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Introduction to the *Labour Economics* special issue on immigration economics

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ABSTRACT

This article introduces the *Labour Economics* Special Issue on Immigration Economics. We summarize the twelve papers that were selected for publication and outline their contributions to the broader migration literature. The articles are grouped into four blocks: citizenship and discrimination, the political economy of refugee integration, labour market effects of immigration, and immigration, skills and education.

Immigration is an important topic in public debates and will remain a critical issue in the foreseeable future. To reflect this importance and create a forum for exchange between economists and policymakers, the OECD's Immigration Unit and CEPII, a French public think-tank belonging to the Prime Minister's Office, jointly created an annual conference on "Immigration in OECD countries" in 2010. They have been joined by the Luxembourg Institute on Socio-Economic Research (LISER) in 2020 and by the PSE Chair in International Migration Economics in 2022. Since the beginning, the conference has taken place in December at the OECD headquarters in Paris with additional support from scientific partners such as the Fondazione Rodolfo De Benedetti, IRES (Louvain), the University of Luxembourg, and the University of Lille. Over the years it has hosted keynote lectures by scholars such as Leah Platt-Boustan, Assaf Razin, Tim Hatton, George Borjas, Richard Freeman, Alberto Alesina, Giovanni Peri, Christian Dustmann, Frederic Docquier, Jennifer Hunt, Dani Rodrik, Paola Giuliano, Eliana La Ferrara, Christina Gathmann, Thierry Mayer, Giovanni Facchini, Ekaterina Zhuravskaya, or Michel Beine.

Starting with the 7th conference in 2017, the event has been extended to become a 2-day conference with an enlarged international scientific committee and a dedicated special issue at a well-reputed journal. This special issue of *Labour Economics* follows the 11th (or 2021) conference and comes after special issues at the Review of International Economics (for the 2020 conference, published in November 2022), Journal of Economic Geography (for the 2019 conference, published in March 2022), Canadian Journal of Economics (for the 2018 conference, published in November 2020) and the European Economic Review (2017 conference, published in 2019). The 2020 and 2021 conferences took place online. This issue gathers selected papers presented at the 2021 conference as well as papers submitted through an open call circulated in February 2022. We received nearly forty submissions. All papers underwent the usual peer review process, resulting in the eventual selection of twelve papers.

Publishing a special issue on a sensitive topic such as immigration is an opportunity to reflect on the state of immigration economics research. The field has evolved considerably over the last decade, with research on traditional topics such as the labour market impact of immigration or the links between immigration, discrimination and education still yielding new insights, and new topics such as the question of refugee integration, or the role of citizenship for immigrants' integration drawing more attention. This volume contains twelve papers tackling a number of important questions in today's immigration debate. They are grouped in four blocks: Citizenship and Discrimination, The Political Economy of Refugee Integration, Labour Market Effects of Immigration, and Immigration, Skills and Education.

1. Part I – Citizenship and Discrimination

Immigrants' integration depends on their characteristics and integration efforts as well as on how welcoming and accommodating host societies are in terms of the opportunities they offer them. To some extent, naturalization is the last frontier of integration as it signals not

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just a successful socio-economic integration but also the immigrant's intent to stay permanently, be involved politically and belong to a new home. There are essentially two conflicting and yet not mutually exclusive views on citizenship and integration: for many, acquiring host-country citizenship should eventually come as the reward for a successful integration – this is the "crown" perspective; for others, naturalization is a policy tool that can be used to promote integration, alongside other integration policies – this is the "catalyst" perspective. While both perspectives and the associated policies have their supporters, what is the evidence? The causal impact of naturalization on integration is hard to identify because a naive approach – comparing naturalized immigrants to non-naturalized immigrants in terms of integration outcomes – would precisely confound the effect of naturalization on integration (the catalyst) with that of integration on naturalization (the crown). Overcoming such identification challenges would require granting citizenship randomly, something no country has tried yet. However, one can come close to something almost as good by using quasi-experimental evidence arising from changes in the regulations that govern eligibility rules for naturalization.

