (the fiscal year starts on the 1st October). The ceiling was established at 80,000 during the period from 2008 to 2011, and reduced to 76,000 in 2012. Although the ceiling was further reduced to 70,000 from 2013 to 2015, it was increased to 85,000 in 2016. The Obama administration decided to increase the refugee admission ceiling to 110,000 in 2017 (The White House 2016). The ceiling is broken down into regional caps; the largest contingent is currently allocated to refugees from the Middle East and South Asia. The ceiling for 2016 also includes 10,000 refugees from Syria. As far as asylum applications are concerned, there is no ceiling. There are two ways of applying for asylum in the US: the affirmative process and the defensive process (American Immigration Council 2016). Individuals who are not in removal proceedings can affirmatively apply for asylum. If they are not granted asylum, they are referred to removal proceedings, where they can defensively apply for asylum with an immigration judge. Individuals who are granted asylum are officially referred to as asylees in the US. The legal status of refugees and asylees is the same. Individuals arriving under a regular resettlement program in the EU correspond to refugees in the US.

Figure 4 shows that far more immigrants came to the US as refugees than to the EU through a resettlement program. From 2008 to 2012, the number of refugees was clearly below the admission ceiling of 80,000 (Figure 4a) each year. However, in 2013 and 2014, it was practically as high as the refugee admission ceiling of 70,000 (69,909 and 69,975 respectively). The number of indi-

Figures 4a, 4b



viduals who were granted asylum during the years from 2008 to 2014 was significantly lower than the number of admitted refugees. More individuals were granted asylum affirmatively than defensively (Office of Immigration Statistics 2016). In the EU, the magnitude of immigrants arriving under a resettlement program was considerably lower (around 4,000 to 7,000 per year) (Figure 4b). There were significant differences across countries: Sweden accommodated around 2,000 people per year, whereas only around 300 people arrived in Germany in recent years. When comparing the number of asylum applicants across countries, it is useful to take the population size of a country into account. Figure 5 depicts the total number of asylum applicants, as well as the number of asylum applicants per 1,000 inhabitants for the countries considered in Figures 3 and 4. The period of reference is not comparable between the EU countries and the US – the fiscal year 2014 is the

most recent year for which data is available for the US, monthly data for all EU countries is available until June 2016.

A comparison between Figures 5a and 5b shows that, relative to its population size, Sweden received by far the most applications in 2013, 2014 and 2015 (around six, eight and 16 applicants per 1,000 inhabitants respectively). Germany received around two applicants per 1,000 inhabitants per year in 2013 and 2014 and seven applicants in 2015. On EU average, the number of applications per 1,000 inhabitants was significantly lower: around one per year in 2013 and 2014, and less than three in 2015. The numbers were below EU average in the UK in all years considered. As far as the United States is concerned, the number of refugees per 1,000 inhabitants was extremely small (around 0.2 in fiscal years 2013 and 2014).⁷

Figure 6 illustrates the main countries of origin of asylum applicants in the EU, as well as those of refugees

and individuals granted asylum in the US.⁸ In 2014, Syrian asylum applicants accounted for 20% in the EU; 7% of applicants came from Afghanistan and 6% from Kosovo. The two main countries of origin remained the same in 2015: 29% of asylum applicants came from Syria, followed by applicants from Afghanistan and Iraq (14% and 10% respectively).⁹ The top three countries of nationality of refugees in the US were Iraq (28%), Burma (21%) and Somalia (13%). One third of asylum grants were given to applicants from China, followed by Egyptians (12%) and Syrians (4%). Hence, it becomes obvious that the main countries of origin of asylum seekers differ significantly between the EU and the US.

