



Discussion of
“The Immigration Impact on Labor and
Growth in OECD Countries”
By Basso, Mathur and Peri

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Summary of contributions

- A new dataset on **net** migration inflows to OECD countries over 1990-2024

Disaggregated by origin country and skill level (high/low), showing two major trends: a rise in the skill content, and a rise in immigration from non-OECD (i.e., South-North) origins.

- A (mostly inconclusive) empirical analysis of the *determinants* of net migration inflows

Showing the lack of predictive power of standard push (e.g., origin-country shocks) and pull (e.g., networks) factors, making by contrast the weakly significant role of immigration policies remarkable

- An empirical assessment of the mostly positive *growth impacts* of immigration

Showing a positive contribution (with *no saturation*) to various dimensions of economic performance (income per capita, labor and total factor productivity), driven mostly by high-skill immigration, with non-linear (decreasing) effects, in the medium run, robust to conducting the analysis at the regional level and to proxying immigration shocks by policy changes

Overall very well written paper which provides an important baseline framework for future policy discussions of immigration in the EU context and beyond.

Two sets of comments

Comment 1: Data and samples



Three main questions:

- Why do you focus on “net migration inflows” rather than on inflows and outflows?

In/outflows can be very different compositionally and have strongly differential impacts. Moreover, a given net change (say zero) can result from big or small equal gross changes in in/outflows. Aren't we losing important information here (and insights for policy)? What do we gain from looking at the “net”?

- Where does the rise in the skill content of immigration come from?

It can have two sources you don't decompose: a rise in educational attainments in source countries over the period, or a change in the origin-mix of countries toward more educationally advanced ones (e.g., Asia v. LAC). Can you decompose these two forces, which have different policy implications (more selection, or more diversification, or both)? (see Dziadula and Zavodny, 2026, for the US)

- Why do you focus on the OECD/non-OECD divide?

You show robust results for the EU14+ subsample (EU14+USA, CAN, AUS, GBR, NZ) which excludes Mexico, Turkey or Poland as destinations but does not include them as origins! We lose some major migration corridors of first-order policy relevance (e.g., Mexico-USA, Turkey-Germany, Poland-Germany). Can you correct that?



Comment 2: Identification

The paper is very cautious not to make strong causal claims. It draws its conclusions from the convergence in results from descriptive or imperfectly identified exercises leveraging various sources of shocks. It rests on:

- **Jorda's (2005) local projection approach.**

While you clearly acknowledge the limits of the approach (especially the implausible exclusion restriction in your context), I don't see that you (try to) use the recent applications of this method with IVs (Montiel Olea and Plagborg-Møller, 2021; Jordà and Taylor, 2025)

- **Origin-shocks**

: you try different shift-share instruments (and then abandon them due to their low predictive power). In the "crises shift-share" version, you select "seven countries that experienced the largest crisis-driven emigration rates in the period 1990-2024". Why seven? Why emigration "rates" rather than absolute numbers?

- **Destination shocks**

- Immigration policy changes captured through IMPIC (index of immigration policy restrictiveness based on expert coding. Many issues (aggregation of various dimensions, supranational regulations, endogenous to immigration and to economic conditions). Did you try to assess their exogeneity? Did you consider other, simpler things such as visa policies, point systems, etc.?

- Immigration shocks and surges. What about external validity. What do we learn from essentially forced migration episodes for "daily" policy addressing the bulk of economically driven regular (in terms of time and legality) inflows.



Missing benefits 1:

Migration and globalization

*Migrants are not just workers but also entrepreneurs and innovators affecting firm creation and innovation. They are also **bridges***

- In particular, migrants reduce informational frictions (transaction costs) between home and host countries, thereby promoting trade, FDI and other investment flows.
- This can significantly improve the export performance of host countries, grant them access to new markets (through either exports or FDI) and contribute to diversify loans and equities portfolios (reduce home bias)

Recent literature:

- Parsons and Vezina (EJ2018) on the Vietnamese boat people and US-Vietnam trade
- Ariu (JIE2022), using the Swiss natural experiment to uncover upstream and downstream impacts of immigrants on their employers' suppliers and buyers networks.
- Mayda et al. (JDE2023) on refugees and US FDI outflows to the RoW
- Kugler, Levintal and Rapoport (WBER2018) on migration and cross-border financial flows

