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# The Economic Outcomes of Government Assisted Refugees, Privately Sponsored Refugees and Asylum Seekers in Canada

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## Abstract:

In Canada, there is a growing debate that revolves around the fiscal burden that immigrants including refugees impose on the government. A number of studies have been carried out to understand the earning patterns of immigrants of different categories in Canada. Although, most studies soundly identify refugees as one of the lowest earners, they do not explain the earning patterns based on refugee categories. From a policy development perspective, value can be added to examine the earnings by categories of refugees. This paper fills this gap by carrying out an income analysis of three categories of refugees. The three categories of refugees being: Government Assisted Refugees (GARs); Privately Sponsored Refugees (PSRs); and Landed in Canada asylum seekers (LCRs). Descriptive analysis is carried out from a table that is derived from the Canadian Immigration Database (IMDB). This study looks at refugees that landed in the year 1991, assessing median income starting 1992. Given that the data is available until the year 2009, the total number of years analysed is 18. The major findings are as follows: among the three categories of refugees, both male and female PSRs did much better than LCRs and GARs. On the other hand LCRs did as well as GARs, although LCRs received far less support from the government than GARs. Higher educated refugees had superior income than uneducated refugees although they started out in the same income bracket. Although all the refugees were negatively affected during a time of economic slowdown, uneducated male GARs and female GARs and LCRs were most severely impacted.

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Abbreviation:

CIC: Citizenship and Immigration Canada

ENS: Employer Nomination Scheme/ Prearranged employment

GARs: Government assisted refugees

IFHP: Interim Federal Health Program

IRB: Immigration and Refugee Board

IRPA: Immigration and Refugee Protection Act

ISAP: Immigrant Settlement and Adaptation Program

LCIS: Longitudinal Survey of Immigrants to Canada

LCRs: Landed in Canada asylum seekers / Living in Canada Refugees

LFS: Labour Force Survey

LSIA: Longitudinal Survey of Immigrants to Australia

OECD: Organization of Economic Co-operation and Development

PSRs: Privately Sponsored Refugees

RAP: Resettlement Assistance Program

STATIV: Longitudinal Data Base for Integration Studies (Sweden)

UNCRSR: United Nations Convention Relating to the Status of Refugees

UNHCR: United Nations High Commissioner for Refugees

## Introduction:

Refugees are individuals who have fled their country of origin fearing prosecution due to their “race, religion, nationality, membership in a particular social group or political opinion” as defined under Canada’s Immigration and Refugee Protection Act (IRPA) (Becklumb 2007).

These are vulnerable individuals seeking a safe place to live. Currently, there are 15.4 million refugees around the world (Presse & Thomson 2008). The Organization of Economic Co-operation and Development (OECD) countries take in an average of 100,000 refugees per year. However, in recent years, resettlement of refugees has become a much debated political topic in these countries (Hatton 2011) and as such, these countries have adapted restrictive immigration and integration policies (Akkerman 2012). Even though policies have become hostile, the popular opinion have been in favor of refugees (Hatton 2012). The general public is willing to accommodate refugees on humanitarian grounds. Unfortunately in the political arena the term “bogus refugee” has been interchangeably used to mean asylum seekers, which has fueled a new public debate on this topic (Ashutosh & Mountz 2012).

In Canada, part of the debate revolves around the fiscal burden that immigrants impose on the government (Bevelander & Pendakur 2014). A number of studies have been carried out on this topic; there is not a general consensus on the conclusion. Grubel and Grady (2011) concluded that new immigrants create a fiscal burden of \$6051/year per person for the Canadian government. This study was challenged by Javdani and Pendakur (2011) pointing to errors in calculation and data collection. After correction, Javdani and Pendakur (2011) arrived at a much lower value of \$450/year, of fiscal burden. All this to say, the cost of resettling refugee and the burden that they cause to the host country is a much debated topic.

It is important to understand the concept of successful integration prior to denigrating refugees. A successful integration as defined in the literature is considered to be a two-sided process, where work is required by both the immigrants as well as the host country (Yu et al. 2007). A successful integration can be measured through different indicators such as, “labour force participation, income, house ownership, wealth, residential segregation, language skills and use, educational attainment, social networks, cultural consumption patterns, physical and mental health, fertility, marital status, and various attitudes”(Yu et al. 2007). In this paper, the earnings of refugees is used as an indicator of integration into Canadian society.

There are a number of studies have been carried out to understand the earning patterns of immigrants of different categories in Canada and abroad (Cobb-Clark 2004, Bloch 2002, Hatton 2012, Bevelander 2009, DeVoretz et al. 2004 and Aydemir 2011). Abbott & Beach (2011), investigated the importance of admission criteria for the integration of immigrants in Canada. They analysed individual micro tabular data from Statistics Canada’s Longitudinal Immigration Database (IMBD) to understand the advantage that independent economic immigrants had over other economic immigrants, family class immigrants and refugees. They selected three different landing years: 1982, 1988 and 1984 and studied the earnings by broad categories of immigrants for the next decade. By mapping out the median income of different categories of immigrants, they found that both male and female independent economic class had the highest median income (Abbott & Beach 2011, p.13). The lowest earners among females were family class, whereas for males it was refugees. Although, their study soundly identified refugees as one of the lowest earners, they did not explain the earning patterns based on refugee sub-categories. From a policy development perspective, value can be added by examining further the earnings of refugees by their sub-categories. This paper contributes to the literature by filling this gap by

carrying out an income analysis of three categories of refugees. The three categories of refugees are: Government Assisted Refugees (GARs); Privately Sponsored Refugees (PSRs); and Landed in Canada asylum seekers (LCRs). The data set used in this study is a table that is derived from the Canadian Immigration Database (IMDB). Since, LCRs were not recognized in Canada until the year 1989 (Becklumb 2008), this study will look at refugees that landed in the year 1991, assessing median income starting from the year 1992. Given that data is available up until the year 2009, the total number of years analysed will be 18. Using descriptive analysis of the data, the following questions will be addressed:

Question:

- *Is there a difference in income between refugees of different categories?*
- *Does education play a role in the earnings of refugees of different categories?*
- *Does age have an influence on the earnings of refugee of different categories?*
- *Does economic condition of the country have an effect on the earning patterns of the refugees?*

The major findings were as follows: among the three categories of refugees, both male and female PSRs did much better than LCRs and GARs. On the other hand LCRs did as well as GARs, although LCRs received far less support from the government than GARs. Higher educated refugees had superior income than uneducated refugees although they started out in the same income bracket. Although all the refugees were negatively affected during a time of economic slowdown, uneducated male GARs and female GARs and LCRs were most severely impacted.

This paper is divided into six sections. The first section covers the literature review of studies that have identified the earnings of refugees in Canada and abroad. The second section gives a brief history of Canadian refugee policy and a description of the categories of refugees with the types of facilities that they receive. The third section describes the source of data and the analysis method. The fourth section presents the findings along with a discussion on the findings. The fifth section provides implications of the findings and the last section concludes with the policy implications and recommendations.

#### Literature review:

A number of studies have investigated on economic adaption strategies of refugees (Cobb-Clark 2004, Bloch 2002, Bevelander 2009, Bevelander 2011, DeVoretz et al. 2004, Hatton 2012, and Aydemir 2011). Studies that carry out research on refugees, have included them broadly as one of the categories of immigrants (Cobb-Clark (2004), Aydemir 2011). There are only handful of studies that have looked at different categories of refugees (Bloch 2002, Bevelander 2009, Bevelander 2011, DeVoretz et al. 2004, Hiebert 2009, Bevelander and Pendakur 2014, and Yu et al. 2007). In the following section, some of the literature on economic performance of refugees is presented, including those that have looked at different categories of refugees. First, a literature review of studies carried out internationally is presented followed by Canadian investigations, and finally, studies that have looked at different cohorts of refugees in Canada is summarized. In the end, a summary of the general trend in the literature is presented.

Cobb-Clark (2004) investigated the employment rates of immigrants of different categories, 18 months after they landed in Australia in the 90s. The data set used for the study is the Longitudinal Survey of Immigrants to Australia (LSIA). The main objective of the study was to

determine if the selection criteria had an influence on the medium term economic outcomes of different category immigrants. In the 18 months after landing, immigrants in all categories reported employment rates higher than those that entered through Humanitarian visa<sup>1</sup>. It was found that, women with humanitarian visa that landed in Australia between 1993-1995 had 10.3% point less probability of being employed in comparison to other groups (Cobb-Clark 2004, p.14). Men that were admitted to Australia under the prearranged employment (ENS) had 50% point advantage of being employed than men admitted on humanitarian visa (Cobb-Clark 2004, p.14). The situation worsened over time, the gap between the two groups widened to 65.4% point (Cobb-Clark 2004, p.15).

A detailed study of labour market integration of refugees and asylum seekers in UK was carried out by Bloch (2002). Using six focus groups, data from Labour Force Survey (LFS), a survey of 400 refugees living in England, and several interviews, the study investigated the effectiveness of training and employment support for labour market integration of refugees and asylum seekers. The study focused on refugees and asylum seekers that came from Somali regions, Iraq, Kosovo, Sri Lanka and Turkey. She identified the lack of employability of refugee as one of the major factors contributing to their poor performance in the labour market. Some of the employability factors identified by the study were education or recognition of credentials, and language proficiency. Comparing refugee population with the same ethnic immigrant groups living in the country, it was discovered that the employment rates of refugees were less than half relative to their non-refugee counterparts. In other words, the employment rate for refugee was 29% whereas the rate was 60% for the remaining minority (Bloch 2002, p.88).

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<sup>1</sup>In Australia, humanitarian visa is similar to refugee status.

Hatton (2012) provided a historical and political overview of asylum and refugee migration from poor countries to OECD since 1950. The study outlines the factors that compelled asylum seekers and refugees to move to a new country. The study highlights the contradiction between the growing pressures for OECD countries to resettle more refugees and their increasingly restrictive asylum policies. Through a brief analysis of the current literature, the study also concludes that refugees and asylum seekers perform the worst in the labour market among all the landed immigrants.

Bevelander (2009) carried out a detailed study of refugee integration in Sweden. The study used the STATIV, statistical integration database, which contains individual registers held by Statistics Sweden, for the analysis. The refugees were separated into 3 different groups: asylum seekers, resettled refugees<sup>2</sup> and relatives<sup>3</sup>. Concerning the employment rates of these three groups over a period of 20 years, relatives category started off much better than asylum seekers and resettled refugees. In the first few years after landing, male relatives had an employment rate of over 50%, whereas asylum seekers and resettled refugees had employment rate of 35% and just over 20%, respectively (Bevelander 2009, p.73). The employment rate of female was much lower than that of males. Female relatives had an employment rate of 30% while female asylum seekers and resettled refugees had employment rate of 20% and 10%, respectively (Bevelander 2009, p.76). Over a period of 20 years, the gap between the categories becomes virtually nonexistent for both males and females. The study concludes that although refugees make an immense progress, their employment rates are never close to that of natives.

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<sup>2</sup>Resettled refugees consist of all refugees that are resettled by the government. In Canada, of equivalence are the government assisted refugees.

<sup>3</sup> 'Relatives category' consists of family members that are sponsored by asylum seekers and resettled refugees. Another term used for this category is 'family class'.

