

## Long-term Economic Effects of Immigration in Post-WWII Germany

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### Abstract:

Between the end of World War II and 1947, millions of people were displaced to what became West Germany in 1949. We examine the effects of their arrival on today's productivity, wages, income, rents, education levels, and population density at the municipality level. Our identification strategy is based on a well-known spatial discontinuity in the distribution of refugees along the border between the 1945-49 French and US occupation zones in South-West Germany. This discontinuity arose because, before they were dissolved in 1949, the US zone admitted refugees while the French zone restricted access. We find that the increase in population density in municipalities where refugees were admitted during the 1945-49 period persists to 2020, some 75 years later. The higher population density today coincides with higher rents and also higher productivity, wages, and education levels. Effects are substantial and point to agglomeration economies that range beyond municipality borders.