Missing benefits 2:

Migration and productivity



Migrants « are not just workers but also entrepreneurs and innovators, affecting firm creation and innovation » ... they also contribute to productivity growth through other channels:

- **Workforce diversity:** Migrants bring a set of skills, knowledge and know-how that complement those of native workers and of immigrants from other origins; they increase the set of skills and allow for improved matching between workers and jobs
 - Ortega and Peri (JIE2014) on the respective impacts of trade/immigration openness and diversity on income per capita (with immigration a clear winner)
 - Alesina, Harnoss and Rapoport (JoEG2016) on the respective impacts of various dimensions of population diversity (ethnic, linguistic, genetic, birthplace) on income per capita, with birthplace diversity, especially high-skill, a clear winner)
 - Orefice and Peri (RESTAT forthcoming) on immigration and firm-worker matching in France
- **Knowledge diffusion:** Migrants transfer knowledge from their home countries, thereby shaping the dynamic comparative advantage and innovation capacity of the host economy.
 - Historical examples are many (Huguenots in 18th century Germany, German Jewish scientists fleeing Nazi Germany to the US, etc.).
 - Recent literature: Bahar and Rapoport (EJ2018): Migration, knowledge diffusion and the comparative advantage of nations; Bahar et al. (RESTAT2024) on Yugoslavian refugees returning from Germany and shaping the export basket of their home countries/Republics.

Missing costs:

Immigration and right-wing populism



Elephant in the room: migration may bring economic benefits, but at a political cost -- the rise of right-wing populism, which in turn has an important economic cost (Funke et al., AER2023)

- Low-skill immigration raises electoral support for RWP parties while high-skill immigration decreases it

- Same coefficients of opposite sign, generating a quadratic relationship between the ratio of LS/HS immigration and votes for the far-right

Source: Docquier et al., « Populism and the Skill Content of Globalization », Economic Journal 2026

- RW Populism in turn generates a strong adverse selection in immigration (stronger repulsive effect on HS than LS immigration), also exponentially

Sources: Bellodi et al. (2025) for Italy, Beine et al. (2025) for Mexico, Slotwinski and Stutzer (2019) for Switzerland, Docquier and Vassilakis (WP2026) for the cross-country relationship.

- This generates a vicious circle between the skill ratio of immigration and the vote share of the far-right

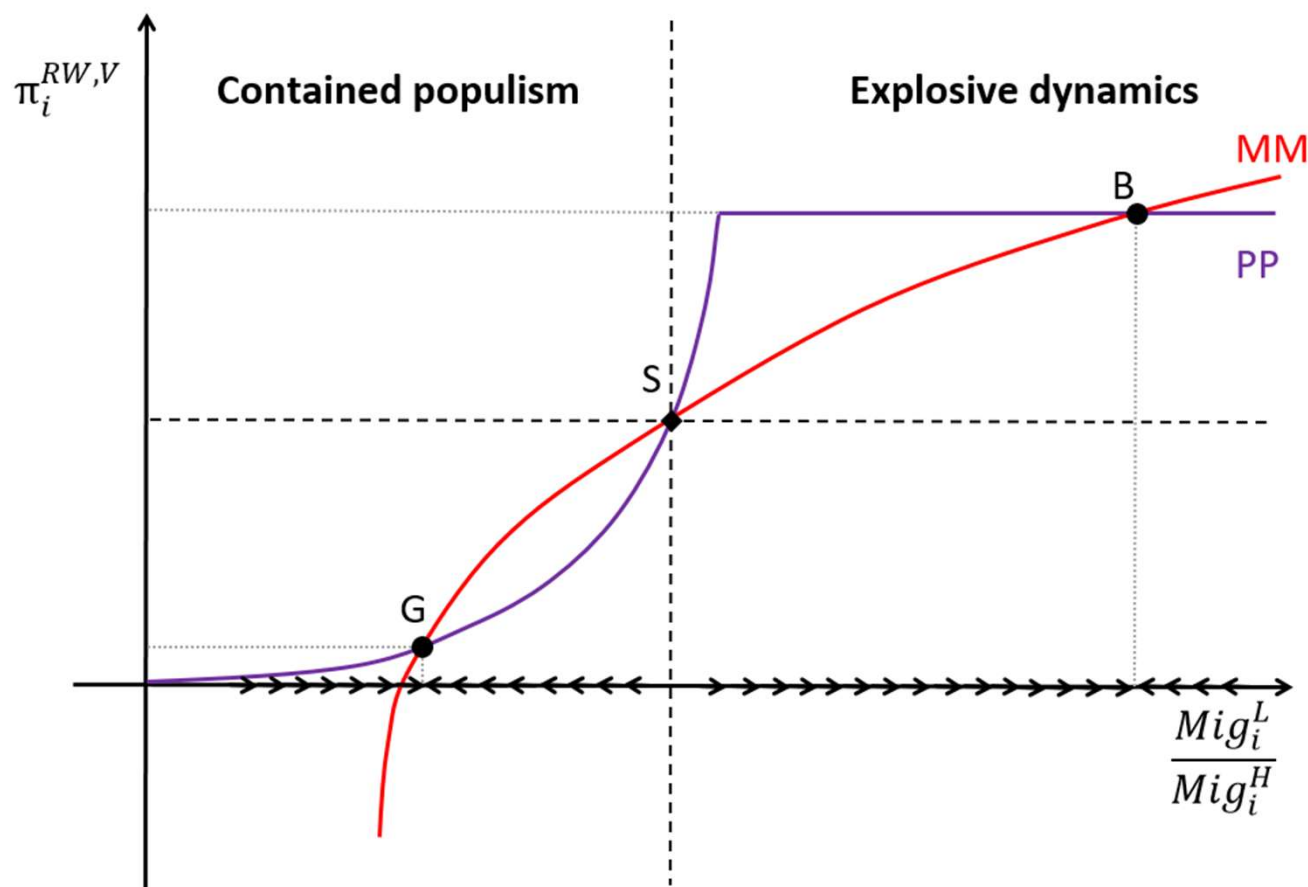
Populism and the skill-content of globalization (Docquier, Rapoport et al., EJ2026)