Another study carried out by Bevelander (2011) assessed the probability of getting employment for three categories of immigrants in Sweden, after controlling for personal, intake characteristic and contextual factors. The three categories of immigrant were: resettled refugees, asylum seekers and family class. The data set, the STATIV, was used for the study. The analysis showed, asylum-seekers had a higher probability of employment followed by family class and then resettled refugees. Resettled refugees did eventually catch up with the others, but it took them a long time. Females in general had a lower employment probability than males. For females, some key characteristics to securing employment were: youth, being single, without children, having higher schooling (Bevelander 2011, p. 36). For males the drivers of employment were: youth, being married, with children and having higher schooling. It was found that means of entry did have an influence on the employment probability of immigrants. For females, asylum seekers and relatives had a higher probability of employment than resettled refugees. While for males, relatives had higher probability of employment than resettled refugees and asylum seekers. Within both males and females, resettled refugees had the least probability of employment (Bevelander 2011, p.39).

On a similar note, Bevelander and Pendakur (2014) compared employment probability and income trajectory of three categories of immigrants in Canada and Sweden. The three categories were: government assisted refugees<sup>4</sup>, asylum refugee and family class. The IMDB and STATIV data set were used for Canada and Sweden, respectively. Immigrants from four different regions: Iran, Iraq, Afghanistan and former Yugoslavia were analysed. It was found that, women that immigrated as family class in Canada had much lower employment rates than those in Sweden (Bevelander and Pendakur 2014, p.700). Among all the different groups across the two countries,

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<sup>4</sup> Sweden does not use the term Government Assisted Refugees, but they do have a similar category which is resettled refugees.

GARs had the lowest employment rates. In terms of earnings, the figures were similar to that of employment probability. For both males and females, GARs earned the least in both Canada and Sweden (Bevelander and Pendakur 2014, p.701). However, income trajectories over 20 years showed that by the end of 20<sup>th</sup> years, government assisted refugees' income increased almost two fold in Canada. Also, in Sweden, male GAR's earned the same level of income as immigrants of other categories by the end of their 20<sup>th</sup> year in the country (Bevelander and Pendakur 2014, p.700, table 2).

Continuing on with Canadian study, Aydemir (2011) used the Longitudinal Survey of Immigrants to Canada (LSIC) to examine short-term labor market participation and earnings by immigrants in the early 2000s. The study was conducted two years after the five different categories of immigrants (family class, skilled-worker class, business class, refugee class, and provincial nominees) had landed in Canada. He found that family class and refugees had similar earnings, but refugees had a much lower market participation rate. However, on a positive note, among all the different immigrant groups, refugees' market participation grew the fastest (Aydemir 2011, p.468).

As mentioned earlier, Abbott et al. (2011) conducted a detailed study of the economic performance of immigrants who landed in Canada in three different years: 1982, 1988 and 1994. IMDB data was used to study the earning patterns 10 years post landing. As expected, skilled independent economic immigrants were the highest earners, while male refugees were the lowest earners. On a positive note, refugees had the highest earning growth rate during the first 10 years after landing.

In another Canadian study, Wilkinson (2008) studied the labour market experience of Canadian-born, immigrant-born and refugee-born youth by using two datasets: the 1998 Survey on Labour

and Income Dynamics and the 1998 Refugee Resettlement to Alberta Survey. Immigrant youth had the highest employment rate but their unemployment rate was still twice as high as the national average. Refugee-born youths had the highest level of unemployment rate. The study stressed that other immigrants and refugees should be studied separately, although initially they go through similar experiences upon landing in Canada, their performances vary tremendously.

DeVoretz et al. (2004) used the Longitudinal Immigration Data Base (IMDB) to study the economic integration of immigrants of different categories including refugees that landed in Canada in three different years: 1980, 1985 and 1990. According to their study, refugees had the same level of income as the family class, seven year after landing. The incomes of both classes were \$20,000 less than that of skilled worker class for those cohort of immigrants that landed in 1980 (DeVoretz et al. 2004, p. 17). Refugees and family class had similar earnings in their peak earning age of 35-64 (DeVoretz et al. 2004, p.19). On average, only 52% of refugees between the ages of 20-64 had been employed after 7 years in Canada (DeVoretz et al. 2004, p. 29). On a positive note, the average earnings of refugees that landed in 1980 doubled from \$15,000 to \$30,000 after 17 years in the country (DeVoretz et al. 2004, p.17).

DeVoretz et al. (2004) also analysed the earnings of three different categories of refugees to examine if entry class had an effect on the economic outcomes of these refugees. They did find that entry class mattered when it came to economic integration of refugees. Those that came in as PSRs, had higher earning than GARs and LCRs (DeVoretz et al. 2004, p. 14).

Hiebert (2009) analysed IMDB data to understand the participation of immigrants in the metropolitan Vancouver labour market. Refugees had the lowest labour market participation rates among the different immigration groups. Although refugees were divided into different categories, GARs and PSRs were placed in one group and LCRs as another. The analysis

demonstrated that GAR combined with PSR had higher income than in-Canada asylum seekers. Although refugees were the only group to use social assistance, the use of social assistance was minimal (Hiebert 2009, p. 84).

Yu et al. (2007) provide an overview of integration of refugees in Canada by carrying out a literature review as well as interview with immigrants using Longitudinal Survey of Immigrants to Canada (LCIS). Immigrants who landed in Canada between October 2000 and September 2001 were interviewed at six months, two years, and four years. Their finding highlights the fact that refugees' economic outcome is lower than that of other categories of immigrants. Refugees' employment rates were 20% and 40% at 6 months and 2 years respectively (Yu et al. 2007, p.20). Although, overtime refugees' earnings improved, they still end up earning less than immigrants of other categories. Within the refugee category, in-Canada asylum seekers and PSRs' earnings were much higher than that of GARs (Yu et al. 2007, p.20). However, the earnings gap closed with time. After 5 years in Canada, there was very little difference in the incomes of refugees of different categories (Yu et al. 2007, p. 22).

A review of the literature has shown that refugees have the lowest income, highest rate of unemployment and lowest market participation rate among immigrants of all the different categories (Cobb-Clark 2004, Bloch 2002, Hatton 2012, Bevelander 2009, DeVoretz et al. 2004 and Aydemir 2011). These findings are consistent throughout OECD countries including Canada. Although some authors have identified family class immigrants to be the lowest earners, refugees are still considered to be the most disadvantaged in the labour market (Aydemir 2011). The few investigations into different categories of refugees have identified GARs as the worst performers in the labour market followed by LCRs and PSRs (Bevelander 2009, Bevelander 2011 and DeVoretz et al. 2004). On a positive note, refugees had the fastest growth rate in terms

of market participation; they had the highest earning growth rate during the first 10 years after landing in Canada and in some cases, their earnings doubled after 17 years in the country (Aydemir 2011, DeVoretz et al. 2004, and Abbott et al. 2011).

There is a clear gap in the literature in regards to a direct comparison of the three categories of refugees. In formulating effective refugee policies, a sound comprehension of how these three refugee categories perform in the labour market is imperative. The following section will give a brief history of the Canadian refugee policy and also a brief description of the three different categories of refugees with the types of services that they receive.

#### Brief History of Canadian Refugee Policy:

Canada has a long tradition of welcoming immigrants as well as refugees (CIC 2011b). Canada welcomed approximately 232,809 permanent resident in 1991(CIC 2011b). In 1991, 23.2% of the total immigrant population represented refugees, which is approximately 54,074 refugees. In the past, Canada has worked closely with United Nations High Commissioner for Refugees (UNHCR) to draft the United Nations Convention Relating to the Status of Refugees (UNCRSR) , of which it became a signatory in 1969 (CCR 2014 a). Since becoming the signatory of the convention, Canada has gained the reputation of being a world leader in protecting refugees (CCR 2014 a). In the past, Canada was awarded the Nansen Medal in 1986 by the United Nations for its outstanding humanitarian tradition of settling refugees (CCR 2014).

The 1974 Immigration Act came into force in 1978 and it gave recognition to refugees (Becklumb 2008). The Act highlighted three main goals of immigration policy, one of which was directly related to refugees: “to fulfil Canada’s legal obligation with respect to refugees and uphold its humanitarian traditions” (Green & Green 2004, p. 121). For the first time in Canadian

history, the Act gave recognition to refugees. Since then, Canada committed to accepting a significant number of refugees every year, not just during humanitarian crises. But there were several limitations of the Act such as deprivation of oral hearing to claimants, which were not addressed until the mid-1980s (Becklumb 2008). A major change in the refugee front occurred in 1989 when a bill was passed to create the first Immigration and Refugee Board (IRB). The IRB is a quasi-judicial body that is responsible for immigration and refugee issues. In-Canada asylum seekers (LCRs) were formally recognized in Canada only after the establishment of IRB in 1989.

Further legislation was passed in 2001 to create the Immigration and Refugee Protection Act (IRPA) which made specific changes to Immigration and Refugee Board. Before IRPA, refugees were selected on the basis of their ability to integrate into the Canadian society but after IRPA, refugees were selected based on their need for protection or vulnerability (CIC 2011a). In 2004, a bilateral agreement, the Safe Third Country Agreement, was signed between US and Canada (Ashutosh & Mountz 2012). This agreement ensured that refugees made their claims either in Canada or in US, depending on their first country of arrival.

#### Description of the categories of refugee in Canada:

Under the current structure, Canada's refugee protection program can be divided into two main categories: refugee and humanitarian resettlement program, and in-Canada asylum program. This paper will focus on both the categories. The humanitarian resettlement program targets individuals that are living outside of Canada and the in-Canada asylum program is for individuals who make a claim for asylum in Canada (Becklumb 2008). The refugee and humanitarian resettlement program can be further subdivided into: Government Assisted Refugees (GARs) and Privately Sponsored Refugees (PSRs). The following section will provide a description of the different categories and the types of services that are offered.

Government Assisted Refugees (GARs): These are refugees that are identified by the UNHCR in a refugee camp and referred to Canada (Bechard & Elgersma 2011). Three categories of refugees are identified by UNHCR to come to Canada as Government Assisted Refugees: the convention of refugees' abroad class<sup>5</sup>, the country of asylum class<sup>6</sup> and the Source Country Class<sup>7</sup>.

Throughout the 2000s, 7,000 GARs were admitted into Canada every year.

GARs receive their services through the resettlement assistance program (RAP). There are two parts to RAP. The first part consists of financing service providing organization that give GSRs direct services such as welcoming them, giving them a general orientation to Canada, helping them find housing and schools for children. The second part consists of direct income support. These services are provided for the first 12 months and in some special cases for 24 months (Bechard & Elgersma 2011). Income support is given so that the refugees can concentrate on language training and other training programs that are deemed important for integration. The income support program is further subdivided into two parts: the first part consists of a onetime start-up cheque, and the second part consists of a monthly cheque of about \$656 per person (Bechard & Elgersma 2011, p.3).

Privately Sponsored Refugee (PSRs): The PSR program came into existence with the Immigration Act of 1978 (CIC 2007). Over 195,000 refugees have been settled in Canada through the PSRs program. The annual target is anywhere from 2,800 to 4,000 refugees. Under the

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<sup>5</sup> 'Convention Refugee Abroad class' as defined by Bechard & Elgersma (2011),p.1: "*Members of this class must be in need of resettlement and must meet the definition of Convention refugee: they must be outside their own country and have a well-founded fear of persecution for reasons of race, religion, political opinion, nationality or membership in a particular group.*"

<sup>6</sup> 'The Country of Asylum Class' as defined by Bechard & Elgersma (2011),p.1: "*Members of this class must be in need of resettlement, be outside their own country and must have been, and continue to be, seriously and personally affected by civil war, armed conflict or a massive violation of human rights. In essence, the class addresses people in refugee-like situations who do not qualify as Convention refugees.*"

<sup>7</sup> The Source Country Class ceased to exist from October of 2011. Which means our study period did include GARs that came under this class. Refugees that are not under the mandate of UNHCR and are inside their country of origin could be resettled in Canada under the Source Country class (Canada Gazette 2011).

program, refugees are identified by either the CIC office or the sponsorship group. Refugees can be privately sponsored through different means such as organizations that are sponsorship agreement holders (SAHs); constituent groups (CGs); and groups of five or more Canadian citizens or a combination of all of the above.