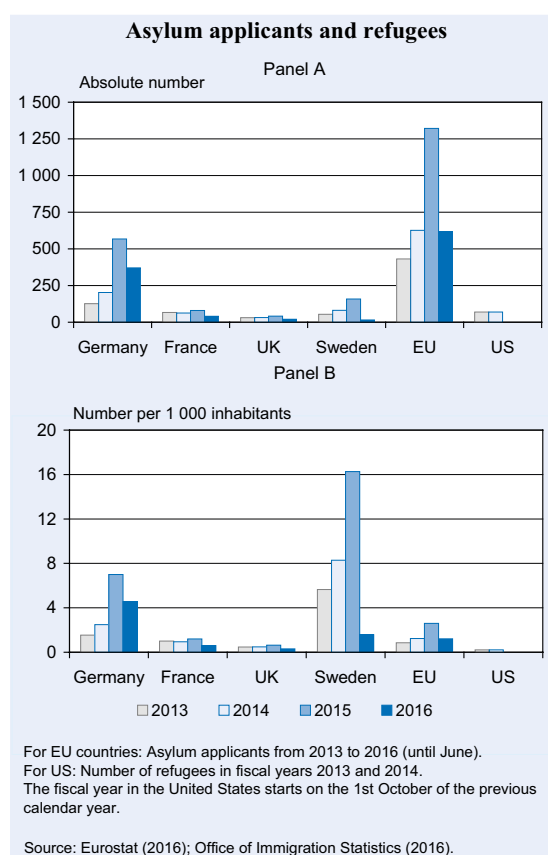
Labor market integration

An important challenge is the integration of refugees into the labor market. A successful integration into the labor market also helps with general integration into society, and also has positive effects on host countries' economies.

Table 1 shows the employment rates of refugees for different EU countries.¹⁰ The period of reference is different across countries. For comparative purposes, the employment rate of natives in the respective country is also shown.¹¹ In Germany, the employment rate of refugees was 19% in the first year and 27% in the second year after arrival. After ten years, their employment rate reached 62%, but it remained below the employment rate of native-born individuals (75%). For Sweden, results are reported separately for men and women. The rate for male refugees increased from 14% in year one to 56% in year ten; while the rate for female refugees rose from 8% to 50%. The employment rate of natives was much higher (79% for men and 78% for women). As far as Denmark is concerned, the employment rate of refugees reached the same level as that of the native population ten years after recognition (75%). For the UK, data is only available for the first two years. Compared to Germany, Sweden and Denmark, the employment rate was significantly higher in the first two years after recognition. However, it was substantially lower than the rate for natives (43/49% compared to 73%). As shown by Table 1, the employment rate of refugees

⁷ The number of asylum grants per 1,000 inhabitants is not shown in Figure 5b, it would be negligibly small.

Figure 5



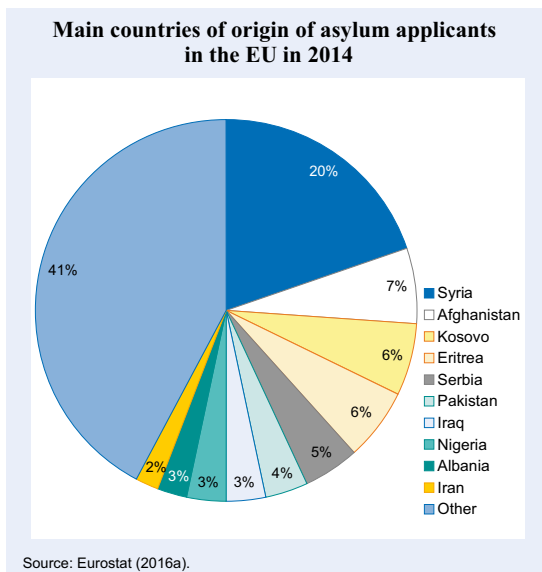
⁸ For the US, the fiscal year 2014 is the most recent year for which data is available.

⁹ See Wech (2016) for an overview of the main countries of origin of asylum applicants in various EU Member States.

