

# The Formation of Language Skills and the Economic Success of Refugees\*

Mette Foged<sup>†</sup> and Cynthia van der Werf<sup>‡</sup>

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## Abstract

Using travel time by public transport to language training centers as an instrument for host-country language acquisition by refugees, we show that language instruction has a strong positive effect on proficiency in the host-country language and enrollment in formal education in the host country. As refugees are dispersed across municipalities and allocated to public housing in the municipalities based on availability at the date of arrival, travel time is uncorrelated with refugees' characteristics at arrival. Moreover, we also exploit variation in travel time that results from the opening and closure of language training centers. We find positive effects on employment and annual earnings but our IV results are not significant. The increase in earnings comes mainly from the extensive margin as we find no evidence of a positive effect on hours of work per week or hourly wage. The findings suggest that language instructions increase language proficiency and stimulate immigrants invest in human capital which likely delays and increases any positive labor market return to early language learning investments. Interestingly, we find similar effects for men and women.

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<sup>†</sup>University of Copenhagen, Mette.Foged@econ.ku.dk.

<sup>‡</sup>Louisiana State University, cvanderwerf@lsu.edu.