The initial medical examination and cost of travel to come to Canada for the refugee is covered through a loan provided by the Government of Canada. Refugees must start paying the loan within 30 days of arrival. Private sponsors are expected to cover one time settlement cost as well as the first year's living cost for the refugees. Private sponsors have greater flexibility on the types of services that they provide to PSRs (CIC 2007).

In-Canada asylum program: An individual who is in Canada and cannot go back to their home country because of fear of persecution can apply for in-Canada asylum. These individuals usually come to Canada through different means, before applying for in-Canada asylum program<sup>8</sup>. They apply first to CIC to determine their eligibility. If eligible, their file is referred to the Immigration and Refugee Board (IRB) who make the final decision on their claim (Becklumb 2007). As such, the jurisdiction over protection decision is divided between the IRB and CIC. The decision for in-Canada asylum is made by taking into account different convention and rights to which Canada is a signatory. Some of which are: Convention relating to status of refugee, convention against torture and other cruel, inhuman or degrading treatment or punishment as well as Canadian Charter of Rights and Freedoms. All in-Canada asylum seekers received health service benefits through Interim Federal Health Program (IFHP) until 2012.

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<sup>8</sup> Changes were made to the application procedure of in Canada asylum seekers through Bill C-31 which came into effect on December of 2012. According to the new system, the "in Canada" asylum seekers are divided into different groups and these different groups have different application procedures. Note that our study does not cover this time period as we are looking at refugees that landed in 1991.

Apart from the health benefits, they are not eligible for any Resettlement Assistance Program (RAP) until a decision is made on their case (CIC 2014b).

Until 2012, all refugees who entered Canada were covered for health through the Interim Federal Health Program<sup>9</sup> (IFHP). IFHP was started on humanitarian grounds from 1957 (Marwah, 2014). It provided similar services to that of provincial health service such as primary care, hospital care, some prescription drugs, basic dental, and some vision care (Barnes, 2014). Although all refugees received some basic health coverage through IFHP, they are not covered for detailed mental health services (Connor, 2010). Physical and mental trauma, if not treated in a timely manner, can result in a weak career progress particularly for the refugees.

#### Data source and Method:

The dataset used for this study was a table derived from the Canadian Immigration Database (IMDB). The IMDB is an individual level database compiled by Statistic Canada and Citizenship and Immigration Canada (CIC) (Abbott, 2003). It is composed of data from two sources, the first set of data is obtained from immigrant's landing records collected by CIC, and the second set is the personal income tax return that includes immigrant's annual income for every year after arrival, collected by Canada Revenue Agency (Abbott, 2003).

The first set, the landing information, is a onetime snapshot of an immigrant. These are information collected when immigrants land in Canada following the acceptance of their application for permanent residency. Some of the information included are: year landed, immigrant's admission category, region of origin, age, gender and education. As this dataset

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<sup>9</sup> In June 2012 certain health services that were provided through IFHA were withdrawn for refugees and refugee claimants. On July 2014, the Federal Court declared the cuts as unconstitutional. Note that our study does not cover this period as we are looking at 1991-2009 time period.

shows only one time snapshot of an immigrant, it cannot be used to study any changes in the characteristics of an immigrant over time. The second dataset, however, does change with time; it shows the income earned by an immigrant on a yearly basis. Some of the information provided in the second dataset are: average yearly income (median, mean), number of people self-employed or employed. The dataset contains information only on immigrants who earned a minimum of \$1000 per year and filed a tax return. Hence, all those that did not file a tax return are excluded from the analysis. The IMBD contains information on immigrants from 1980 to 2009. Anyone who filed for income tax at least once during this period is included in the dataset. Although the IMDB is an individual level database where each immigrant can be identified by a unique number code, the table used for this paper contains only aggregate level information. For the purpose of the research paper, the following variables were retrieved:

**Admission categories:** Refugees from the following three categories were selected.

- I. *Government Assisted Refugees (GARs)*- Principal applicants after arrival in Canada
- II. *Privately Sponsored Refugees (PSRs)*- Principal applicants after arrival in Canada
- III. *In-Canada Asylum Seekers (LCRs)* - LCRs are included in the dataset only after they are granted the landed status, not when they arrive in Canada.

The IMDB had one additional category of refugees, refugee dependent, which was not included in this study. Refugee-dependent are the family member of the principal refugee applicant.

**Landing year:** *The year 1991 was selected:* As mentioned earlier, IMBD provides landing information of immigrants from 1980 to 2009. Since, in-Canada asylum seekers (LCRs) were not recognized in Canada until 1989 (Becklumb 2008), landing year 1991 was selected. By selecting

1991 it was ensured that it was the earliest year in which data on all the three categories of refugees could be selected to analyse.

**Region:** *All World Region*

**Gender:** For the descriptive analysis, separate graphs were drawn for males and females to factor in the discrepancy in earnings between the two groups. Separating them allowed to depict a better picture of the economic outcome of the different categories of refugees.

*I. Female*

*II. Male*

**Age:** Refugee age 25-64 were selected because they are most likely to be active in the work place. It was assumed that population under 25 were more likely to be in school than work (see also, Abbott & Beach 2011). However, the group *Total age* variable included all the age groups including those between the ages of 15-24 and 65 year and above.

*I. 25-34*

*II. 35-44*

*III. 45-54*

*IV. 55-64*

*V. Total Age*

**Education:**

*I. None*

*II. High School or less*

*III. Post-secondary certificate*

- IV. BA
- V. Graduate Degree
- VI. Total Education – a combination of all of the above.

**Tax income:** Tax incomes as well as the number of people active in the labour market were recorded from the year 1992 to 2009. The analysis for this paper includes the income of refugees one year after landing, bringing the total number of years assessed to 18.

- I. *Median Tax Income:* The median tax income was selected for the analysis in light of the fact that income has an asymmetric distribution (see also, Abbott & Beach 2011, p. 9).
- II. *Number of people active in the labour market:* Only people that are employed for wages and salary are included in the assessment, which means people that are self-employed are excluded from the study.

With the above variables a descriptive analysis was carried out to answer the following questions.

For refugees entering in 1991:

- *Is there a difference in income between refugees of different categories?*
- *Does education play a role in the earnings of refugees of different categories?*
- *Does age have an influence on the earnings of refugee of different categories?*
- *Does economic condition of the country have an effect on the earning patterns of the refugees?*

Some limitations of the data includes:

- I. The graphs were based on aggregate level data, individual level data would have provided a better insight to answer the questions stated above.
- II. Although it was a time series data, only one period was selected for the study, thus, limiting the findings of this study to that time period.

### Findings with discussion:

Table 1a and 1b shows the total number of refugees employed between 1992-2009 that landed in 1991, by gender and refugee category. These are people that are employed for wages and salary which means they are not self-employed. As mentioned earlier, in 1991, 54,000<sup>10</sup> refugees landed in Canada (see also CIC 2011b, p. 4), by 1992, 13,330<sup>11</sup> were employed. From the table it can be observed that a higher number of males were employed as compared to females. Also, the number of PSRs that landed in 1991 were higher than the other two categories of refugees which explains their higher employment number starting in 1992 (Table 1a & 1b). During the 18 years of observation, as the number of years since landing accumulated, so did the number of refugees being employed for all the different categories of refugees, except for male PSRs. It is possible that as the number of years in the country accumulated, so did the refugees' ability to join the labour market. The subsequent descriptive analysis is based on the annual median income of these three refugee cohorts.

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<sup>10</sup> Total number of refugees that landed in 1991 were 54,000. This number includes four different groups of refugees: Government Assisted Refugees, Privately Sponsored Refugees, Living in Canada Refugees and Refugee Dependents. *Refugee dependents* are not included in this study.

<sup>11</sup> Total number of refugees employed in 1992 were 13,330. This includes only the three groups that are studied in this study: Government Assisted Refugees, Privately Sponsored Refugees and Living in Canada Refugees.

Gender	Category	Year								
		'92	'93	'94	'95	'96	'97	'98	'99	'00
Female	Government Assisted Refugee	525	670	725	810	860	1005	1130	1260	1415
	Living in Canada Refugee	580	580	595	620	615	675	715	800	905
	Privately Sponsored Refugee	3190	2790	2770	2855	2900	3015	3155	3360	3455
Male	Government Assisted Refugee	1320	1495	1625	1755	1790	1925	2015	2100	2150
	Living in Canada Refugee	1805	1750	1745	1660	1680	1715	1710	1830	1870
	Privately Sponsored Refugee	5950	5350	5270	5200	5100	5140	5155	5190	5185

Table 1a: Total number of refugees employed between 1992-2000 that landed in 1991, by gender and refugee category.

Gender	Category	Year								
		'01	'02	'03	'04	'05	'06	'07	'08	'09
Female	Government Assisted Refugee	1530	1605	1700	1780	1840	1930	1940	2020	1980
	Living in Canada Refugee	970	990	1005	1035	1065	1100	1105	1115	1095
	Privately Sponsored Refugee	3620	3670	3780	3875	3905	3900	3965	3975	3865
Male	Government Assisted Refugee	2230	2260	2260	2285	2390	2375	2440	2440	2355
	Living in Canada Refugee	1895	1850	1890	1870	1920	1890	1940	1920	1840
	Privately Sponsored Refugee	5225	5130	5150	5135	5140	5130	5145	5130	5005

Table 1b: Total number of refugees employed between 2001-2009 that landed in 1991, by gender and refugee category.

The first research question was to find out if there are differences in annual median income among refugees of different categories. To this end, the refugee group with the highest and lowest median income in the time period 1992-2009 were identified. Figures 1 and 2 show the median annual income of refugees of different categories that landed in 1991. Separate graphs are provided for male and female; Figure 1 shows annual median income for female and Figure 2 shows annual median income for male. In 1992, both female PSRs and LCRs started at the same level of income of about \$6,700, however, GARs started much lower at \$3,600. In 5 years' time

(year '96), the income for all three categories of refugees had doubled (PSRs-\$12,000; GARs-\$7,900; LCRs- \$8,900). In 10 years' time (year '01), the earnings of GARs and LCRs were the same, and PSRs were leading the group by earning \$5,000 more than the rest. By the end of the 18<sup>th</sup> year (year '09), PSRs were again leading the group with a median income of \$28,000 followed by GARs and LCRs who were earning \$20,900. Among females, PSRs were clearly the highest earner. Although, GARs started out much lower they caught up with LCRs after 9 years in the country.

Similarly for the males' earning, both PSRs and LCRs started at the same level of income of about \$10,000 while GARs started much lower at \$6,000. In 5 years' time (year '96), the income of PSRs and GARs had doubled while that of LCRs had only increased slightly. In 10 years' time ('01), the earnings for GARs and LCRs were the same and PSRs were leading the group by earning \$12,000 more than the others. By the end of 18<sup>th</sup> year, PSRs were again leading the group with an income of \$37,000 followed by GARs who were earning slightly more than LCRs. Once again for males, PSRs earned the most followed by GARs and then LCRs.