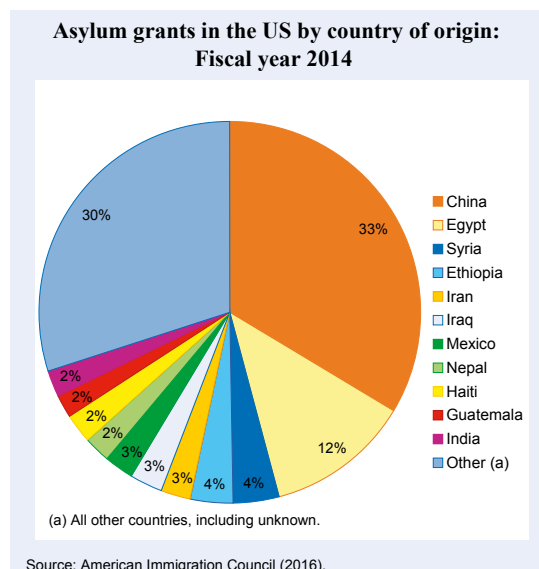
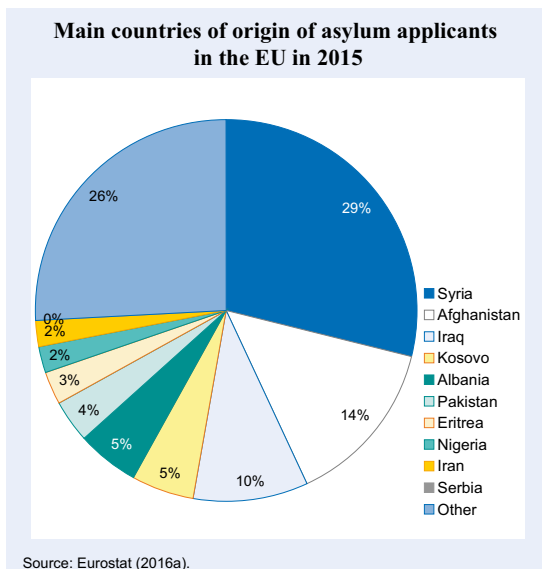
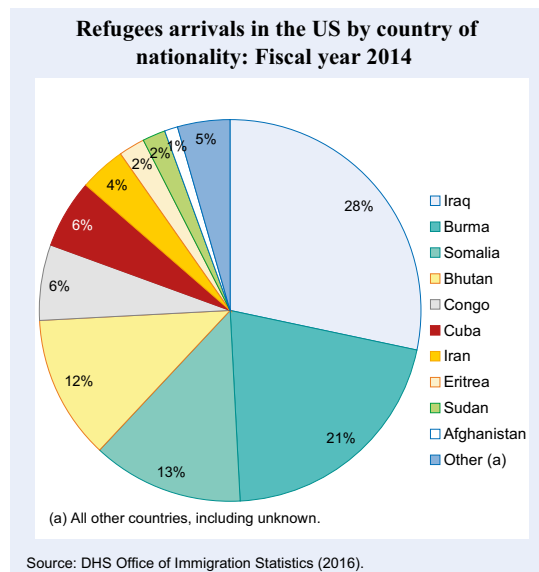
¹⁰ The age category considered varies between countries, for Germany, it is 15–64, for Sweden and Denmark, it is 14–64, and for the UK, results for refugees aged 18 and over are reported.

¹¹ The population of reference is the population aged 15–64. Data is reported for the year 2015 (most recently available).

Figures 6a and 6b



Figures 6c and 6d



in the EU was mostly much lower than that of the native-born population for the first ten years of their stay. Figure 7 illustrates the employment rates of refugees by duration of stay and gender in the US. The information is based on a survey conducted in 2014 (US Department of Health and Human Services 2016).¹² The employment rate of all refugees increased from less than 40% during the first year of stay to over 50% after three years. It remained at this level in years four and five. The employment rate for the total US population was almost 60%.¹³ The employment rates of female refugees are significantly lower than those of male refugees. One explanation is that refugees have more children (especially

¹² Asylees were not asked to take part in the survey.