This is the route followed by Gathmann and Garbers (2023) in this Special Issue. Their review essay offers an assessment of the recent literature on citizenship and integration. They take advantage of the fact that more liberal as well as less liberal naturalization policies have been implemented in certain countries. A well-known example of the former is that of Germany, which in 2000 reduced the time of residency required to apply for German citizenship from 15 to 8 years. This meant that immigrants arriving before January 1, 2000 had to wait 15 years to become eligible to German citizenship while those arriving after that date had to wait just 8 years. Around the same time France implemented a more restrictive naturalization policy, raising the length of marriage required for the foreign partner to be eligible for French citizenship from 2 to 4 years. In both cases, these episodes generate exogenous variation in eligibility criteria (in terms of required times of residence or marriage duration), making it possible to compare cohorts of individuals that are very similar but for the timing of their arrival or marriage, which cannot be changed retrospectively (see Gathmann and Keller, 2018, for Germany and Govind, 2021, for France). Other policy changes include changes in birthright citizenship (e.g., moving from *jus soli* to *jus sanguini* or conversely, changing the conditions for *jus soli* to apply) and more. They allow for the identification of the causal effect of naturalization on various dimensions of integration – economic, social, cultural, political. The evidence reviewed in Gathmann and Garbers is compelling: it consistently shows that more liberal and faster access to citizenship significantly improves integration outcomes for immigrants, providing strong empirical support for the catalyst perspective.

The mechanisms behind naturalization as a catalyst, however, are not easy to disentangle. Is it the case that once naturalized, immigrants feel empowered and, boosted by a sense of belonging, become more engaged politically and socially, and invest more in host country specific human capital (such as language)? Or do they just face less discrimination in their access to public jobs, public schools, and in terms of labor market opportunities more generally? And if that is the case, what is the nature of the discrimination they face? As is well known, economists look at discrimination through the dual lenses of statistical versus taste-based discrimination. While these are old frameworks dating back to Becker (1957), Phelps (1972) and Arrow (1973), they are very insightful and can guide action, as the policy-implications of statistical and taste-based discrimination differ substantially. Characterizing the type of discrimination encountered by immigrants is therefore key to designing appropriate policies. Lippens, Dalle, D'hondt, Verhaeghe and Baert (2023) contribute to the literature by testing some of the implications of both theories. For example, taste-based discrimination should be more prevalent in contexts where recruitment implies extensive contact, and less so when tasks are performed in isolation. Taste-based discrimination should also be less prevalent when labour markets are more competitive (or "thick"), as conjectured by Becker (1957). Finally, larger firms should be more able to rely on more observations to correct for perception biases at the source of statistical discrimination.

Lippens et al. (2023), therefore, supplement a standard testing/correspondence analysis, where candidates from different ethnic backgrounds apply to job postings and discrimination is assessed through their response rates, with rich administrative data on the firms/employers taking part in the testing: size, organizational type, sector of activity and more are coded, allowing for a rich contextual analysis guided by the theoretical predictions about the types of sectors, firms and jobs most likely to be characterized by discrimination of various types. Their paper essentially demonstrates that whatever the source of discrimination, "context matters", both institutionally and organizationally. This adds a layer of complexity to the analysis – in a good sense.

2. Part II – The Political Economy of Refugee Integration

Since the seminal work by Chiswick (1978) and Borjas (1985), a large literature in economics has studied how immigrants integrate in their host countries' societies, often relying on immigrants' earnings trajectories as a key proxy for their integration success (see e.g., Dustmann and Görlach, 2015, for a survey of this literature). Most of this literature focuses on the actions of the immigrants themselves in driving the integration process, e.g. through the acquisition of host country specific human capital. A more recent literature studies the factors in the receiving regions that are most conducive to immigrants' integration (e.g., Gould et al., 2004; Battisti et al., 2021). The paper by Schilling and Stillman (2024) in this Special Issue contributes to this literature by showing that native attitudes towards immigrants among the local population have an important impact on the social integration of refugees. Of course, identification is a key challenge here since immigrants usually choose where to settle down and local attitudes are likely to be one important determinant of these location decisions. To address this problem, Schilling and Stillman take advantage of the fact that refugees who arrived in Germany during the European Refugee Crisis of the years 2015 and 2016 were quasi-randomly assigned to their first place of residence based on a pre-determined quota system. This allows the authors to compare the integration outcomes of refugees who were assigned to more hostile municipalities, as proxied by the local vote share for the right-wing populist party *Alternative für Deutschland* (AfD), with those of refugees who were assigned to more welcoming municipalities.