Comparing the two figures, it is clear that males earned more than females but what is striking is the difference in the income between GARs and PSRs. Surprisingly LCRs did as well as GARs although they receive the least amount of financial aid from the government. The relatively good performance of LCRs could be attributed to the fact that LCRs had some years to acquire the necessary human capital such as language and job skills prior to becoming permanent residents (Yu et al. 2007). A study conducted by Bevelander & Pendakur (2009), also found that the time spent by asylums in Sweden before getting permanent residence had a positive impact on their probability of getting employment. Another point to be noted is that, as the number of years in the country accumulated, so did the income for all refugee categories. Samuel (1984) published a

similar finding, where he identified that income increased with the number of years in the country for refugees that landed in Canada. Also, DeVoretz et al (2004) found that after 17 years in the country, the earnings of refugees had doubled in Canada. Similarly, Bevelander & Pendakur (2014) had identified that after 20 years in the country, income increased by two folds for government assisted refugees in Canada. In our case, the earnings increased by four folds. Our earning trajectory for different categories of refugees depicted that GARs earned in par with LCRs and that PSRs earned the highest which was similar to the findings by Bevelander (2009) and DeVoretz at al. (2004). On the other hand, Hiebert (2009) had identified that GARs combined with PSRs earned more than LCRs in Canada but from our analysis, it is clear that it was only PSRs that were earning more. Hence, PSRs were the one pulling the numbers up in Hiebert's (2009) analysis.

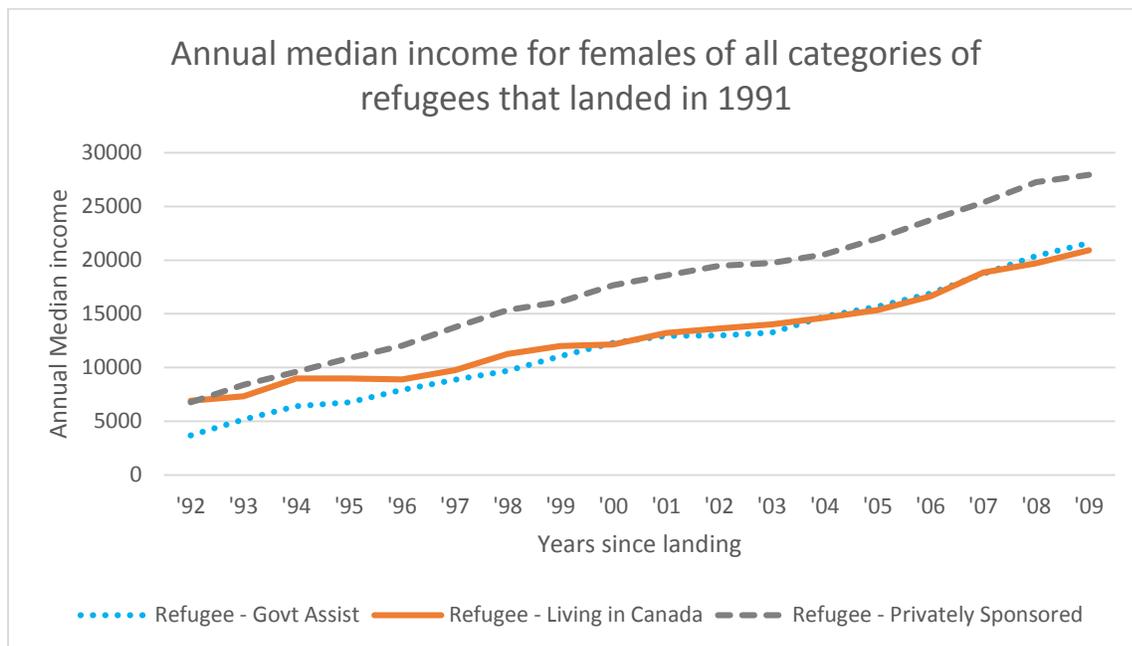


Figure 1

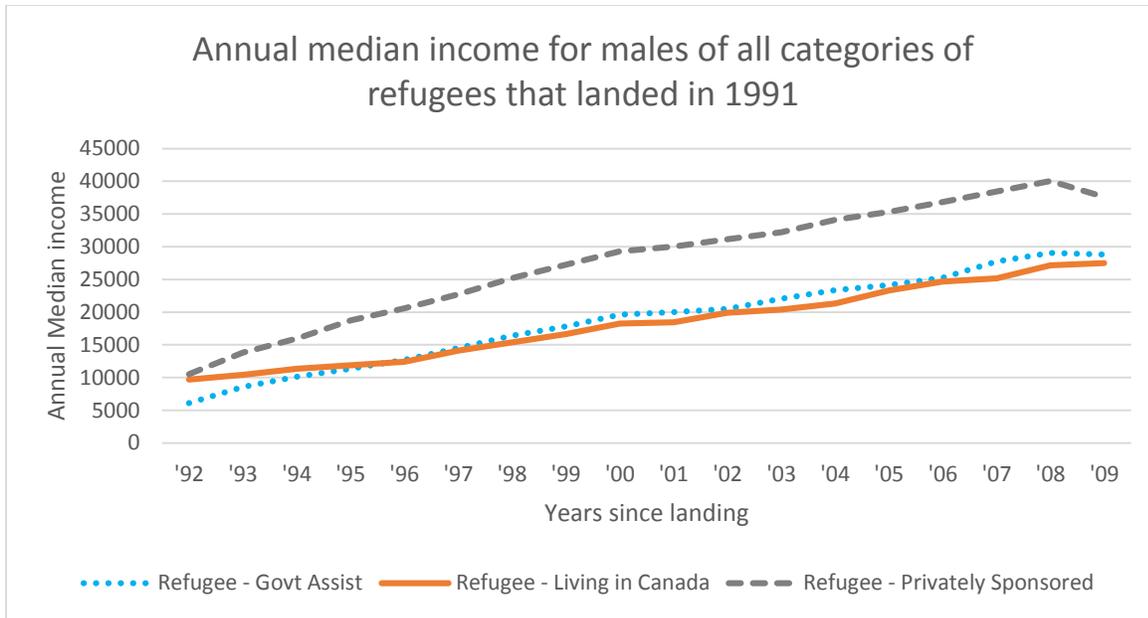


Figure 2

The second research question relates to finding out if education brought about any change in the yearly income of refugees of different categories. For the analysis, Figures 3 to 8 are produced. Three distinct groups are created to compare the effect of education on earnings. For all refugees that landed in 1991, Figures 3 and 4 illustrates the annual median income of refugees with no schooling; Figures 5 and 6 shows the annual median income of refugees with post-secondary certificate and Figure 7 and 8 shows the annual median income of refugees with a Bachelor's degree. Once again, separate figures are provided for male and female; Figures 3, 5 and 7 illustrates female income and Figures 4, 6 and 8 shows male income. In 1992, among employed refugees, the number of refugees with post-secondary certificate is higher compared to those without education or with Bachelor's (Table 2). The number of employed female LCR without education is zero in 1992 while the number of female GAR without education is only 5. Also, more males are educated as compared to females, this is similar to finding by Aydemir (2011), p. 459.

<b>Gender</b>	<b>Category</b>	<b>No Education</b>	<b>Post-Secondary Certificate</b>	<b>Bachelors</b>
<b>Female</b>	Government Assisted Refugees	5	125	35
	Living in Canada Refugees	0	215	85
	Privately Sponsored Refugees	45	1330	395
<b>Male</b>	Government Assisted Refugees	15	340	100
	Living in Canada Refugees	20	555	255
	Privately Sponsored Refugees	45	2845	720

Table 2: Three educational group of refugees that are employed in 1992 for those that landed in 1991, by gender and categories. This data includes refugees from all age groups.

For both males and females without education (Figures 3 and 4, respectively), PSRs again did better than the other two categories of refugees by the end of their 18<sup>th</sup> year. Male PSRs started much lower but they caught up with the others by the end of their 8<sup>th</sup> year (year '99).

Surprisingly during the 7<sup>th</sup> year since arrival (year '98), both female and male GARs' earnings were higher than that of PSRs and LCRs. But again, during the economic slowdown of early 2000s, male GARs were hit the hardest. Their income dropped from \$14,000 to \$5,600. While PSRs saw relatively stable increases in income over the 18 years' time frame, both GARs and LCRs had unstable earning patterns. The highest median income that female PSRs without education earned is \$14,000 (males \$16,000).

The narrative is quite different for refugees with a post-secondary certificate. Both male and female refugees did fairly well in the labour market (Figures 5 and 6). Once again, PSRs had the highest median earning among the groups. The highest median income that female PSRs with post-secondary certificate earned is \$35,000 while for males it was \$47,000. For females, the earnings of GARs and LCRs were similar to that of PSRs, but for males, PSRs were earning much more than GARs and LCRs. Overall, the income trajectory for GAR and LCRs were very similar throughout the 18 year period.

Refugees with Bachelor's have a fairly high median income by the end of their 18<sup>th</sup> year in the country (Figures 7 and 8). Between the three categories of refugees, all female refugees started with similar median income but GARs overtook PSRs in their 17<sup>th</sup> year (year '08) to become the highest median income earner in their group. Surprisingly, after 14 years in the country (year '05), female LCR's median income stayed relatively stable for the remaining 5 years of the study, although the expectation was for earnings to increase with the number of years. The earning gap between female GARs and PSRs was small in comparison to male GARs and PSRs. By the end of their 18<sup>th</sup> year in the country, the difference in median income between male GARs and PSRs was \$12,000 where male PSRs were the one making more money. Continuing with male refugees, PSRs earned the highest in this group followed by LCRs. While female and male PSRs saw relatively stable increase in median income over the 18 years' time frame, both GARs and LCRs had unstable earning patterns.

Comparing the three groups, all the groups started with the same level of income, but the group with Bachelors earned much higher in the long run followed by refugees with some post-secondary certificate. In other words, for refugees with a Bachelor's degree, the rate of increase in income over the sample period is much higher. Education seems to be an important human capital that is of significant advantage in the job market. Human capital can be defined as any skill, knowledge and experience that an individual possesses (Marger, 2001). Studies have found that while immigrating, human capital are not perfectly transferable between countries but they can still be very useful in finding jobs in the new country of settlement (Bevelander 2011). Besides, higher level of schooling is found to be correlated to higher level of earnings (Bevelander & Pendakur 2014) and lower level of schooling to lower level of income (Yu et al. 2007). Bloch (2002) identified lack of education as one of the major factors preventing refugees

from joining the labour market. Cobb-Clark (2004) found that, for immigrants, higher education resulted in better outcome in the labour market, our investigation corroborates their finding. Hartog & Zorlu (2009) studied the effect of education on earnings for refugees in the Netherlands. Refugees with some education earned higher than those without. Similarly, university education was found to be more important than knowledge of official language to earn better for male refugees in Canada in a study by Hiebert (2009). But at the same time, higher education did not necessarily benefit refugees. Vroome & Tubergen (2010) identified that, having education pays but it pays more to have domestic education compared to foreign education. In our case, the education that was considered is foreign education. Nevertheless, the literature identified that education is important and contributes towards better earnings.