¹³ The US comparison is drawn from December 2014.

those coming from poor countries), but cultural barriers also discourage female labor force participation. Many refugees have psychological traumas due to war, reducing labor force participation among both genders. While the female labor force participation rate increased from less than 30% in the first year to over 40% after four years, that of men rose from around 50% to over 65% after a stay of three years. It is interesting to note that the employment rate of male refugees was as high as that of native US men two years after arrival. It was even higher than that of native men in year three after arrival. The employment rate of female refugees, however, was considerably lower than that of native women in all years considered. Although conclusions regarding a comparison between the situation in the EU and the US should

Table 1

Employment rates of refugees, years after arrival/recognition in %					
Years after arrival / recognition	Germany	Sweden male	Sweden female	Denmark	UK
1	19	14	8	15	43
2	27	24	14	32	49
5	49	49	32	63	n.a.
10	62	56	50	75	n.a.
Natives 2015	75	79	78	75	73
Note: For Germany and Sweden, years since arrival are considered; and for Denmark and the UK, years since recognition.					
Source: European Parliament (2016); OECD (2016).					

be drawn with caution due to the limited comparability of available data, the information in Figure 7 and Table 1 suggests that the employment rate of refugees in the US is generally higher than that of refugees in the EU, especially in the first years after arrival; and that it also converges more quickly to that of the native population in the US than in the EU. As far as return migration is concerned, survey evidence suggests that the intention to stay is lower among highly-educated migrants in Germany (Brücker et al. 2014) and in the Netherlands (Saint Pierre, Martinovic and Vroome 2015). In Sweden, refugees' probability of return migration is positively correlated with their income level (Klinthäll 2006). This is in line with what economic theory suggests, namely that return migration tends to strengthen the effects of the initial self-selection of migrants (Borjas and Bratsberg 1996).¹⁴

Figure 8 shows employment rates for different immigrant groups in Germany. They were all significantly below the average for the total population. The employment rate for nationals from war and crisis countries was only around 27%; that of the total population was almost 2.4 times as high (64%). The survey conducted in the US in 2014 (US Department of Health and Human Services 2016) also includes information on the employment rates of selected refugee groups by gender (see Figure 9). Both male and female employment rates were highest for refugees from Latin America (around 80% and 69% respectively); they were also considerably higher than those of the US population (around 65% and 54% respectively). The employment rates were lowest for refugees from the Middle East (around 52% for men and 23% for women).

Table 2 gives an overview of the education of different refugee groups in the US. Average years of education and the shares of refugees having obtained a certain education level vary significantly across regions of origin. However, no clear link between employment rates (see Figure 9) and education levels emerges. For example, refugees from Latin America were those with the highest employment rates, and refugees from the Middle East had the lowest employment rates. Table 2 shows that these differences cannot be related to significant differences in education levels (the average years of education were 11.2 years for Latin America and 10.9 years for the Middle East; the share of refugees with no education was 8.3% for both groups, and the percentage of refugees having attended secondary school was 35.0% for Latin America compared to 33.3% for the Middle East).

The IAB-BAMF-SOEP survey is the first study that includes representative information on the education level of those refugees that came to Germany in recent years (Brücker et al. 2016). 2349 refugees aged 18 years and above who came to Germany between the 1st of January 2013 and the 31st of January 2016 were interviewed during the time period from June to October 2016. Table 3 provides information on their school education. It shows that 37% attended a secondary school and 32% also obtained a respective degree. The duration of their school attendance was 12 years on average. By contrast, only 10% attended a primary school (average duration six years) and 9% did not attend any school at all. Hence, the qualification level of refugees is strongly polarized: on the one hand, there is a large percentage of refugees who have attended a secondary school, but on the other hand, there is also a large share of refugees who have only attended a primary school or no school at all. Overall, 55% of refugees aged 18 years or above have attended a school for at least ten years; this corresponds to European minimum standards (Brücker et al. 2016). As far as the qualification level is concerned, dif-

¹⁴ As far as initial selection is concerned outside the refugee context, Borjas (1987) shows that migrants from relatively egalitarian countries tend to come from the upper end of the skill distribution, and from relatively inegalitarian countries from the lower end; Borjas, Kauppinen and Poutvaara (2015) extend the analysis to self-selection in observable and unobservable abilities.