Using high-quality data from a representative sample of refugees, the empirical results show that more hostile local attitudes towards immigrants lead to significantly worse social integration outcomes, which include aspects like feeling welcome, trusting other people, and interacting with German neighbours. A 10-percentage point higher local AfD vote share reduces a composite social integration index by 0.19 standard deviations. These negative effects are particularly pronounced among those refugee groups that were directly targeted by AfD campaigns: single men and individuals from countries with a predominant Muslim population. The authors also show that local attitudes have no significant impact on the economic integration of the refugees (differently from Jaschke et al., 2022). For refugees, economic conditions as measured by the local unemployment rate, play a more important role. The findings of this study highlight the role of local conditions for the success of immigrants' integration process. The insights obtained are particularly important when thinking about the optimal allocation of refugees across the receiving countries' communities (see e.g., Bansak et al., 2018).

While living in regions with a hostile attitude appears to impede immigrants' integration, the direction of causality may also go in the opposite direction, with rising immigrant inflows negatively affecting local attitudes towards immigration. There is a growing literature that has studied this question by estimating the impact of immigration on voting for far-right political parties with anti-immigration agendas (see

e.g., Halla et al., 2017; Dustmann et al., 2019). The paper by Fremerey, Hörnig, and Schaffner (2024) in this Special Issue revisits this important issue, focusing once again on the German experience during the European Refugee Crisis and the electoral success of the far-right parties at the time (especially the AfD). Contrary to most existing studies, this paper uses data on a highly granular level, combining small-scale election results from the 2017 German federal election with information from a new data set that provides socioeconomic and demographic information at a 1 km × 1 km grid cell level for the whole of Germany. This enables the authors to investigate how inflows of immigrants into larger counties on the one hand and smaller neighbourhoods on the other hand affect natives' voting behaviour. The high resolution of the data is crucial here since neighbourhoods are arguably the most relevant geographic units to capture personal interactions between people. Indeed, the influential contact hypothesis of Allport (1954), which proposes that contacts between natives and minority groups can reduce stereotypes and anti-immigration attitudes, relies crucially on individuals actually interacting with each other, something that is not guaranteed when considering larger geographic units such as counties, which are often characterised by significant residential segregation. To address the potential endogeneity of local refugee inflows, Fremerey et al. (2024) instrument the neighbourhood-level inflows with a version of the well-known ethnic enclave instrument introduced by Card (2001).

The central message of the empirical results is that spatial scale matters. In West Germany, where the instrument is a sufficiently strong predictor of actual refugee inflows, the impact of immigration on the vote share for the far-right is negative and significant on the grid cell level, even if small in magnitude. A 1 percentage point increase in the refugee inflow rate reduces support for the far-right by 0.2 percentage points (or 1.8 % of the mean vote share). In urban West German counties, the negative impact of refugee inflows at the neighbourhood level coincides with a positive impact of refugee inflows on the county level, suggesting that different mechanisms operate at these higher geographic levels. In line with many existing studies, refugee inflows on a larger geographic scale appear to increase the far-right vote share, possibly due to local media exposure and changing public opinion, whereas the direct interactions between natives and refugees at the neighbourhood level seem to foster tolerance and improve attitudes, consistent with the predictions of the contact hypothesis.

An important driver of natives' attitudes towards immigration is the perceived impact that immigrants have on crime. While the empirical evidence is mixed, several studies have shown that immigrants, especially those with poor prospects in the labour market, tend to increase local crime rates (e.g., Bell et al., 2013; Piopiunik and Ruhose, 2017). There is also some evidence that exposure to violence during childhood in their home countries raises immigrants' propensity to commit violent crimes in their destination countries (Couttenier et al., 2019). In this context, there is particular concern about refugee migration and its impact on crime since refugees tend to perform worse in their host countries' labour markets and were often exposed to civil conflict and violence in their home countries prior to their migration. The paper by Lange and Sommerfeld (2024) in this Special Issue investigates how the large refugee migration into Germany during the European Refugee Crisis affected local crime rates, using an identification strategy based on administrative allocation quotas similar to Schilling and Stillman (2024). In their main specification, the authors regress changes in different types of local crime rates on contemporaneous immigrant inflow rates and their one-period lags.