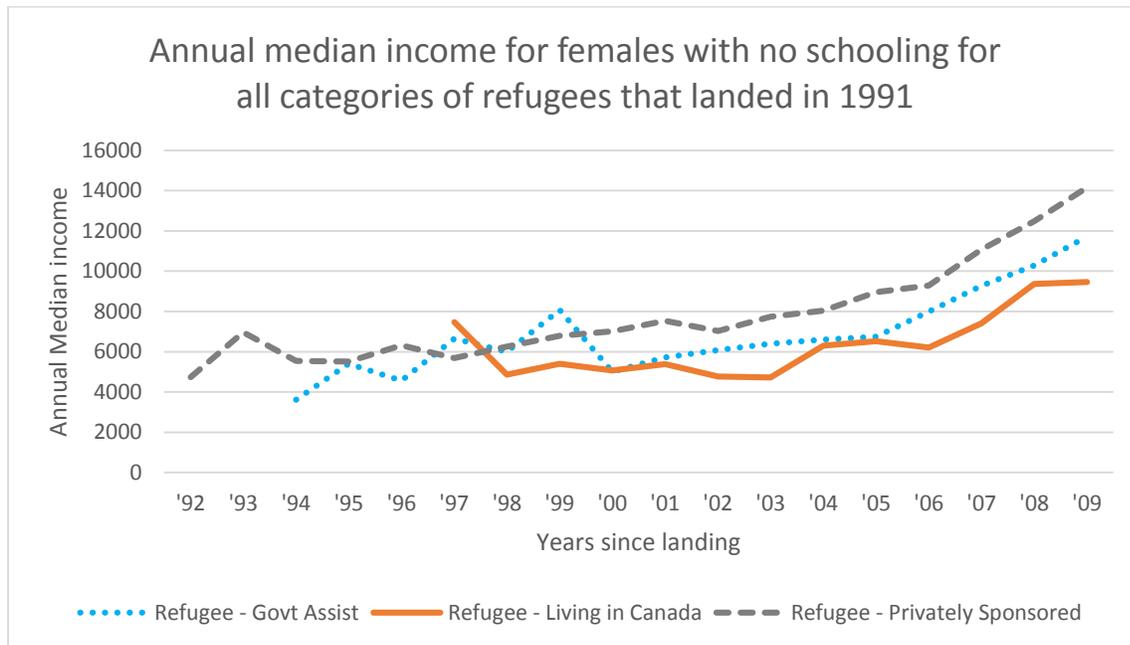


Figure 3

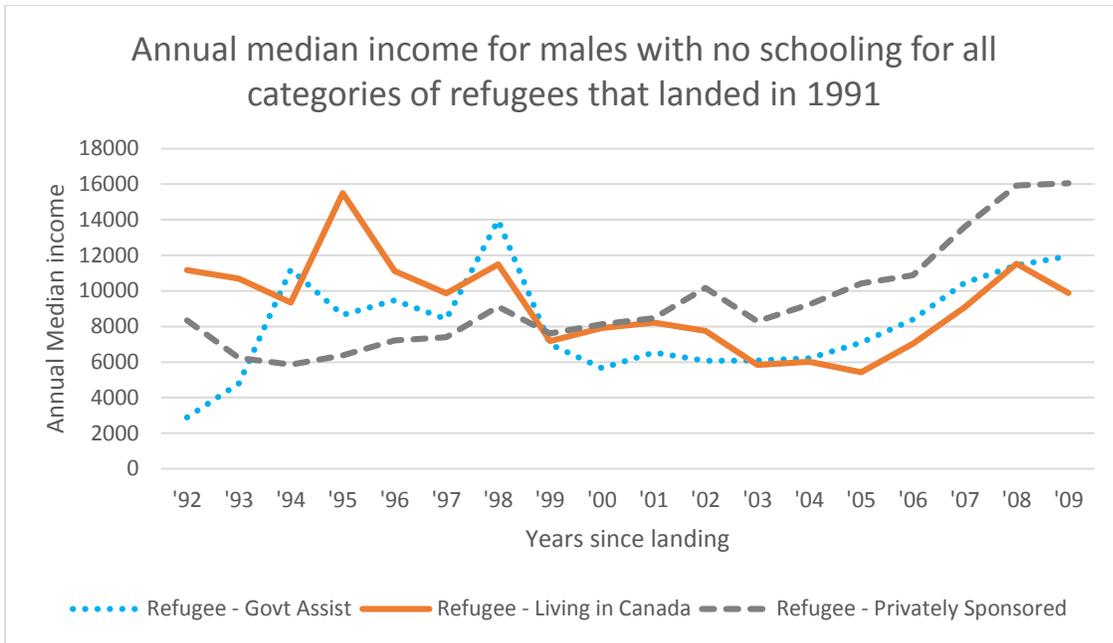


Figure 4

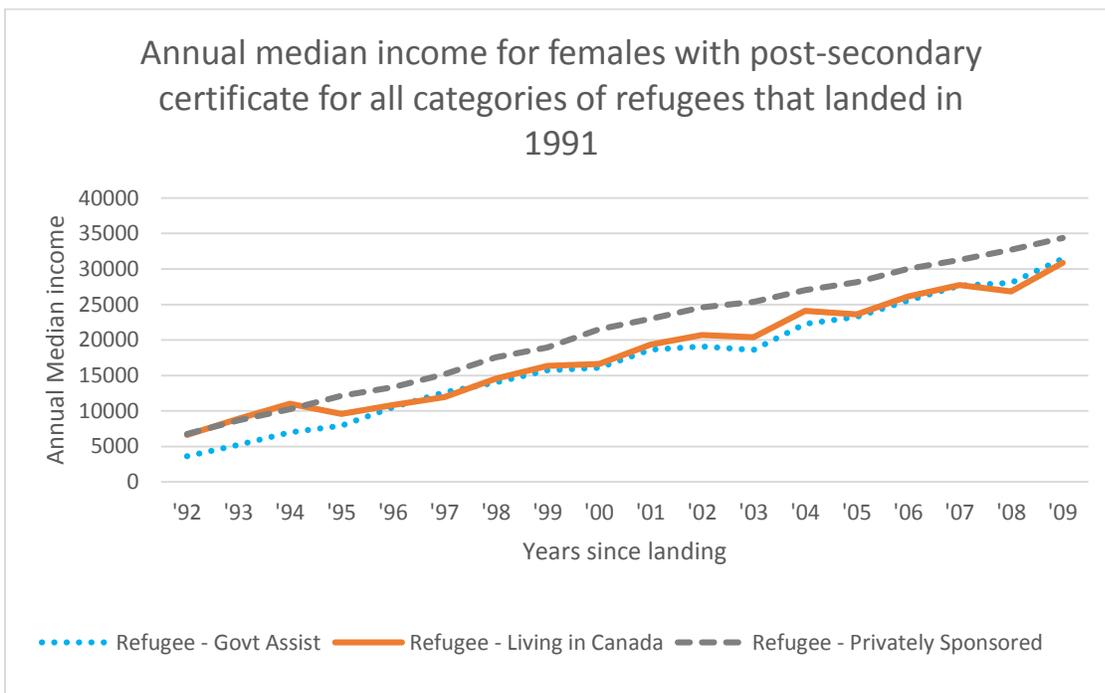


Figure 5

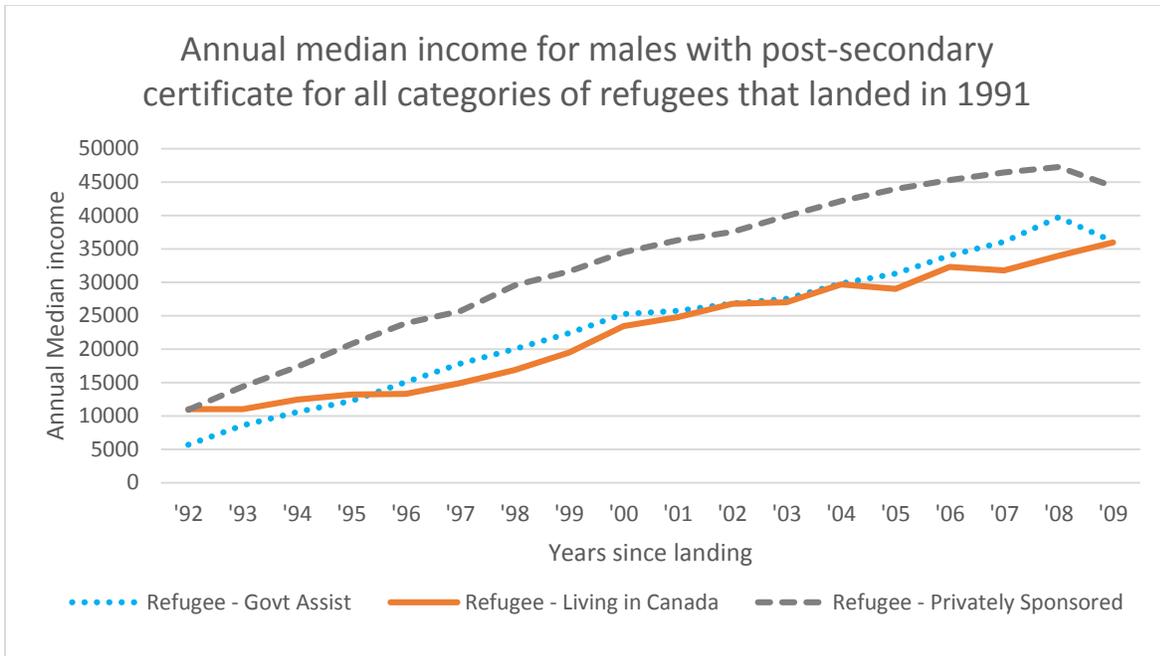


Figure 6

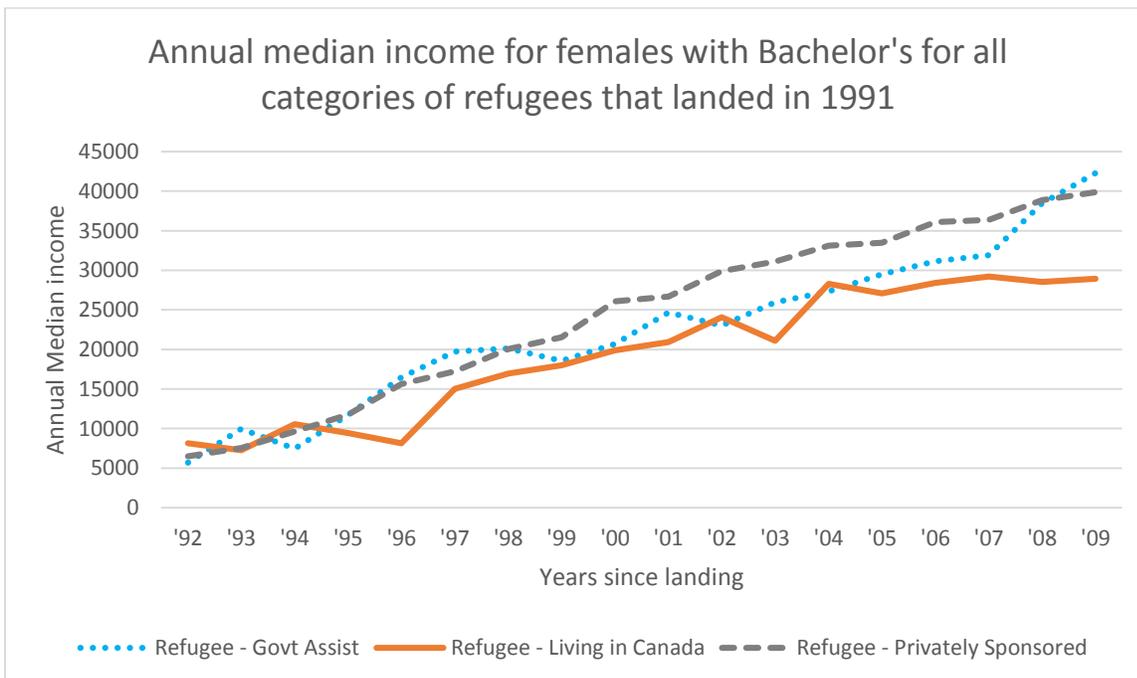


Figure 7

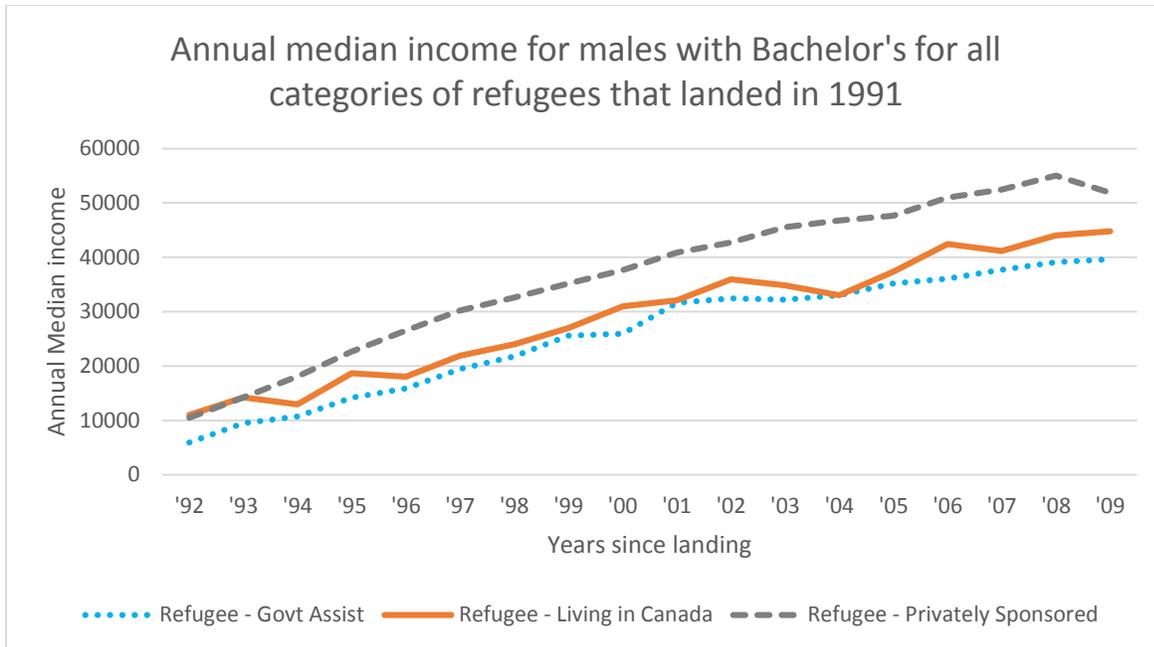


Figure 8

In answering the third question of “does age have an influence on the earning patter of refugees?” Figure 9 and 10 were generated. The age group 35-44 is selected because it is assumed to represent the group that is most likely to be active in the labour market (DeVoretz et al. 2004). Between the ages of 25-34, individuals might still be at school and between the ages of 45-54, they might not be as fit to work hard in the labour market. Hence, the age group 35-44 is considered to be the most ideal group to observe the labour market performance. The only variable that is changed in Figure 9 and 10 is the age variable. Table 3 gives the total number of employed refugees in 1992 that landed in 1991 for the age group 35-44.

Gender	Category	Age 35-44
Female	Government Assisted Refugees	130
	Living in Canada Refugees	130
	Privately Sponsored Refugees	805
Male	Government Assisted Refugees	280
	Living in Canada Refugees	440
	Privately Sponsored Refugees	1615

Table 3: The total number of employed refugees in 1992 that landed in 1991 in the age group 35-44.

The findings in Figures 9 and 10 are similar to that of Figures 1 and 2. Clearly, PSRs are again outperforming the other two groups although PSRs and LCRs started around the same level. By the end of 18<sup>th</sup> year, female PSRs were making \$6,000 more than the other two groups and male PSRs had median earnings \$10,000 more than the others. Male GARs were earning higher than LCRs. Figures A1 to A4 in the Appendix show the yearly income for males and females of two other age groups (25-34 and 45-54). These graphs also show that PSRs earn more than the other two refugee categories. On average, the age group 45-54 earned higher than the age group 25-34.

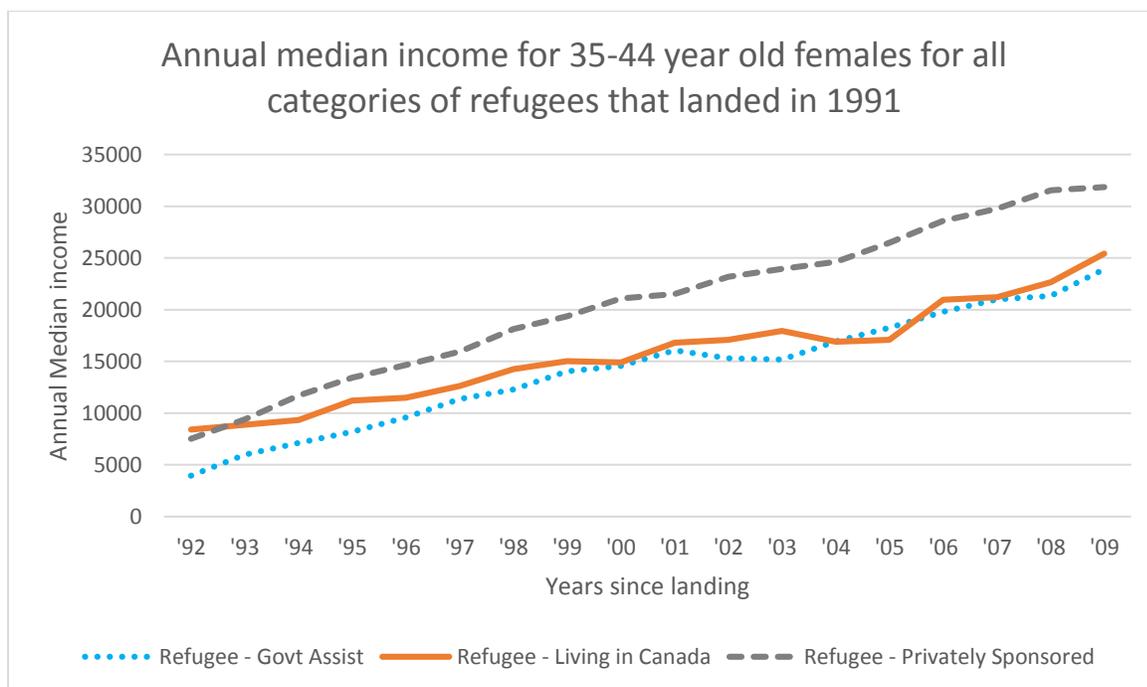


Figure 9

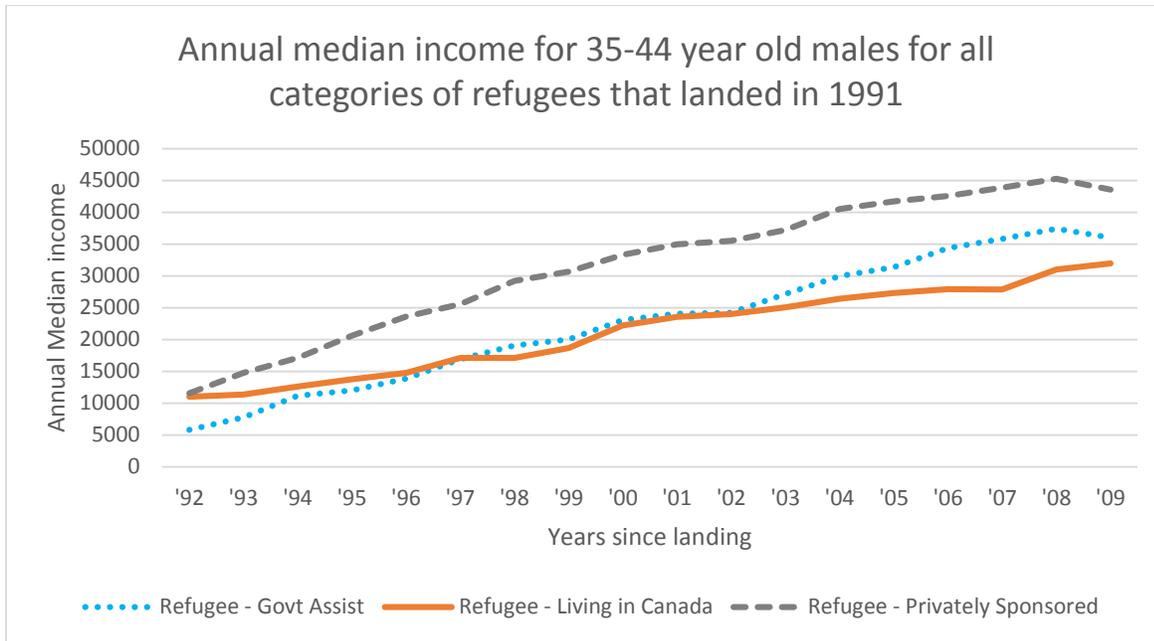


Figure 10

The final question was to find out if the economic condition of the country had any impact on the earnings of the refugees. It is widely known that the economic success of an individual depends not only on the individual's human and social capital but also on the economic outlook of the country (Abbott & Beach 2011). Samuel (1984) studied the economic adaptation of refugees that landed in Canada between 1947 and 1981. Economic adaptation was defined as refugees' employment and income. It was observed that the likelihood of refugees securing a job was dependent on the unemployment rate in Canada. If the unemployment rate was low, refugees had a higher chance of securing a job. Nevertheless, Refugees' unemployment rates were significantly higher than that of an average Canadian and immigrants who had landed in Canada the same year. Overall, they had difficulty securing a job right away upon landing in Canada. But again, refugees did better in the labour market as time passed on after their arrival in Canada. The following section will define recession and give a brief history of economic slowdown and recession that took place in Canada which is of pertinence to this study.