Figure 7

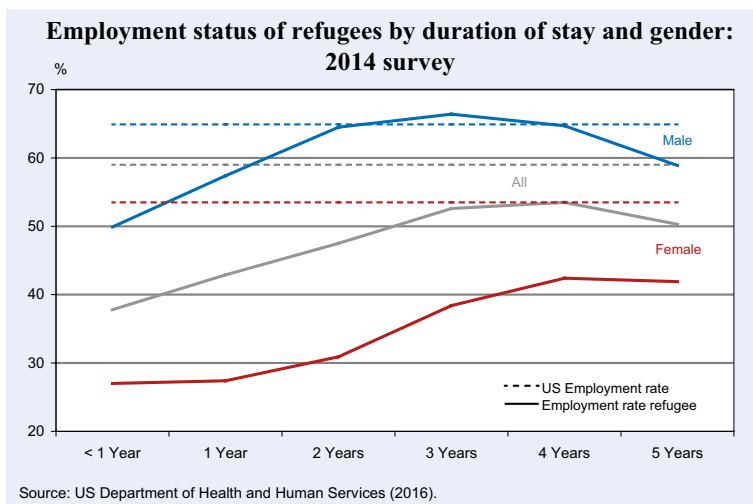


Figure 8

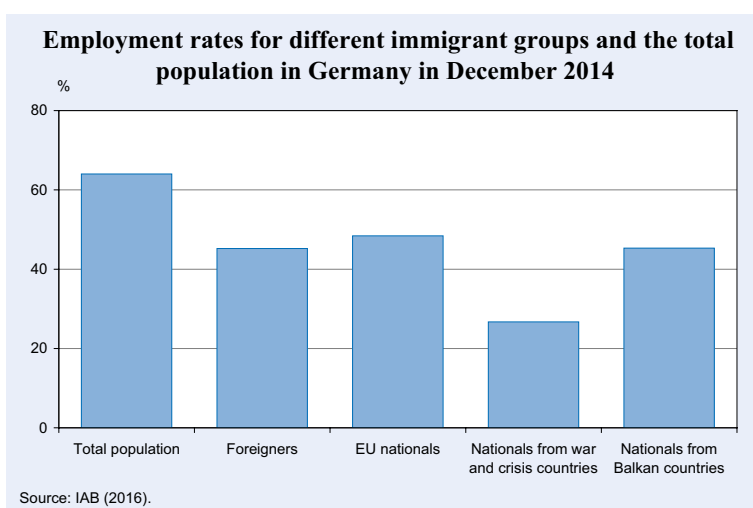
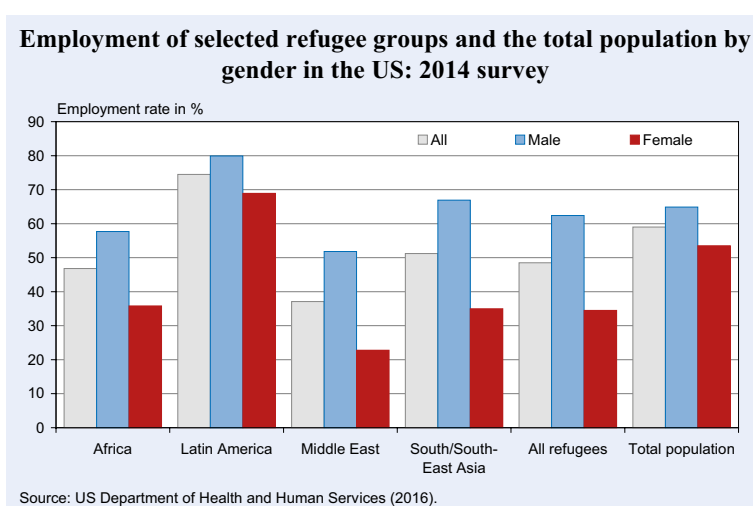


Figure 9



ferences are discernible regarding countries of origin. In general, the qualification level is lower among refugees from countries that have already been affected by war or civil war for a longer time than among those coming from countries in which access to educational institutions was guaranteed at least until the more recent past. The share of refugees from Syria with a secondary school degree is 40%, and therefore much higher than that of Afghan refugees (17%) (Brücker, Rother and Schupp (eds.) 2016).