The results show no contemporaneous impact of refugee inflows on total local crime rates but a significant positive effect in the second year after arrival: for every three incoming refugees per 100,000 residents, the number of total crimes increases by around two cases per 100,000 residents. Part of these positive effects can be attributed to the fact that young males, who are particularly prone to commit crime, were significantly over-represented among the group of refugees arriving in 2015 and 2016. Further heterogeneity analysis reveals that the impact on total crime is primarily driven by increases in property crimes, violent crimes and street crimes. The corresponding estimates translate into elasticities of 0.09 for property crimes, 0.16 for violent crimes and 0.07 for street crimes, which are smaller in magnitude than those found in previous studies (Bell et al., 2013; Piopiunik and Ruhose, 2017). To complement their findings, the authors also analyse data that include information on the countries of origin of crime suspects. The results from this analysis show that the number of suspects from refugee countries increases significantly with the arrival of refugees, in particular for property, violence and street crimes, whereas the number of native suspects remains by and large unchanged. While not entirely conclusive due to possible issues related to reporting bias, these findings do suggest that the observed increases in local crime rates are indeed due to incoming refugees committing additional crimes rather than natives committing crimes against refugees.

Finally, refugee integration still depends on the efforts that refugees undertake to integrate and acquire local skills that will serve such integration. The single most critical such skill is certainly language, and indeed host countries usually dedicate a great deal of resources to offer language training programs for refugees. Evaluating such programs is complicated due to selection into those programs. Typically, language training is offered, or is offered in greater quantity (e.g., number of hours) to those who need it the most. Hence, simply comparing refugees who followed the program to those who did not will usually underestimate its impact due to the negative selection at entry, as it is likely that low host-language proficiency correlates with low-education or bad labour market attributes in general. This difficulty can be circumvented, for example, when assignment to the program depends on a language test-score with a clear cut-off, allowing for a regression discontinuity design (Lochmann et al., 2019). Alternatively, one can exploit exogenous variation in the cost of attending language classes arising from differences in the geographical distance to language training centres.

This is the strategy proposed by Foged and van der Werf (2023) in this Special Issue. Their study focuses on Denmark, where dispersion policies allocate refugees quasi-randomly across the country, also with regard to the proximity to language training centres as carefully assessed in their paper. The authors then show that decreasing the commuting time needed to reach the nearest language training centre increases the number of classes attended by more than 50 % (from 46 to 71 h), which results in significantly better socio-economic integration in terms of acquisition of the Danish language and of other forms of local human capital. This qualitative finding also holds in very demanding specifications that exploit the within-municipality (or even neighbourhood) variation in travel times (by public transport) between refugees' places of residence and language training centres generated over time by the openings or closures of these centres. Last but not least, the authors show that the increase in training hours serves to retain refugees in their initial places of residential assignment, thereby preventing the formation of ethnic enclaves and the concentration of refugees in large urban centres that dispersal policies are meant to prevent in the first place.

3. Part III – The Labour Market Effects of Immigration

One of the most studied issues in the existing migration literature is the labour market impact of immigration (see e.g., Cadena et al., 2015; Edo, 2019; for surveys of this literature). A common empirical approach is the so-called spatial correlation approach in which changes in local labour market outcomes, typically wages and employment rates, are related to local inflows of immigration, instrumenting the latter to account for the endogenous location choices of immigrants. Most studies in this literature focus on regional variation in immigrant inflows within a single receiving country while a handful of studies exploit cross-country variation in immigrant inflows but abstract from the regional variation within those countries. The paper by Edo and Özgüzel (2023) in this Special Issue contributes to this literature by exploiting both sources of variation, between and within country, simultaneously to identify the

causal effect of immigration on native employment using detailed micro-level data for 13 Western European countries. In their analysis, the authors also pay particular attention to the dynamic nature of the impact of immigration, distinguishing between short- and long-run effects. One important advantage of their refined cross-country approach is the possibility to study the role of labour market institutions in shaping the employment impact of immigration.