Recession, in layman terms, is a decrease in aggregate economic activity (Cross & Bergevin 2012). In order to measure recession, it is important to understand its three dimensions: duration, amplitude and scope. The severity of a recession can be rated based on these three dimensions. A rating of 1 is considered to be the least severe whereas a rating of 5 is considered to be the most severe. Over the course of the last three decades, Canada has witnessed three major recessions. Two of these recessions occurred during our study period of 1991-2009. The severity of both these recessions were rated to be 4 (Cross & Bergevin 2012). A rating of 4 implies that there was a decline in real GDP as well as employment for a year or more in the country. The first recession pertinent to this study occurred from March 1990 to April 1992. Canadian industrial sector of Ontario and Quebec were mainly hit during this period. These two province are popular destination for immigrants and refugees alike. During the mid-90s the economic condition of the country was fairly good. The second recession occurred from October 2008 to May 2009. But before that, during the early 2000s there was an economic slowdown followed by economic boom.

To answer the question related to economic condition affecting income, Abbott & Beach (2011) looked at the effect of recession on three entry cohort<sup>12</sup>. For our study, all data and figures presented above were analysed to study the earning progress of refugees that landed in 1991, hence only one cohort. A recession or slow economic growth implies there are less jobs and a strong economic growth implies the availability of more jobs (Abbott & Beach 2011). The first recession that is pertinent to our study took place between 1990 and 1992. Since our cohort of refugees landed in 1991, they arrived right in the middle of a recession. It is possible that they had a tougher time than other cohorts that came in at a different time periods (see also, Abbott &

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<sup>12</sup> The three entry cohorts are immigrants that came in at 1982, 1988 and 1994.

Beach 2011 and DeVoretz et al. (2004) p.12). But a direct comparison cannot be made because information is not available on other cohorts that came in at a non-recession year. The second recession occurred between 2008 and 2009. In the figures, there is a noticeable decline in income between 2008 and 2009 for refugees of all categories. This is an indication that recession could have had a negative impact on the median income of refugees. Abbott & Beach (2011) and Aydemir (2003) report a similar finding in Canadian refugees. Bevelander (2011) identified the importance of labour market situation in the integration of refugees in Sweden. Canada went through an economic slowdown during the early 2000s. During this period, male GARs without education were hit the hardest as their income dropped from \$14,000 to \$5,600. Also the income of female GAR and LCR without education declined slightly. From this, it can be inferred that male GAR and female GAR and LCR with no education might be more susceptible to the volatile economic conditions in Canada.