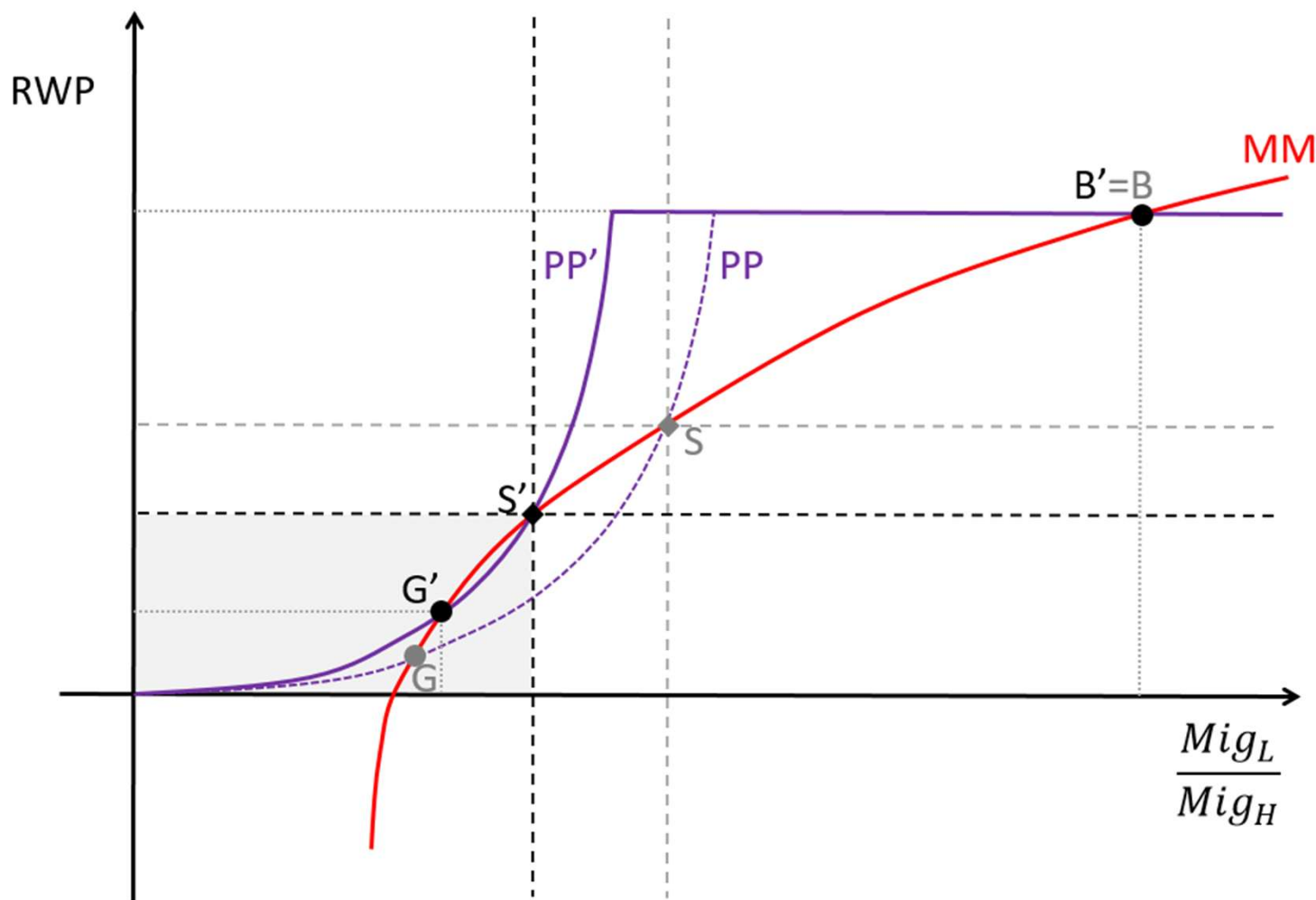
	Volume ($\Pi_{i,e,t}^V$)			Mean margin ($\Pi_{i,e,t}^M$)		
	All	RW	LW	All	RW	LW
	(1)	(2)	(3)	(4)	(5)	(6)
(log) $\text{Imp}_{i,t-1 \rightarrow t}$ (LS)	0.91* (0.50)	1.82** (0.84)	0.97 (0.84)	4.99** (2.33)	4.06** (1.77)	1.29 (1.42)
(log) $\text{Imp}_{i,t-1 \rightarrow t}$ (HS)	-1.22* (0.66)	-2.14** (0.87)	-0.72 (0.83)	-0.22 (0.54)	-0.59 (0.38)	0.45 (0.37)
(log) $\text{Mig}_{i,t-1 \rightarrow t}$ (LS)	0.53 (0.43)	1.97*** (0.58)	-1.70* (0.92)	0.52 (3.13)	0.74 (3.01)	-0.75 (1.53)
(log) $\text{Mig}_{i,t-1 \rightarrow t}$ (HS)	-1.04* (0.56)	-2.02** (0.89)	0.60 (1.23)	0.99 (10.12)	3.15 (7.90)	3.34 (4.75)
Observations	575	575	575	578	461	470
(Pseudo)-R ²	0.40	0.36	0.50	0.06	0.09	0.01
K-Paap F-stat				12.05	11.36	9.45
Year & Country FE	✓	✓	✓	✓	✓	✓
Controls	✓	✓	✓	✓	✓	✓