Consistent with other studies for European countries, the results show that immigration has adverse short-run employment effects on natives. A 1 percent increase in the size of the labour force due to immigration reduces the native employment-to-population rate in the receiving region by 0.8 percentage points. In the long run, however, immigration does not significantly affect native employment, which returns to its pre-shock level after about 5 years. Dissecting these average impacts, the authors show that highly educated natives are not affected in the short run and benefit from immigration in the long run, while low-educated natives are negatively affected in the short run and unaffected in the long run. These findings are consistent with newly arriving immigrants competing mostly in the low-skill segment of the receiving labour markets. They are also consistent with the theoretical prediction that the long-run impacts of immigration will tend to be mitigated over time through adjustments in, e.g., capital stocks, output mixes, and production technologies. Exploiting the significant cross-country variation in labour market institutions, Edo and Özgüzel further show that the employment impacts of immigration are significantly weaker in countries with higher levels of employment protection and collective bargaining power, a finding that helps explain the large variability of findings across single-country analyses in the literature.

A central finding in the recent labour market impact literature has been that immigrants and natives are not perfect substitutes in the production process even if they share the same education and experience (see Manacorda et al., 2012; Ottaviano and Peri, 2012). This implies that these two groups are likely to respond in different ways to changes in aggregate demand, labour supply or technology, and that their labour market outcomes therefore evolve differentially over time (see e.g., Albert et al., 2021). The paper by Chassamboulli, Fontaine, Gálvez-Iniesta and Gomes (2024) in this Special Issue documents that there are indeed notable differences in immigrants' and natives' labour market transition rates. Using harmonised microdata from France, Spain and the United States, all countries with sizable immigrant populations, the authors start by constructing consistent measures of worker flows between employment, unemployment and inactivity, both unconditional and conditional on observable characteristics. They then implement an Oaxaca-Blinder decomposition of the native-immigrant gaps in labour market transition rates to shed light on the role of composition effects, and decompose the cyclical fluctuations in the unemployment rates of immigrants and natives into the contributions of each of the flow hazards. Similar to the paper by Edo and Özgüzel (2023), the cross-country dimension provides some indication regarding the generalizability of the empirical patterns.

The main results reveal interesting heterogeneity across the three countries considered. While in Spain and France the conditional job-finding rate is lower and the conditional job-separation rate higher for immigrants than for natives, in the United States, the job-finding and job-separation rates of both groups are similar. Consistent with these gaps in transition rates, the unemployment rates of immigrants and natives are similar in the United States whereas in Spain and France, immigrants have significantly higher unemployment rates than natives. The Oaxaca decomposition reveals that differences in observable characteristics such as education, age, sector and occupation can explain no more than 60 % of the gaps in transition rates in Spain and France, and often considerably less. Further analysis shows that the native-immigrant gaps in transition rates in Spain and France are most pronounced among migrants from African source countries whereas European migrants and, in the case of Spain, migrants from South-Central America exhibit relatively similar transition rates as natives. In the United States, in turn, South-Central American (plus Mexico) migrants are found to have both higher job finding and higher job separation rates, which could be due to the relatively high incidence of irregularity in this group of migrants. Asian migrants, in contrast, have lower job-finding and job-separation rates than natives, possibly because many of these migrants are on fairly rigid employment visas. Importantly, the observed differences across nationalities cannot be explained by demographic, sectoral or occupational differences between these groups, suggesting that other unobservable factors such as differences in language proficiency, human capital transferability, networks, irregularity and discrimination are important determinants of immigrants' labour market outcomes.

