

The economics of refugee resettlement

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On March 24, Australia and New Zealand announced that a refugee resettlement agreement for the resettlement of up to 450 refugees from Australia to New Zealand, spread over three years, would finally come into effect. The offer was first made in 2013, when it was rejected by the Coalition Government that came into power later that year. Now, [New Zealand says](#) [they] “are pleased to be able to provide resettlement outcomes for refugees who would otherwise have continued to face uncertain futures.”

Refugee resettlement is the transfer of refugees from an asylum country to a third country that has agreed to admit them long-term. According to the [UNHCR](#), this solution should be sought when refugees live in perilous situations or have specific needs that cannot be addressed in the country where they have sought protection. Due to its inhumane immigration policy of the last decade, Australia is both on the ‘receiving’ and the ‘giving’ end of refugee resettlement arrangements. Regardless of which party finds itself in government later this year, it should do anything and everything to find arrangements (such as the New Zealand or US resettlement agreements) for those refugees who remain in limbo in Australia’s system of indefinite immigration detention. It should also ramp up its annual intake of refugees.

Apart from a humanitarian responsibility to help those in need, refugee resettlement is beneficial from an economic point of view. While it is true that refugees are more likely to be [unemployed or use welfare in the first few years after resettling](#) in Australia, they are also much more likely to stop needing welfare and to [start a business than comparable citizens](#). A study from the US shows that refugees [pay back more in taxes than they receive in benefits within roughly 15-20 years](#).

A second factor economists consider is human capital. Human capital is understood to be each person's skills, education, training and other attributes that can be used productively in an economy. Refugees – like other migrants – come with an inherent set of skills. Many are multi-lingual or will learn English as a second language. Recognising their existing human capital, and supporting refugees in acquiring relevant skills and education as they resettle, helps to address labour shortages in local economies. In Europe, several countries [called on refugees to fill their needs](#) for medical, healthcare other 'essential services' professionals during the pandemic. Already before the pandemic, Australia was facing a [shortage of \(skilled\) migrant labour](#), and particularly so in regional areas. In the Victorian town Nhill, a poultry producer solved its labour supply problem by [relocating refugees and their families from Melbourne to work in the factory](#). These refugees were happy to take up the unskilled work in a regional area that locals and other migrants weren't going to take; it matched their skills and preferences, being from a rural farming culture in Myanmar (Burma).

In settings like these, it is easy to see that a third economic factor comes into play: the positive effects of refugee resettlement on social capital. Social capital is a summary term for things like trust, intergroup attitudes, and interpersonal relationships that underlie the functioning of society. It is important for individual wellbeing as well as community welfare. In Nhill, we found that [women in particular became more trusting of refugees](#) (compared to a control group). Also in other, perhaps less favourable settings, we find that [exposure to refugees improves attitudes towards ethnic minorities](#). These results suggest that there is less cause for concern about a voter backlash of taking in (more) refugees than might otherwise be inferred from attitudinal data.

Australia currently has a refugee intake cap of 13,750 people per year; the number has been systematically cut in previous budget rounds. Actual intake lags far behind, with [fewer than 5,000 refugees accepted for resettlement in 2020-21](#). In response to the retreat of Western forces from Afghanistan, [4,125 additional places per year](#) have been made available for Afghans for the next four years; [Ukrainian refugees can access a temporary humanitarian concern visa](#). These are welcome announcements, but more is needed from a humanitarian standpoint, and more should be welcomed from an economic standpoint. Besides that, the new [budget](#) reduces the funds available for settlement services and the Australian Human Rights Commission, while continuing to allocate hundreds of millions to offshore processing of relatively few refugees.

It is shameful that Australia is a country where people who have sought protection are in need of a resettlement solution to a third country. Instead, Australia should embrace the potential and the many positive gains for both the refugees and the local population and increase its resettlement quota. Above all, now is the moment for Australia to abandon its indefinite immigration detention policy.