

# Moving and Shaking

*How Migration Moves Economies, Societies, and Democracies*

## Policy Brief

6th Workshop on the Economics and Politics of Migration

Held at **Fundación Ramón Areces**, Madrid

On **22–23 May 2025**

**Hosted by:**

EBRD

King's College London

Fundación Ramón Areces

Universidad Carlos III de Madrid

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This brief was completed on **June 16, 2025**

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**About Standard Error** *Standard Error Research Editors is a Chicago-based academic editing consultancy supporting quantitative social scientists in the international research community. See more at [stderr.com](https://stderr.com).*

## Executive Summary

This policy brief introduces policy audiences to new work presented over two days in Madrid at the **6th Workshop on the Economics and Politics of Migration**, which brought together leading and early-career migration researchers from across Europe and the Americas. The event featured **13 research papers, 2 renowned keynote speakers, a Best Paper Prize**, and plenty of tapas enjoyed under the *madrileño* sun.

In this brief, we recap the researchers' work exploring how migration has influenced different countries, both historically and today. Among the provocative topics examined in the papers are how 18th-century French soldiers brought the revolution from America back to France, how the mass displacement of Venezuelans may be propelling further democratic backsliding, and how Ukrainians fleeing war have faced an uncertain welcome in Poland. Other studies look at how mass deportations from the US are straining El Salvador's job market, how international students have driven innovation in the US and changed employment patterns in Canada, and how an integration program helped rural newcomers in a Mozambican city get active in local politics.

Some of the research looks at policies with unintended or draconian effects—such as a Dutch effort to force cultural assimilation that backfired and an Austrian policy that tried to deter asylum seekers by making it nearly impossible for refugee families to reunite. We connect the findings to the migration-related pressures facing democracies around the world today to help policymakers bring the valuable insights and compelling stories from the participants' research to their decision-making.

### Key Policy Takeaways

- Migration leads to new firms being founded by both immigrants and locals and may shape which kinds of firms thrive in the market.
- Cultural and political exchange between migrants and locals in destination countries and between destination and origin countries shapes history, sometimes in dramatic fashion.
- Forcing assimilation or interrupting migrants' family lives can have counterproductive consequences.
- Matching migrants to good jobs and increasing minorities' political representation can smooth integration.
- In Latin American origin countries, emigration and US deportations shape politics and labor markets, with implications for the survival of authoritarian incumbents.
- Many challenges generated by internal migration mirror those arising from international migration, but integration policies can bolster political blocs supportive of urbanization.

## Migration Matters

Cleavages over migration and its consequences are among the preeminent forces shaping the political trajectories of Western democracies today. Throughout the Americas and Europe, new refugee exoduses triggered by geopolitical conflict and economic dislocation have inflamed nativist sentiment—long held tenuously at bay—that now threatens to empower fringe newcomers and sideline political establishments. Rejection of migration among key political constituencies animated Donald Trump’s return to power in the United States and the mass deportation program that his administration has since set about executing. Migration is, in short, among the most pressing concerns of many policymakers, and migration researchers are here to help them understand the many different political and economic forces unleashed when migration touches our societies.

### At the 6th Workshop on the Economics & Politics of Migration

Shedding empirical light on the many thorny questions about migration shocks and their repercussions was the impetus behind the **6th annual Workshop on the Economics and Politics of Migration**, organized this year by the **EBRD**, **King’s College London**, **Fundación Ramón Areces**, and **Universidad Carlos III de Madrid**. The authors of thirteen papers—from a submission pool of 150—presented and received comments on works in progress using state-of-the-art empirical methods and data sources to investigate questions of much more than academic interest. Migration sits right at the crux of debates about the future of Western democracy, and the themes covered by the papers underscore how urgent migration research is to contextualize our historical moment.

**Market-Level Effects on Jobs and Firms.** Researchers have paid considerable attention to what happens to labor markets and employment among locals in destination countries when migrants arrive. In general, studies have found that the overall effects are very small or zero—but researchers remain unsure quite why this is the case. **University of British Columbia** professor **David Green** presented a new paper<sup>1</sup> that takes advantage of a huge expansion in the number of international students taking jobs in Canada to figure out what goes on under the hood in local labor markets when international workers arrive. He and his



#### Keynote Speaker: Leah Boustan

The Princeton economics professor presented provocative new results from an enormous project with dozens of coauthors from countries around the world examining whether the findings on immigrant social mobility documented in her book *Streets of Gold: America’s Untold Story of Immigrant Success* (coauthored with Ran Abramitzky) hold outside the United States—and for whom.

