

# Immigrants' Integration and Duration of Stay\*

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## Abstract

We develop a life-cycle model in which immigrants choose their optimal migration duration, investment in destination-specific social capital, interactions with their diaspora, consumption, and savings. Using data from the German Socio-Economic Panel, we calibrate our model on Turkish immigrants in Germany, with an explicit focus on the joint distribution of immigrants' multidimensional characteristics: age, wage, initial social capital, and preferences for living in the origin and destination countries. We use our model to simulate multiple types of selection and integration policies, including age- and skill-biased entry conditions, permanent residence permits conditional on integration, costly visas at entry, subsidies for integration, and allocations of immigrants close to their diasporas. Our simulations highlight how integration efforts and duration of stay are intertwined, and how heterogeneous immigrants are differently affected by the analyzed policies.

## 1 Introduction

Increasing numbers of long-term immigrants in many destination countries have raised the question of their integration in the host societies and which policies to design to help them in their efforts. Migrants' integration is intertwined with their expected duration of stay and thereby with its expected returns. However, increasing evidence highlights

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