#### Implication of the findings:

This section provides further discussion on the findings. The data shows that the PSRs repeatedly outperformed the other two categories of refugees. Although GARs received more governmental assistance than LCRs, GARs performed at an equivalent level. By investigating literature from OECD countries including Canada, three broad explanations can be suggested: (i) PSRs' higher level of social capital, (ii) LCRs greater flexibility in settlement and (iii) GARs' lack of mental health support.

### Social Capital as an explanation?

DeVoretz et al., (2004) argued that there were some significant differences in earning between GARs and PSRs. DeVoretz et al. (2004) suggested that, the increase in earnings of PSRs could be a result of private sponsor's personal time and motivation in helping these refugees find their first job. This is similar to the findings by Yu et al. (2007) who reported that PSRs earned relatively more than GARs in the first year after arrival because PSRs had sponsors who arranged employment for them.

An earlier study conducted by Samuel (1984) emphasised the importance of social ties in securing an employment. Among all the different cohorts of refugees that came to Canada between 1947 and 1981, Hungarian refugees were able to find jobs faster than other refugees. He concluded this is most likely because of the presence of a Hungarian community. These communities provided the new Hungarian refugees with information on job search tools, and in some cases, even provided them with employment. Social ties or social capital is also linked to better performance in the labor market by refugees in Vancouver, Canada in a study conducted by Hiebert (2009). He found that GARs performed reasonably well in the labor market but they could be performing better if they had the same level of social capital as that of family class immigrant (Hiebert 2009, p. 85). Bevelander (2009), identified that resettled refugees didn't do as well as asylum seekers in Sweden because they lacked the right network to help them gain employment. Similarly, Lamba (2003) carried out a multiple regression analysis to gain a better understanding of the influences of human and social capital on the quality of employment for refugees in Canada. The data was collected through interviewing 525 refugees that had landed in Alberta, Canada between 1992 and 1997. Only adults that were either GARs or PSRs were included (Lamba 2003, p. 49). Her finding suggest that refugees do use family and ethnic group

ties to secure employment. Refugees that leveraged social ties had relatively better employment prospects than those that relied just on their human capital (Lamba 2003, p. 60). Often, the human capital that refugees possessed was rendered useless upon arrival in Canada, resulting in them being underemployed. Further, an evaluation report on RAP by CIC stressed on the fact that PSRs were quicker in finding jobs and had better network and community support (CIC 2004). The report also highlighted the fact that private sponsors had more flexibility in meeting the unique needs of their client which might work to the PSRs' advantage.

The above literature subscribes to the idea that social ties are important in finding a job and that PSRs have a higher level of social capital than GARs. Social capital can be defined as an interaction among and between groups to achieve common objectives (Mata & Pendakur 2010, p.3). Mata & Pendakur (2010) identify two types of social capital: bridging and bonding. Bonding is when there is an interaction within a group, and bridging is when there is an interaction outside of a group. In the case of PSRs, bonding takes place when refugees interact within their ethnic origin communities or when sponsors are from the same ethnic group as the refugees. On the other hand, bridging takes place when sponsors are not from the same ethnic origin but are actively interacting with the refugees to settle and find jobs for them.

Numerous studies have established the link between social capital and higher economic achievement (Matthews et al. 2009). Sociologist Mark Granovetter, in the early 1970s, pioneered the idea that social ties are strongly linked to job attainment (Granovetter 1973). According to him, social ties can be divided into weak and strong ties. Weak ties can be established through informal relationship created through daily activities such as being a part of a community organization, a work team, or living in a particular community. Weak ties are believed to be more valuable in securing an employment. These weak ties provide an individual with valuable

information regarding a potential job, which in effect increases the person's chance of applying for the job and obtaining it. PSRs are definitely blessed with better weak as well as strong ties than GARs. PSRs have a small group of individuals ready to attend to their needs during the first year after their arrival. Unlike GARs, who are given services through social organization funded through RAP.

Recent study on social capital highlights the importance of context in finding a job (Matthews et al. 2009). It is not just the weak and strong ties that are important but also "who is using it under what circumstances" (Matthews et al. 2009, p.3). Similarly, Li (2004) stated that social capital by itself does not lead to a better economic performance; but when it is combined with other capital, it can be beneficial in getting employment for minorities. PSRs have the contextual advantage over GARs when it comes to getting services (CIC 2004). Private sponsors have greater flexibility in adapting themselves to the changing profile of their clients.

#### Flexibility in settlement:

The descriptive analysis showed that LCRs' earnings were on par with that of GARs in Canada. LCRs don't receive the same level of governmental assistance as GARs, yet they perform relatively well in the labour market. A review of the literature from European countries points to one major advantage that LCRs have over GARs, i.e. their flexibility in settlement. Unlike LCRs, the settlement of GARs is prearranged through government sponsored programs (Aslund & Rooth 2007). The locations are predetermined on the basis of housing availabilities in cities. Since housing in major cities are scarce, GARs are usually resettled in rural areas (Aslund & Rooth 2007). Also, governments have been adapting dispersal policies to ensure refugees do not concentrate in a specific geographical area, burdening one municipality (Edin et al, 2004). Edin et al. (2004) found that such a policy had negative impact on the integration of refugees in

Sweden. Furthermore, unemployment increased by 7% point, income decreased by 25%, and welfare dependency increased by 10% point for refugees (Edin et al. (2004). It was determined that, if refugees had stayed in their government instated locations, their unemployment would have increased by another 20% point. This is in parallel with finding reported by Rashid (2009), who states that internal mobility leads to better employment for new refugees in Sweden.

In Canada, GARs are given flexibility to move from their initial settlement area but they are encouraged not to do so for at least a year (CIC 2014c). Certain services are pre-planned based on their settled location; a move to a new location may mean a loss of these services. One major challenge that GARs face in Canada is affordable housing in major cities. Carter & Osborne (2009) have positively linked the lack of affordable housing in the city of Winnipeg Manitoba, Canada with poverty among refugees. Rents are expensive and social housing is not readily available in the cities. Thus, GARs are forced to live in poor, cramped places or move to rural areas. For the first 6 months to a year, individual GARs in Canada are paid \$376/month for shelter allowance (Bechard & Elgersma 2011, p.3), a very low amount to live in major cities. GARs also have limited access to information on affordable housing mainly attributable to lack of social network to guide them. Access to affordable housing is a key factor towards positive integration of refugees (Carter & Osborne (2009).

Aslund and Rooth (2007) stress the importance of job market prospect in the initial settlement location for refugees in Sweden. According to their study, if refugees are settled in an area with high unemployment rate, the economic success of a refugee is hampered for up to 10 years. They highlight the importance of having the freedom to resettle to areas with better employment prospects. Here, the concept of positive or negative selection by immigrant comes into play (Borjas, 1987). According to Borjas, asylum seekers are positively selected while GARs are

negatively selected in terms of resettlement. Asylum seekers make the decision to migrate based on cost and benefit analysis of migration. When benefit outweighs the cost to migrate, they move to a new country. Since it is their decision to migrate, they might be better prepared to resettle. They would have most likely acquired the necessary human and social capital, making it easier for them to integrate into the new society (Bevelander 2011). On the other hand, GARs are negatively selected as their decision to migrate is unplanned (Hatton 2011). Usually it is the UNHCR making the decision to resettle them into a new country. This places them at a disadvantage in comparison to asylum seekers, as they might not be equipped with the necessary human and social capital to integrate. For example, in a refugee camp, UNHCR may allocate a refugee with a proficiency in French language to a non-French speaking country. But an asylum seeker with proficiency in French language will naturally select French speaking places such as Quebec, Canada. Language skill is an absolute asset in securing a job (Bloch 2002). Hence in this example, asylum seekers will have a higher chance of securing a job than GARs.

A review of the literature has identified flexibility in settlement and access to affordable housing as important factors that contribute to economic success for GARs. Flexibilities in these aspects will allow GARs to settle in locations with a better chance of securing a job. Securing employment in the earlier stages of settlement allows GARs to be independent in the long run.

#### Health of Refugee:

Two categories of refugee come to Canada directly from refugee camps: PSRs and GARs. These refugees may have resided in refugee camps for a length of period before coming to Canada or another host country. Refugee camps often lack access to basic services, including mental health services (UNHCR 2011). Burnett & Peel (2001), state that some refugees go through traumatizing events prior to arriving at the camps, being forced to leave their homes and

families. Fazel et al. (2005) provide three reasons for mental illness suffered by refugees: forced migration, traumatic event, and resettlement in an unfamiliar environment. Arriving in a host country is by itself a traumatizing event, and if it is coupled with a lack of mental health services, refugees' suffering is prolonged (Hatton 2011, Burnett & Peel 2001). Fazel et al. (2005) found that refugees were ten times more likely to suffer from post-traumatic stress disorder than host country population. Also, 5% of the adult refugees suffered from major depression while 11% of children suffered from post-traumatic stress disorder. Fazel et al. (2005) conducted a detailed survey of approximately 7,000 adult refugees in seven OECD countries to arrive to these conclusions. Wilkinson (2008) also found that refugee youths in Canada had difficulties in school due to their previous experiences of trauma. Carter & Osborne (2009) describe trauma and torture experienced by refugees through detailed interviews with 75 refugee households in Winnipeg. Even after resettlement in a new country, these past experiences leave the refugees with "anxiety, depression, grief and post-traumatic stress" (Carter & Osborne 2009). If not addressed in a timely manner, refugees may take solace in drugs and become a burden to the society (McLean et al. 2006). In some unfortunate cases, they might even commit suicide. All this to say, refugees have relatively higher chance of experiencing mental health problems.

Vroome & Tubergen (2010) conducted a study examining economic integration of refugees in the Netherlands. One research question they addressed was: does health problem and depression negatively affect the economic integration of refugees? Their analysis shows that depression has a significant negative association with employment. Thus, as the severity of depression increases, the chance of securing an employment diminishes. Lamba (2003, p. 54) studied 525 refugees in Alberta, Canada that had landed between 1992-1997. Her findings suggested that, for refugees to secure a job, their mental health could play a vital role. While

providing services to refugees, an important aspect that is often unnoticed is their mental health. In Canada, refugees are eligible for psychotherapy and prescription medication through IFHP (Fitzpatrick 2012). But there are gaps in these services that are provided to refugees as identified by CIC in their evaluation report (CIC 2011a). It can be inferred that, for the successful economic integration of refugees, it is imperative for them to have access to full mental health services.

#### Conclusion with Policy Implication:

This study was carried out with an objective to gain a better understanding on the earning patterns of refugees of different categories. Existing literature suggests that refugees are outperformed by immigrants of other categories in the labour market. A descriptive analysis was carried out using a tabular data drawn from the IMDB on refugees of different categories. PSRs were found to be earning the most in comparison to refugees of other categories. LCRs and GARs' had similar earnings, which was a surprise given that GARs receive more governmental benefits than other refugees. Further analysis led us to the conclusion that PSRs' higher access to social capital; LCRs' greater flexibility in settlement; and GARs' lack of access to mental health support could be an explanation to our findings.

The government of Canada invests a significant amount of money to ensure that GARs are integrated into the Canadian society, thus, it is imperative that government gives importance to building social capital for the successful integration of GARs. Policies should be in place to give greater financial flexibility to social organization that provides services to GARs. This will allow them to make timely decision according to the unique needs of their clients. This also permits

social organizations to invest more money in programs related to building social capital for the new cohort of GARs.