<sup>1</sup>David A. Green, Mikal Skuterud, and Stephen Tino. “Immigrant Impact on Local Labour Markets: Evidence from the Canadian International Student Expansion.”

coauthors find a small decrease in total employment that hides some variation in the effects: Companies that *don't* hire foreign workers reduce employment more and differ in many ways from the ones that do. This means that employment of migrants may affect which kinds of firms thrive in the market.



### Best Paper Prize

The first **Standard Error Best Paper Prize** to be awarded at a research workshop went to **Artur Obminski**, a PhD candidate at the **Paris School of Economics**, for his paper “See the Migrants, Cross the Street? Endogenous Selection Out of Exposure to Migrants.” The project uses Google Maps review data to examine how Poles segregated themselves socially after the arrival of more than a million refugees in Poland when Russia invaded Ukraine in March 2022.

[Pictured: Artur Obminski poses with Standard Error founder Samantha Eyler-Driscoll.]

### Entrepreneurship in Destination Countries.

When migrants arrive in new economies, it's not only employment in *established* companies that might adjust—migration might grow the ecosystem of firms. Migrants can infuse economies with new ideas, skills and talent that can catalyze innovation and growth. Two new projects presented at the workshop push forward our knowledge on how immigration impacts entrepreneurship in destination countries. One of the papers,<sup>2</sup> like Green et al.'s work, takes international students as the migrants of interest. Coauthor **Morgan Raux** of **Aix-Marseille School of Economics** presented results showing that cohorts of US master's degree graduates with more foreign students among them create more startups, with most of those new firms created by international graduates themselves but a large share of them created by US-born graduates on their own or with immigrant cofounders.

The second paper extended this focus on whether entrepreneurship among *locals* responds to arrivals of migrants. **Gabriel Chaves Bosch**,<sup>3</sup> a PhD student at **Queen Mary University of London**, found that Spaniards opted to enter entrepreneurship more during a ten-year period when more than 4 million migrants arrived in Spain.

### Transmission of Culture and Politics Between Migrants and Locals.

Another set of projects looked at how migrants and locals have influenced each other's ideas and culture—in both directions—to

sometimes-historic effect. **Sebastian Ottinger** of **CERGE-EI and IZA** brought economists' unique empirical toolkit to bear<sup>4</sup> on a thesis from the historical literature: that French soldiers deployed to assist US revolutionaries during the American War for Independence acquired an

<sup>2</sup>Michel Beine, Giovanni Peri, and Morgan Raux. “The Contribution of Foreign Master's Students to US Start-Ups.” NBER Working Paper 33314.

<sup>3</sup>Gabriel Chaves Bosch. “Moving to Create Opportunity: The Impact of Immigration on Native Entrepreneurship.” See a summary here.

<sup>4</sup>Sebastian Ottinger and Lukas Rosenberger. “The American Origin of the French Revolution.”

enthusiasm for liberal institutions that fired up their support for France’s own revolution a decade later. They find supportive evidence. **Gianluca Russo** of the **Barcelona School of Economics** looked at how the rollout of radio media at the end of the age of mass migration facilitated cultural and social homogenization between the new arrivals and locals <sup>5</sup>

**Integration and Its Discontents.** Of prominent interest to migration researchers and policymakers—and concern to the publics in destination countries—is the question of how to smooth the transition of new arrivals into society, the economy, and politics and how to reduce segregation between migrants and locals. Several of the presenters examined whether policies relating to migrant settlement or (de)segregation in destination countries had their intended effects. **Alessandro Caiumi**’s (**University of California – Davis**) research<sup>6</sup> shows that refugees in Denmark who were resettled in areas where they had access to good jobs through coethnic connections in high-quality firms enjoyed better labor market outcomes than less well-connected refugees for up to 10 years after they arrived. **Sarah Schneider-Strawczynski**’s (**University of Exeter**) work with her coauthors<sup>7</sup> uses a “close elections” research design to document how the election of candidates from a demographic minority increases naturalization among immigrants in the representatives’ districts.