Table 4 shows data on vocational and university education. 19% attended a university or a college, 13% also obtained a respective degree. Only 9% did vocational or company training and 6% obtained a degree, while a substantial share did not do any training at all (69%). On average, university/college graduates invested five years in their education and those who have completed a vocational/company training invested three years in their training. However, two thirds of survey respondents stated that they would still like to acquire educational or vocational degrees in Germany. 23% aim to acquire a university degree.

The IAB-BAMF-SOEP-survey also provides insights into the language proficiencies of refugees. 90% of refugees did not have any German language knowledge when they came to Germany. Based on their own judgment, 30% were able to read and speak English well or very well at their point of arrival in Germany. German language knowledge improved with increasing duration of their stay in Germany: 18% of refugees who have been in Germany for less than two years

Table 2

Education of selected refugee groups in the US					
	Africa	Latin America	Middle East	South/ South-East Asia	All refugees
Average years of education before US entry	6.9	11.2	10.9	6.3	8.4
None	38.6	8.3	8.3	36.6	25.1
Primary school	27.3	23.2	24.2	25.1	24.7
Training in refugee camp	0.2	2.1	0.3	0.2	0.4
Technical school	3.4	9.7	9.3	0.5	4.5
Secondary school (or high school diploma)	23.1	35.0	33.3	30.6	31.2
University degree	3.9	13.9	19.6	2.8	9.3
Medical degree		2.5	1.1		0.6
Other		0.2	0.6	0.2	0.3

Source: US Department of Health and Human Services (2016).

Table 3

School attendance, school degrees and years of school attendance by type of school				
	Share of those aged 18 and over in %		Average years of school attendance	
Type of school	School attendance	School degree	All school attendants	With degree
Still in school*	1		6	
Primary school	10		6	
Intermediate school	31	22	9	10
Secondary school	37	32	12	12
Other school	5	3	10	11
No school	9			
No information	7		10	
Total	100	58	10	11

* „Still in school“ refers to people who attend a school in Germany, but who did not attend a school in their country of origin or did not provide any information on that.
 „School attendance“ was adjusted to „school attendance with degree“, if the school corresponding to the obtained degree was at a higher level than the type of school the respondent stated to have visited.

Source: Brücker et al. (2016).

judged their knowledge of the language to be good or very good. The share of those with good or very good German language knowledge amounted to 32% among those who have already been in Germany for more than two years.

Access to welfare benefits and employment

When comparing the labor market situation of asylum applicants, it is interesting to analyze welfare systems and access to employment. Welfare systems set incentives for migrating to certain countries, and they also have an effect on job searching efforts. In the EU, asylum seekers are entitled to social assistance to meet

their basic needs. This assistance usually involves accommodation, food, vouchers, a financial allowance and basic access to healthcare services. However, there are differences across countries regarding the form of assistance for asylum seekers (European Parliament 2015). They receive benefits in cash, benefits in kind, or a combination of both. Recently, there has been a trend towards providing more benefits in kind than in cash in order to prevent setting incentives to apply for asylum in a certain country due to comparatively more generous welfare benefits. In Germany, for example, according to the Asylum Procedure Acceleration Act adopted on 20th October 2015, benefits for asylum seekers are supposed to be provided in kind as far as possible. In Bulgaria, asylum seekers no longer get any financial assistance

Table 4

Vocational and university education: Attendance and degrees

	Share of those aged 18 and over in %		Average years of education	
	Attendance	With degree*	All attendants	People with degree
Company training/ vocational education (earlier) *	9	6	3	3
Company training/ vocational education (currently) **	3		not available	
Universities/colleges	19	13	4	5
No training	69			
No information	1			
Total	100	19	4	4

* only attendance/degree abroad. ** attendance/degree in Germany.

