WIC Colloquium

Macroeconomic Consequences of the Substituability between Natives and Immigrants in the Labor Market

Wednesday, June 1st, 2022
17:00-18:30 (CEST)

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Hippolyte d’Albis
Paris School of Economics

Previous empirical studies have concluded that natives are not infinitely substitutable to immigrants in the labor market. In this article, we first explore the macroeconomic consequences of this fact with a neoclassical growth model. We show that the employment rate increases with the immigration rate if and only if the share of immigrants in the population is below a threshold. This condition is shown to be key for the dynamic analysis of both capital and income per capita. Most notably, steady-state income per capita increases with the immigration rate if and only if the share of immigrants is below the aforementioned threshold. Using a panel of OECD countries for 1985-2018, we then provide an empirical assessment of the impact of migration on employment rate, which suggests that the share of immigrants in the population is actually below the theoretical threshold.

About the presenter
Hippolyte d’Albis is a senior researcher at CNRS, specialized in economic demography. He is also professor at the Paris School of Economics, director of the École HED—a graduate school of demography—, president of the Cercle des économistes, director of the French team of the National Transfer Accounts network, co-director of the French Regional Database, associate editor of the Journal of Demographic Economics and the Journal of the Economics of Ageing and member of the editorial advisory board of the Public Finance Review.

The Wittgenstein Centre is a collaboration among the Austrian Academy of Sciences (OeAW), the International Institute for Applied Systems Analysis (IIASA) and the University of Vienna.

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