Other policies aimed at disciplining refugees’ integration were revealed to have counterproductive or unintended effects. **Teresa Freitas-Monteiro** of the **University of Copenhagen** and **Immigration Policy Lab (ETH Zurich)** and her coauthors<sup>8</sup> evaluated Denmark’s polemical “ghetto list” policy stigmatizing some neighborhoods with segregated migrant and migrant-descendant populations as “ghettos.” The policy, in contrast to its stated aims, seems to have prompted residents of the stigmatized neighborhoods to further withdraw from social and economic interactions with locals.

Finally, **Katia Gallegos Torres** of **IAB Nuremberg** presented findings<sup>9</sup> on a policy aiming to make Austria less attractive to asylum seekers by heavily restricting their ability to legally reunite with their families. For the asylees subject to the severest restrictions, family reunification by legal means stopped almost entirely, but growth in reunification through irregular means may have almost entirely offset this decline.

**Political Economy in Origin Countries.** Other researchers turned their attention to what happens in origin countries—specifically, two backsliding Latin American democracies—either when migrants leave or after they return. The **World Bank**’s **Sandra Rozo** presented her work with coauthors<sup>10</sup> on the forced displacement of 7 million Venezuelans after 2014. They

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<sup>5</sup>Gianluca Russo. “Media and Assimilation: Evidence from the Golden Age of Radio.”

<sup>6</sup>Alessandro Caiumi and Emil AL Simonsen. “Quality of Employers, Co-Ethnic Networks, and the Economic Integration of Refugees.”

<sup>7</sup>Apurav Bhatiya, Hillel Rapoport, and Sarah Schneider-Strawczynski. “Minority Political Representation and Immigrant Integration.”

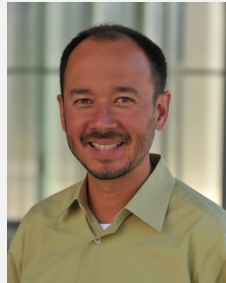
<sup>8</sup>Mette Foged, Teresa Freitas-Monteiro, and Linea Hasager. “Harsh Rhetoric and Cultural Identity: Backlash Effects of Denmark’s Ghetto List.”

<sup>9</sup>Katia Gallegos Torres, Andreas Steinmayr, and Valentin Wett. “Uneven Rules: The Struggle for Refugee Family Reunification.”

<sup>10</sup>Nicolás Cabra-Ruiz, Sandra V. Rozo, and María Micaela Sviatschi. “Forced Displacement, the Perpetuation of Autocratic Leaders, and Development in Origin Countries.” NBER Working Paper 33131.

find that the exodus has helped entrench the country's autocratic incumbent by weakening the political opposition and propelling the growth of organized crime and trafficking. **Christian Ambrosius** of **Freie Universität Berlin**<sup>11</sup> turned his attention to how the US's ongoing mass deportation program may affect the labor markets in immigrants' origin countries when they are forcibly returned. His work with his coauthors focuses on El Salvador, a quarter of whose population lives abroad, overwhelmingly in the US. The authors find significant disruptions to labor markets in areas in El Salvador exposed to more aggressive immigration enforcement in the US. In both El Salvador and Venezuela, the political economy reverberations of migration and deportation have implications for the survival of the countries' authoritarian incumbents.

**Internal Migration and Political Cleavages.** Migration researchers are not only interested in migration between countries. *Internal* migration from rural to urban areas is ubiquitous in countries undergoing development, and the political challenges and cleavages it generates are parallel in many ways to those arising from international migration. **Wayne Aaron Sandholtz** of **Nova SBE** presented evidence from a field experiment<sup>12</sup> on a program to integrate rural migrants arriving in the Mozambican city of Quelimane. They find that the program did indeed help the newcomers get involved in local politics. An implication is that such policies can cultivate political blocs that support urbanization and the structural economic transformation it powers.



**Keynote Speaker: Dean Yang**

The University of Michigan economics and public policy professor discussed his fascinating new work arguing that the airing of the TV religious epic *Ramayan* when television began to achieve mass coverage in India in the late 1980s helped foment support for Hindu nationalism and ensconce the BJP as the dominant force in Indian politics today.

<sup>11</sup>Christian Ambrosius, Juliana Quigua, and Andrea Velásquez. "Externalities of US Immigration Enforcement Policies in El Salvador."

<sup>12</sup>Alex Armand, Frederica Mendonça, Wayne Aaron Sandholtz, and Pedro C. Vicente. "On the Political Economy of Urbanization: Experimental Evidence from Mozambique." Nova SBE Working Paper Series No. 670.