One of the most important forces affecting labour markets around the world is technological change. The rapid expansion of the use of industrial robots in the production process has been shown to have significant negative effects on workers' employment and wages (see e.g., Acemoglu and Restrepo, 2020). Since robots are particularly good at executing routine manual tasks, their impact has been particularly felt by workers in occupations that are intensive in these tasks (see e.g., Graetz and Michaels, 2018; de Vries et al., 2020). The study by Javed (2023) in this Special Issue is the first to provide evidence on the distinct impact of industrial robot adoption on immigrant and native workers. The starting point of the analysis is the observation that immigrants specialise more in routine tasks than natives. They are also more likely to be employed in occupations that are rich in routine manual tasks and in industries in which robots are more prevalent. These differences suggest that immigrants are likely to be more affected by robotization than natives. The empirical analysis follows closely the approach by Acemoglu and Restrepo (2020), exploiting variation in robot exposure across US commuting zones due to the differences in the local industry composition. Since US robot adoption is likely to be endogenous, the local robot exposure variable is instrumented with an analogous measure constructed for several European countries that operate at the frontier of robotics technology.

As expected given the different propensities to perform routine manual tasks, immigrant workers are significantly more negatively affected by the adoption of industrial robots than native workers: an increase of one robot per one thousand workers lowers the employment-to-population rate of immigrants by 0.67 percentage points, more than 1.7 times the impact on native workers. The author further shows that this decline in total employment is primarily driven by employment losses in routine manual occupations. Interestingly, the effect of robots on natives' employment is found to be smaller in local labour markets with more immigrants, suggesting that the latter shield natives to some extent from the displacement effects of this new technology. In terms of annual wages, the findings show relatively similar negative impacts on natives and immigrants of about 2.6 % for each additional robot per thousand workers. Further analysis reveals that most of the burden of robot adoption falls upon recent (rather than established) immigrants, consistent with the particularly high routine manual task intensity observed in this group. This paper provides further evidence that many technological developments will tend to have distributional impacts, an insight that has also gained particular relevance in the context of the recent breakthroughs in AI-based technologies.

4. Part IV – Immigration, Skills and Education

The public debate on immigration is often dominated by the skill dimension: while high-skilled immigration is largely viewed as beneficial and growth-enhancing for host countries, things are much more controversial for low-skilled immigration. This section is dedicated to papers that analyse the link between immigration and human capital formation at three levels, asking the following questions: (i) Does the availability of foreign workers reduce the extent of on-the-job training that (Swiss) firms provide to their local workers (and, hence, the amount of human capital they accumulate)? (ii) Do more restrictive admission

policies at US universities help to select the best foreign students? And (iii) Do immigrant children (in Italy) benefit from being in a high-achieving environment in public schools?

The first question above is tackled in this Special Issue by Oswald-Egg and Siegenthaler (2023). They take advantage of the Agreement for the Free Movement of People (AFMP) signed between Switzerland and the EU in the early 2000s, which introduced free mobility of workers between the two signatories, to study how the inflow of cross-border workers affected Swiss firms' recruitment and training of local (Swiss) workers. In practice, AFMP translated into the possibility for workers from neighbouring EU countries (France, Germany, Italy and Austria) to maintain their physical and fiscal residence in their home countries and cross the border on a daily basis to work in Switzerland. Hundreds of thousands of cross-border workers do so, especially in the border regions of Switzerland. This natural experiment is well known in the literature as it has been used in a difference-in-differences setup, comparing border to non-border Swiss regions, to identify the effect of immigration on native labour market outcomes (Beerli et al., 2021), or the role of immigrant workers in generating cross-border information and knowledge spillovers along the supply chain that eventually contribute to greater product quality and productive efficiency (Ariu, 2022).

In such a context of increased and almost unlimited supply of foreign labour, one would expect local firms to rely less on local workers and to reduce on-the-job training (e.g., apprenticeship training). This is what the descriptive evidence for Switzerland suggests. However, the diff-in-diff estimation, which accounts for the endogeneity of firms' location, shows no such negative effects but rather a null-effect on the hiring of domestic workers and apprenticeship training). The authors then explore the various mechanisms behind this surprising result, first among them a scale effect: firms just grew bigger, especially in the manufacturing/tradable sector, hence hiring more of all types of workers.