Source: Brücker et al. (2016).

as of 1st February 2015, if food is provided in reception centers three times a day. In contrast to the EU, asylum seekers are not eligible for social benefits in the US (Legal Information Institute 2016; Human Rights Watch 2013). According to federal law, only individuals who have been granted asylum or refugees who have been admitted to the US are eligible for federal public benefits. As far as state benefits are concerned, much scope is left to individual states regarding the kind of benefits to be provided to asylum seekers. In practice, some states only provide benefits to the elderly and children, for example, but no assistance to other asylum seekers. Refugees and asylum seekers who have been granted the status of asylees are entitled to receive cash and medical assistance, as well as social services including employment services and job and language training (Office of Refugee Resettlement 2016).

In both the EU and the US, asylum seekers have access to the labor market, but usually not immediately after submitting an application (DICE Database 2016; European Parliament 2015). Table 5 gives an overview of labor market access for asylum seekers in various EU countries and the US.¹⁵

In all countries listed, asylum seekers principally have access to the labor market; there are, however, restrictions in some countries. In the Netherlands, for example, asylum seekers are only allowed to work for 24 weeks per year, and in Sweden, they are required to have valid identification to gain a work permission. However, labor market access is subject to a waiting period in all countries except for Greece, Sweden and Norway. The length of the waiting period varies between one month in Portugal and 12 months in the United Kingdom. The

period has recently been shortened in a number of EU countries, for example in Germany, Italy and Bulgaria (European Parliament 2015). In the United States, the waiting period is 180 days. After 150 days, asylum seekers are allowed to apply for employment authorization (US Citizenship and Immigration Services 2016a). Individuals who are admitted to enter the US as refugees are allowed to work immediately upon arrival (US Citizenship and Immigration Services 2016b). In some EU countries, labor market access is subject to a labor market test. In Germany, the priority review, in which it is examined whether the job could be occupied by a German or other EU citizen, has recently been abolished in many regions (Bundesministerium für Arbeit und Soziales 2016). It is also not necessary for highly-skilled jobs and shortage occupations, and it is no longer required as soon as 15 months have passed since the asylum seeker obtained a residence permit. In most EU countries, labor market access is not restricted to specific sectors. In the US, there is neither a labor market test nor a restriction to sectors. Finally, it should be mentioned that although asylum seekers have access to the labor market after a certain waiting period, they face a number of obstacles in practice, for example, a lack of language skills and bureaucratic barriers (European Parliament 2015).

High unemployment rates among refugees are also a significant fiscal burden to natives. Battisti et al. (2014) study the effects of immigration on native welfare in a general equilibrium model with two skill types (high- and low-skilled), search frictions, wage bargaining, and a welfare state that redistributes through unemployment benefits, other transfers and publicly-provided goods and services. Their quantitative analysis suggests that immigration attenuates the effects of search frictions in all 20 OECD countries into which the model is cali-

¹⁵ See Born and Schwefer (2016) for an overview of further integration support institutions for asylum seekers in several OECD countries.

Table 5

Labor market access for asylum seekers in selected OECD countries, 2015

	Labor market access	Labor market access is subject to ...		
		Waiting period from filing asylum claim	Labor market test	Restriction to sectors
Austria	Yes	Yes (3 months)	Yes	Yes (tourism and agriculture and apprenticeships in shortage occupations).
Belgium	Yes	Yes (4 months)	No	No
Czech Republic	Yes	Yes (6 months)	No	No
Denmark	Yes	Yes (6 months)	No	No
Estonia	Yes	Yes (6 months)	No	No
Finland	Yes	Yes (3 months with a valid ID, 6 otherwise).	No	No
France	Yes	Yes (9 months)	No	No (except public sector and some legal professions).
Germany	Yes (except for certain origin countries).	Yes (3 months)	Yes, in certain regions ¹⁾ (waived after 15 months and for highly skilled jobs and shortage occupations).	No
Greece	Yes	No (conditional on delivery of temporary work permit).	Yes	No
Hungary	Yes	Yes (9 months)	Yes	No
Italy	Yes	Yes (2 months)	No	No
Luxembourg	Yes	Yes (9 months)	Yes	No
Netherlands	Yes (24 out of 52 weeks).	Yes (6 months)	No	No
Poland	Yes	Yes (6 months)	No	No
Portugal	Yes	Yes (1 month)	No	No
Slovenia	Yes	Yes (9 months)	No	No
Spain	Yes	Yes (6 months)	No	No
Sweden	Yes (only for asylum seekers with valid IDs).	No	No	No
United Kingdom	Yes	Yes (12 months)	Yes	Yes (only permitted for occupations in the shortage occupations list).
Norway	Yes (but several formal requirements).	No (but asylum interview is a pre-requisite).	No	No
Switzerland	Yes (regional discretion).	Yes (3 months)	Yes	No
United States	Yes	Yes (5.9 months)	No	No