Also of importance is the flexibility in settlement. Government should have programs in place to make it affordable for GARs to settle in cities. One potential tool is by providing more social housing in cities. Since the first few years after settlement is crucial for refugees' integration, the government should take special measures to increase the flexibility in terms of settling options for GARs.

One crucial area that has been overlooked is the access to mental health facility for refugees. In Canada, refugees receive health services through Interim Federal Health Program (IFHP), which covers only some mental health support. The review of the literature has identified poor mental health associated with humanitarian refugees, hence GAR and PSR. Poor mental health is also related to poor performance in the labour market. If Canada wants to continue to be a world leader in refugee policy, it should take steps to provide the necessary mental health services to refugees.

This research was limited to refugees that landed in 1991, hence one study period. Further study in this area should be carried out through investigation of the earnings of refugees that landed in other years. Future study with a more up to date data from IMDB will contribute towards shaping public policies that can address the special needs of the different refugee cohorts.

Another important area of research that will benefit public policy is a detailed study on mental health of GARs and PSRs and their earning outcomes.

Appendix:

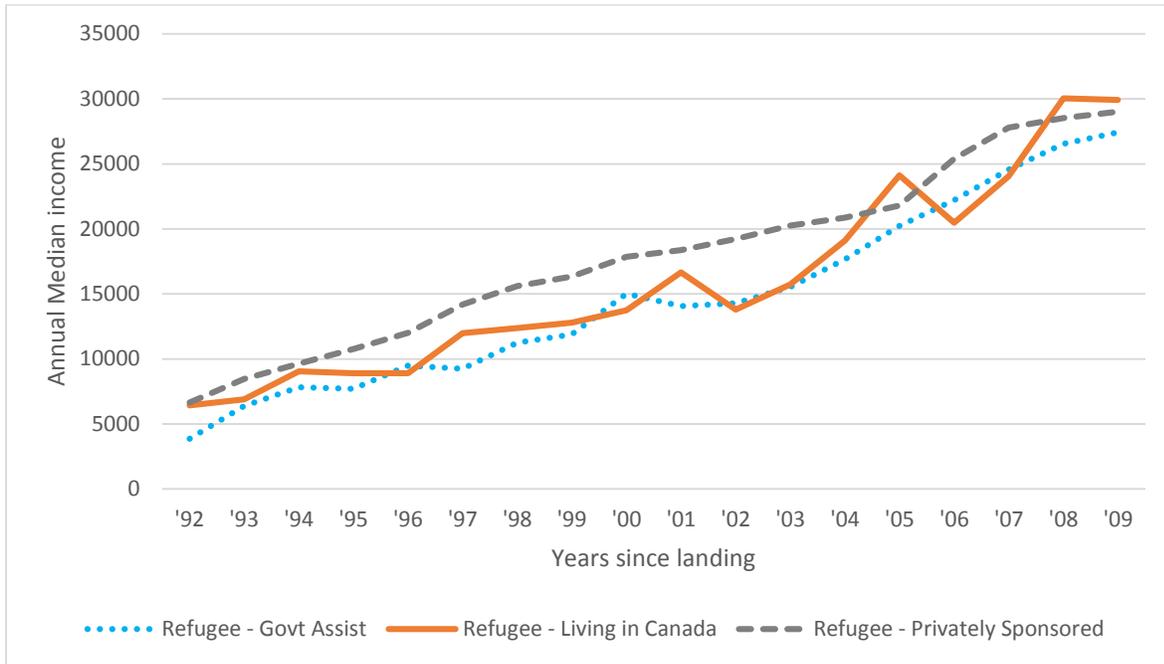


Figure A1: Annual Median income of 24-34 years old female for all categories of refugees that landed in 1991

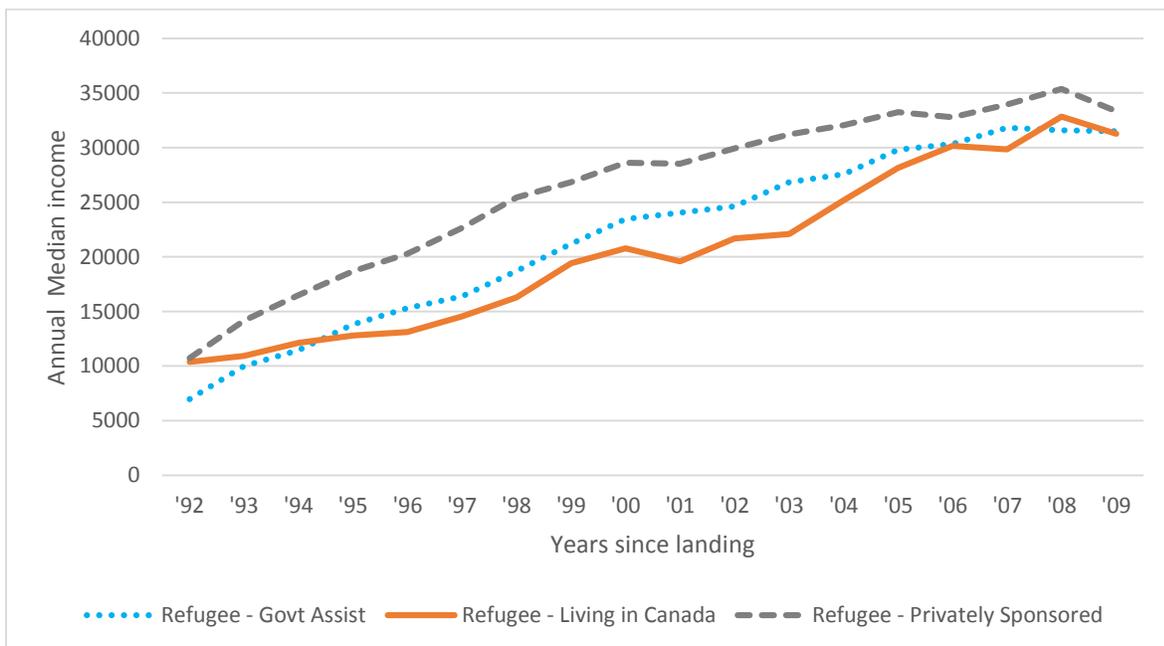


Figure A2: Annual Median income of 25-34 years old male for all categories of refugees that landed in 1991

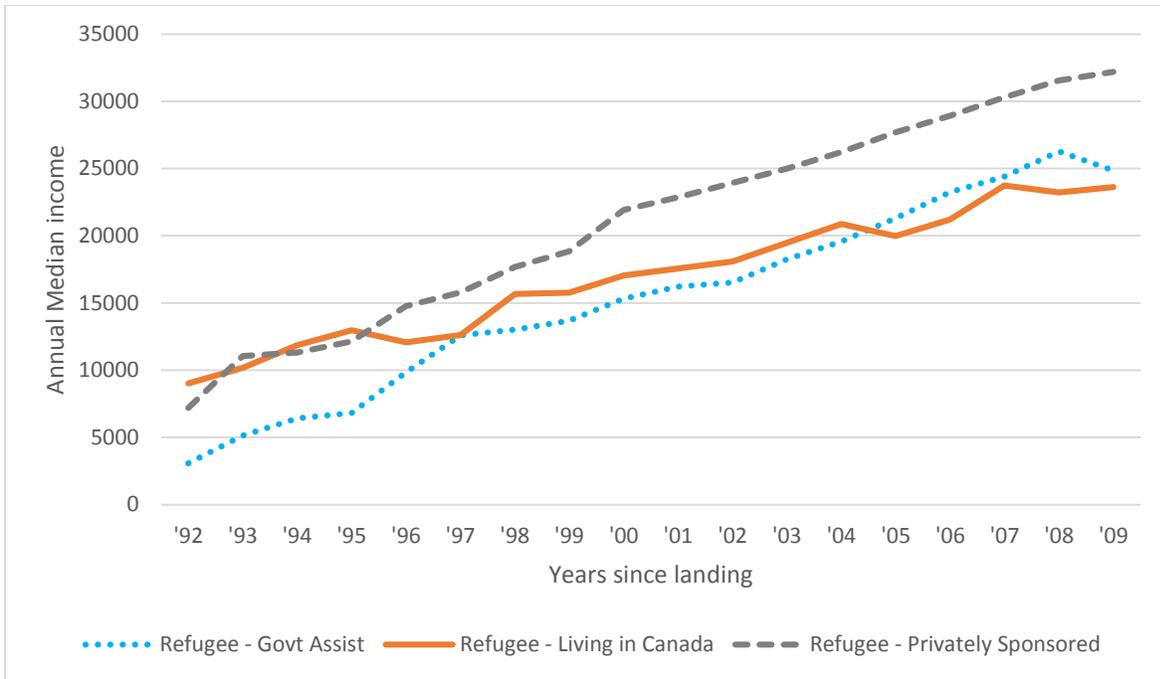


Figure A3: Annual Median income of 45-54 years old female for all categories of refugees that landed in 1991

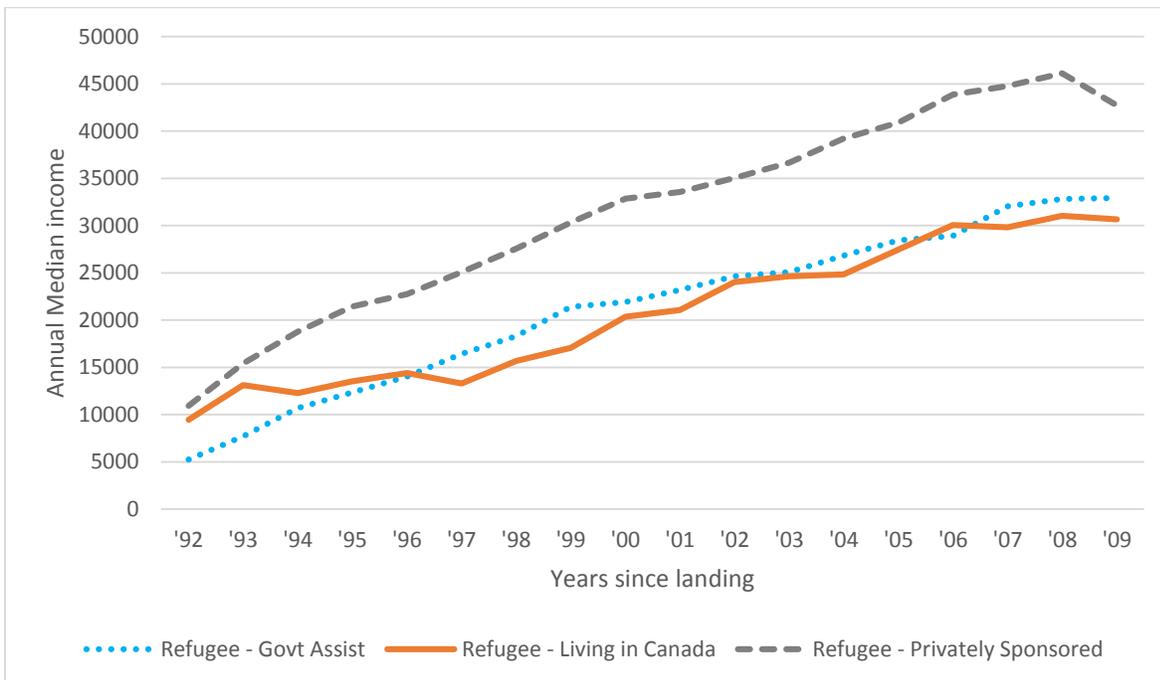


Figure A4: Annual median income of 45-54 years old male for all categories of refugees that landed in 1991

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