

Accepting refugees has long-term benefits to the economy – according to evidence from Germany 75 years after intake

Submitted by: BlueSky Education

Thursday, 10 March 2022

Accepting refugees raises income per capita and wages in the long term, finds new research from ESMT Berlin (<https://esmt.berlin/>).

In 1945, millions of refugees were displaced westward to Germany, which was divided into four zones occupied by France, the US, the UK, and the Soviet Union. However, refugee acceptance differed: the French zone restricted access. This led to a much higher population density in the US zone of the modern Baden-Württemberg region, divided between the US and France until 1949.

Jan Nimczik, Assistant Professor of Economics from ESMT Berlin, alongside Antonio Ciccone, Professor of Macroeconomics from the University of Mannheim, investigated the effects of historical refugee intake on today's productivity, wages, income, rents, education levels, and population density. They analysed historical census data, modern outcome data, geographic data, income tax statistics, data on the productivity of firms, and education data.

Ciccone and Nimczik compared the economic development in towns close to the former border between the French and US occupation zones in modern Baden-Württemberg. Their results show that, as of 2020, population density is still greater on the former US side, around 25 percentage points than the former French side. Towns on the former US side also experience higher income per capita, productivity, and wages alongside higher rents. In contrast, they found no differences between both sides prior to the arrival of the refugees.

Ciccone and Nimczik estimate that the arrival of refugees on the US side of the border raised income per capita by around 13% and hourly wages by around 10%.

Prof Nimczik says,

“Today, wars, civil conflicts, economic collapse, and climate change continue to cause massive refugee movements. Naturally, humanitarian considerations must be the main motivation of the measures taken in support of refugees. However, economic costs and benefits always have played a role also. The public debate generally focuses on the short- and medium-term; the longer-term, economic benefits are often neglected. The case of WWII refugees in Germany shows that for receiving countries such benefits, in the form of higher income per capita and wages, can be considerable.”

/ENDS

For more information, a copy of the research paper, or to speak with Prof Nimczik, please contact Kyle Grizzell from BlueSky Education on +44 (0) 1582 790709 or kyle@bluesky-pr.com