Source: DICE Database (2016), ¹⁾Bundesministerium für Arbeit und Soziales (2016).

brated, and that the welfare gains of immigration tend to outweigh the welfare costs of redistribution. It should be noted that these results are for all immigrants together. Battisti et al. (2014) also calculate how different factors affect the welfare effects of immigration, and conclude that a higher unemployment rate among low-skilled immigrants in particular tends to decrease the potential gains. They also document substantial gaps in unemployment rates between immigrants and natives. The unemployment rate of low-skilled immigrants is higher than that of low-skilled natives in all other countries apart from the US, in which the unemployment rate is marginally higher among immigrants.

Concluding remarks

There are major differences between Europe and the United States in the size and composition of refugee flows, and in how well or badly refugees are integrated into the labor market. Firstly, the EU receives far more asylum applications than the US, while the US takes many more refugees through a planned resettlement program, in which the applicants are outside the US at the time of submitting their application, than the EU takes in through its regular resettlement programs. Overall, the number of refugees arriving in the EU is much larger. Secondly, there are major differences in the composition of refugee flows. In 2015, over half of asylum applicants in the EU came from Syria, Afghanistan or Iraq; in 2014, one third of applicants came from Syria, Afghanistan and Kosovo. For the US, the largest groups of refugees admitted through resettlement programs in the fiscal year 2014 were the Iraqis and the Burmese, accounting together for almost half of the total number, followed by the Somalis and the Bhutanese. A third of asylum permits were granted to the Chinese. Thirdly, there are major differences in the employment performance of refugees. Integration into the labor market is much faster in the US than in the EU.

Improving the labor market integration of refugees is a major challenge for EU countries. In addition to having negative consequences on the host country's economy (refugees who are not integrated into the labor market usually depend on welfare payments), failure in labor market integration risks causing social isolation and radicalization. Europe has suffered in recent years from several terrorist attacks, in which the perpetrators were born in Europe, but failed to integrate into the society and later radicalized. One reason for the more successful integration in the US is that the US has always

been an immigration country, and there are many more low-paying entry-level jobs available, including for those with rather limited skills. In the EU, immigration is a more recent phenomenon, and expectations concerning language skills are also simultaneously higher and more difficult to meet, with the exception of the UK and Ireland, and of France and Belgium for immigrants from French-speaking countries. Furthermore, more generous European welfare states that also influence the choice of the destination country to some degree are not pushing refugees to work to earn their own living to the same extent as the US. In addition to that, refugees who enter the labor market face higher taxes and other deductions in Europe, reducing incentives to take up employment. Therefore, it hardly pays off to take a low-skilled and/or part-time job, since asylum seekers would not have a higher level of available income compared to social welfare. It is of the utmost importance that European countries promote labor market integration of refugees. This calls for improving language skills and training, as well as promoting employment not only for those with more limited language skills, but also for those with lower wages and wage subsidies. Furthermore, in Germany, some institutional regulations could be changed to facilitate labor market access for refugees. As mentioned in the section above, the priority rule has recently been abolished in many regions, but not in all parts of Germany. This bureaucratic burden could also be abolished in the rest of Germany. Moreover, according to the residency requirement, refugees are obliged to stay in the municipality they have been allocated to for three years, which also complicates the search for employment. A prohibition of self-employment and restrictions on working for temporary employment agencies also represent obstacles to successful labor market integration. Hence, a comparison between the US and Europe shows that there is considerable scope for facilitating labor market access for refugees in European countries.

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