

UCL Press Release

Strictly embargoed until Friday 22 March 2019, 04.00 UK / GMT, 05:00 CET, 01:00 EST

Cutting refugees' benefits results in more crime and less education

Reducing welfare benefits for refugees and immigrants is largely ineffective for increasing employment and promoting integration, and instead leads to poverty, 'survival crime' and less schooling, according to a new study from UCL and the Rockwool Foundation.

The study, published today as *CReAM Discussion Paper No. 05/19*, reveals that when welfare is significantly reduced, crime convictions of theft and shoplifting among refugees and immigrants increase and children receive less education and perform worse in language tests.

The research is based on data from a welfare reform in Denmark, known as 'Start Aid', which reduced the amount received by newly arrived refugees and immigrants by 30-50%*. The researchers then compared this with data for refugees that arrived to Denmark prior to the reform, when families were entitled to normal welfare benefits.

Professor Christian Dustmann (UCL Economics and director of the Centre for Research and Analysis of Migration, CReAM), said: "The welfare reform in Denmark shares many features with policies that are either being implemented or discussed in other OECD countries including Austria, Canada, France, Germany, and The Netherlands. Our study shows that as few enter employment, even after reducing welfare dramatically, refugees affected by the reform both commit more crime than refugees prior to the reform and their children's educational attainment is reduced."

While refugees entered employment more quickly in the first two years of residency due to lower welfare (22% had employment after 1-2 years in Denmark representing a 60% increase), this effect was rather short-lived, and long run employment rates remained well below 50% irrespective of the reform.

It was predominantly males working in unskilled manual labour who found employment faster, increasing the family's labour earnings. However, the increased earnings were offset against the benefits paid to their wives. Thus, as many women lost the right to any transfer income due to means-testing, they thereby also lost the financial incentive to participate in integration courses and instead withdrew completely from the labour force.

Professor Dustmann explains: "For every man that entered employment faster due to the reform, a woman exited integration courses and the labour force.

"And because most of the newly arrived refugees were without employment – even when taking the short-run positive employment effects into account - refugees went from being a low-income group to being among the very poorest people in the country. Over half of refugees saw a permanent income reduction of around 40%, which affected the criminality of young people and adults and children's education attainment."

After four years of residency, limiting access to welfare led to a significant increase in criminality by 110% for adult men (0.1 crime convictions per person prior to the reform to 0.21 post-reform) and 60% for adult women (0.06 to 0.1); an effect driven solely by increased theft and shoplifting. Similarly, the criminality among teenagers increased by more than 60% (0.41 to 0.68).

The study also reveals that fewer children of families affected by the reform enrol in nursery care and preschool (only 40% of families on Start Aid enrolled compared to 56% of families before the reform).

In addition, children of families affected by the Start Aid reform are three times more likely to perform poorly in language tests and complete six months less education than children of the same age prior to the reform.

Professor Dustmann concludes: “There is a common perception that curbing welfare for refugees will motivate them to find work and promote their integration. Our study does show that there are indeed employment effects, but that the policy has also had negative social and financial consequences that policymakers ought to consider.”

Notes to editor

For more information or to speak to the researchers involved, please contact:

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L. Andersen, C. Dustmann and R. Landersø (2019): Lowering Welfare Benefits: Intended and Unintended Consequences for Migrants and their Families. CReAM Discussion Paper No. 05/19. Available at http://www.cream-migration.org/public/uploads/CDP_05_19.pdf

* From around €1300-1400 to around €700 -750 a month for families

The calculations are based on data from Statistics Denmark.

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About UCL's Centre for Research and Analysis of Migration (CReAM)

CReAM is an independent and interdisciplinary research centre within UCL Economics. CReAM's research focuses on labour economics and migration. CReAM aims at informing the public debate in the UK and in Europe by providing new insight, helping to steer the current policy debate in a direction that is based on carefully researched evidence without partisan bias. CReAM contributes to the development of new theories and methodological advances in data analysis, ensuring the ability to contribute and inform on a wide range of issues of policy concern, and establishing a reputation for analysis that is accepted as open, transparent and reliable.

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