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#ECONOMICSFOREVERYBODY

The question to... Hillel Rapoport



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How can refugees contribute to post-war economic recovery at home?

Context

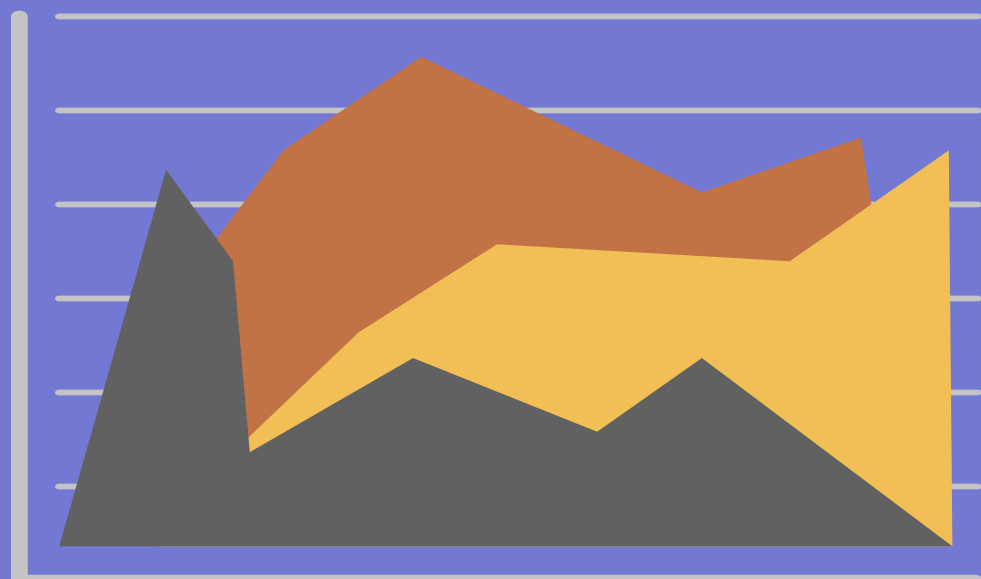
More than 8 millions of people have fled Ukraine since Russia's invasion in February 2022.

5 millions have received temporary protection from the European Union which grants them the right to work in their European host country.



This temporary protection differs from the situation of other millions of asylum seekers, who often need to wait many months before they can obtain refugee status and work.

This delay leads to significant penalties in terms of labour market participation and wages, even in the long-term.



Hypothesis

Access to the labour market would enable refugees to acquire knowledge, develop skills and experience, and save money.

Beyond the benefits for refugees themselves and for the host economy, this would also benefit home countries should refugees return.



The example of the Balkans

To understand why this is the case, consider the civil war in the former Yugoslavia which led 700,000 people to seek refuge in Germany between 1991 and 1995.

Germany granted them temporary protection in the form of renewable permits valid for 6 months and allowing them to move and work freely in the country.

The war ended in December 1995. By 1996, the German government stopped renewing these permits and 75% of the refugees returned to their countries of origin, which had become independent.

Did returning refugees help rebuild their country?



In "Migration and knowledge diffusion: The effect of returning refugees on export performance in the former Yugoslavia" (forthcoming at *The Review of Economics and Statistics*) Hillel Rapoport and his co-authors use **exports** as an indicator of economic performance.

They show that in the 2000s, the **fastest growing industries** in terms of exports were precisely those where lots of Yugoslavian refugees had worked in Germany during the war period before returning.



Results

The authors explain such export growth thanks to the experience, skills and knowledge accumulated in Germany and brought back home, which translated into productivity gains in the relevant industries.

Overall, they estimate the contribution of returning refugees to more than 6% of all export growth of the former Yugoslavia in the post-war period.



Conclusion

Early access to the labour market for refugees allows:

- > the host country to benefit from a workforce that acquires skills and integrates better into society through work;
- > the country of origin to benefit, after their return, from the capital accumulated by the refugees to help with the economic reconstruction;

Overall, we obtain a better integration for refugees should they stay, and a better contribution to post-war reconstruction at home should they return.



From
Hillel Rapoport, February 2023,
*How can refugees contribute to post-war
economic recovery at home? Lessons from
the Balkans wars, for Ukraine and beyond.*
PSE International Migration Economics Chair,
Policy brief n°2.