The Vicious Circle of Xenophobia

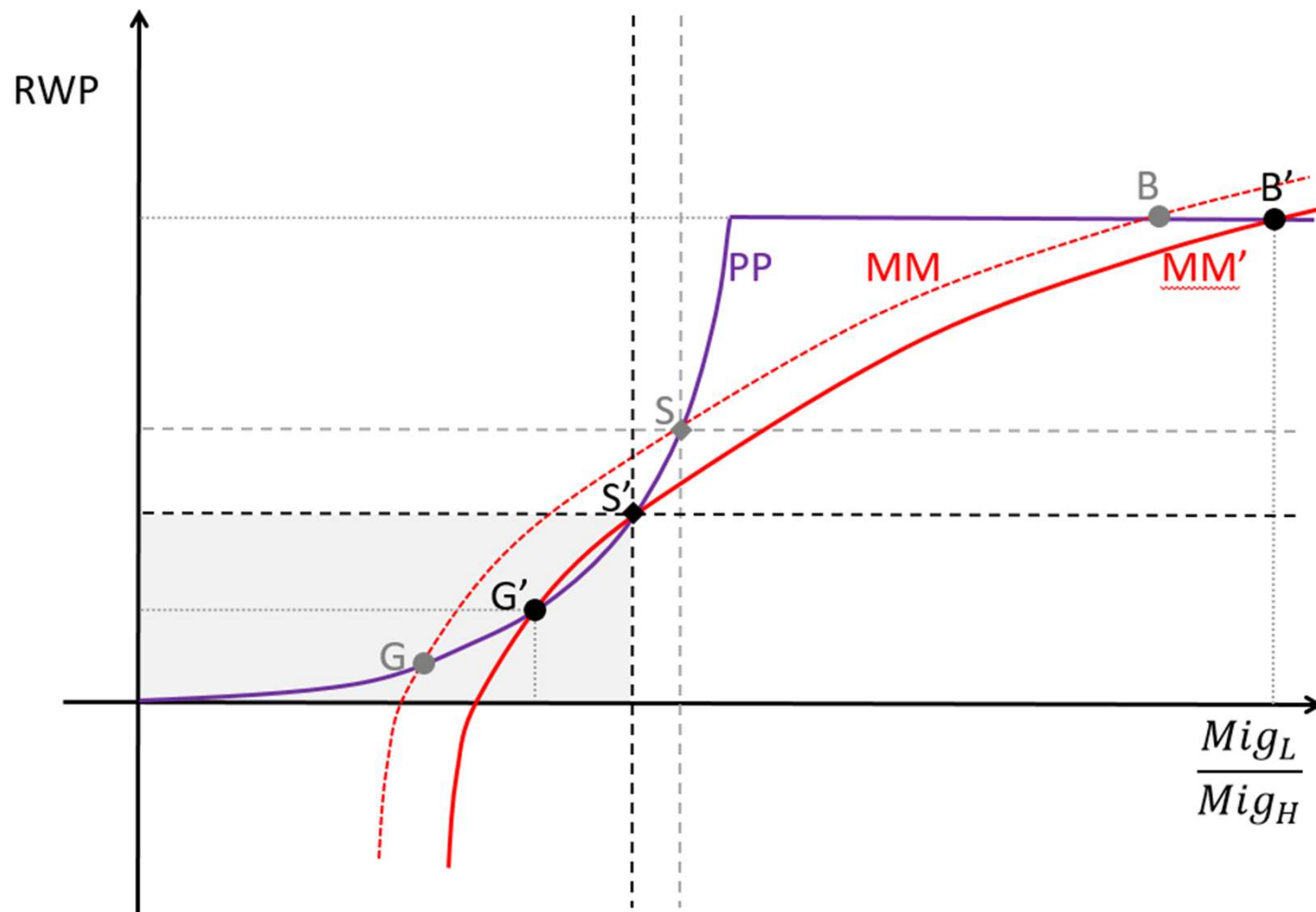
(Docquier and Rapoport, Economic Policy, 2025)



Equilibrium shifters of the PP curve (crises, internet/social media, corruption scandals, terrorism..)



Equilibrium shifters of the MM curve (refugee crises, migratory pressure from the South, etc.)





Minor points

- Intro page 2: « Europe is the world's largest destination for migrants ». Does that include intra-EU flows? Is it EU27, EU15? When did that happen?
- You compare the economic effects of natives' population growth to immigration. The age structure is different (within the working age bracket), not just the skill structure – do you account for this?
- Human capital index = share of people with different schooling levels x return to schooling. Immigration can affect both, in different ways (drive natives away/toward more or less schooling, and affect the returns). Can you disentangle?
- Terminology: “innovations” in immigration policy, immigrants “replacing” natives, “less than regular ways of entry” ...
- Table 7 compares the effect of a change in native population and in immigration equivalent to a 1% of the adult population. Similar coefficients mean 10 times stronger marginal effect for immigration – how come?

Conclusion



- Very useful framework integrating most (but not all) the channels through which immigration affects labor markets, productivity and growth, that can serve as a reference framework for policymakers
- Useful also in that it goes against the dominant narrative on immigration, which is more skilled what people perceive and brings important economic benefits, for HS as well as LS migrants.
- The « missing » dimensions may be hard to integrate in your framework but they should at least be discussed.
- You don't make any policy recommendation. Should we increase inflows, reduce outflows? Be more selective or diversify our origin-mix of countries? How to think about immigration as part of a growth strategy in a fragmented world?