The Impact of Ukrainian Immigration on Labour Market Dynamics in Poland: A Bayesian VAR Analysis

Łukasz Postek[*]   Małgorzata Walerych[†]

Abstract

This study investigates the impact of immigration shocks on the labour market in Poland, a country that experienced a significant influx of immigrants following Russia's invasions of Ukraine in 2014 and 2022. We construct novel proxies for immigration inflows and employ sign-restricted BVAR models to assess their macroeconomic effects. We find that in recent years, immigration shocks slightly lowered unemployment rate and more strongly reduced real wage growth. At the same time, they contributed to higher growth in nominal wages, particularly after 2022, when the influx of non-working immigrants, creating significant consumption demand, was at its highest. Our findings suggest that refugee-driven migration affects the economy differently from labour-driven inflows, providing new insights into the macroeconomic consequences of Europe's largest refugee crisis since World War II.

Keywords: immigration, Bayesian VAR, labour market
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[*]Narodowy Bank Polski and University of Warsaw, Faculty of Economic Sciences
[†]Narodowy Bank Polski and Institute of Economics, Polish Academy of Sciences