Foreign students are another source of skilled immigration, albeit with delayed entry into the labour market. Attracting and retaining them is part of the global competition for talent. One would expect intuitively that more stringent admission policies would help select the top tier of foreign students, especially if that happens in the main and most demanded destination, the United States. But is that true? The paper by Chen et al. (2023) in this Special Issue shows that F-1 visa refusal rates for foreign students serve as a strong deterrent for international students to take SAT exams and enrol at US colleges – what the authors term a "chilling effect". While such chilling effects may be expected, surprisingly they seem to be stronger for students with the highest abilities. Not only do higher refusal rates significantly reduce the number of international SAT takers, they also significantly reduce the number of those who, conditional on taking SAT exams, submit their scores for admission to a US college and of those who, conditional on being accepted, actually enrol in a US college. The effects are stronger at all margins for students with above average SAT scores.

Given the paper's descriptive nature and the fact that the alternative choices of international students are not observed in the data, the interpretation of the results in terms of mechanisms can only be speculative. It would seem that in the face of high costs for taking SAT exams, high costs of sending scores, and high cost of visa processing, high achievers tend to realize their larger and better outside options and apply to colleges outside of the United States. Note that these effects are largely due to the fact that visa processing costs for F-1 visas are quite high and must be paid upfront independently of whether the visa is eventually granted. This is another instance where more selective immigration policies intended to increase the quality of selection eventually brings about the unexpected and undesired consequence of a decrease in the quality of selection (see e.g., Bertoli and Rapoport, 2015, Bertoli et al., 2016).

Finally, an important source of human capital in the migration context is that of immigrant children. The extent of such human capital largely depends on how integrated and performant immigrant children are in schools. A large literature in economics and education has analysed the impact of immigrant children on their native peers due to compositional changes in the classroom (e.g., due to "white flight" as in Delacroix and Doepke, 2011) and the need for teachers and school systems to adapt to such changes. Much less effort has been devoted to analysing the conditions that favour immigrant children's learning and performance (an example is Carlana et al., 2022). Indeed, immigrant children in most contexts combine the general challenges associated with students from low socio-economic background with the specific challenges due to a lack of fluency in the host country-language and a lack of familiarity with a new institutional schooling environment.

The paper by Meschi and Pavese (2023) in this Special Issue helps to fill this gap in the literature. The authors exploit longitudinal data on Italian students to revisit the now classical question of how the ability composition of a class affects the performance of immigrant children in Italy. The originality and contribution of this paper is that (i) the question is asked specifically for immigrant students, (ii) the variable of interest is not just average ability but also its distribution, with a particular focus on the role of the extreme tails of the ability distribution, and (iii) methodologically, the authors rely exclusively on the variation in ability that comes from students changing classes when they change subjects, thereby overcoming the identification challenges posed by student's endogenous sorting into classes. Interestingly, the ability composition in a class affects native and immigrant students differentially, with the latter being significantly more negatively impacted by the share of low-ability students, likely because they compete with them for teachers' attention, tutoring and other scarce resources. While the magnitude of the effect is quite small – adding two low-achieving students in a class of twenty (a 10-percentage point increase) reduces immigrant children's performance by 0.75 points or 2 % of a standard deviation – it is statistically significant. In terms of magnitude, it is in line with other studies on class composition, though interestingly here the effects are largely concentrated on immigrant children. The implications of these findings are important. How immigrant children perform in schools determines their future economic and social integration, but also the attitudes of native children on immigration, diversity, and social inclusiveness (Merlino et al., 2019). There is a lot to learn from schools as a social laboratory for society at large.

Immigration will undoubtedly be one of the most important public policy issues in the years and decades to come, shaping societies in economic, social and political terms. This Special Issue provides rigorous empirical evidence on some of the key relationships of interest. There is still much work to be done, but we hope that the evidence presented here will help inform policy makers about the main trade-offs involved and contribute to the design of better and more effective migration policies that benefit immigrants and natives alike.

CRediT authorship contribution statement

Albrecht Glitz: Conceptualization, Writing – original draft, Writing – review & editing. **Hillel Rapoport:** Conceptualization, Writing – original draft, Writing – review & editing.

Data availability

No data was used for the research described in the article.

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