

IMMIGRANTS BOOST PRODUCTIVITY GROWTH

Immigration contributes significantly to productivity in the receiving country, particularly when there is diversity by country of birth. That is the central finding of research by **Francesc Ortega** and **Giovanni Peri**, to be presented to the NORFACE migration conference at University College London this weekend.

The study shows that keeping fixed the institutions, the openness to trade, the natural resources and other long-run determinants of income in a country, increased immigration and larger diversity of immigrants are strongly associated with higher productivity.

The channel of this effect seems to be that immigrants bring diversity of skills and abilities to the economy, spur innovation and ideas and, in the long run, increase productivity growth in the receiving country.

An illustration of this mechanism is the US, the country with largest diversity among immigrants and a continued engine of economic innovation and growth in recent decades. In contrast, Japan, whose growth stalled in the 1990s, has a very low share of immigrants and low diversity of immigrants.

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'The Effect of Trade and Migration on Income' by Francesc Ortega and Giovanni Peri, NBER Working Paper #18193