Voting with Their Feet: Democratic Backsliding and Market-Minded Migration - Evidence from Israel and Europe

Abstract

Using a comparative framework, the study examines how variations in political regimes across Israel and Europe shape patterns of international migration. In both contexts, episodes of **democratic backsliding** serve as quasi-exogenous shocks that reveal the causal link between institutional erosion and outward mobility.

In Israel, the origin of democratic backsliding lies in a **corruption shock**—the criminal indictment of the prime minister—which escalated into an **executive–judicial shock** as the government launched an anti-democratic judicial overhaul.

This confrontation between the executive and judiciary provides a natural experiment for identifying how institutional breakdowns shape migration decisions.

In Europe, the origin of democratic backsliding stems from a **"Syrian shock"**—a massive refugee inflow that strained administrative capacity, polarized politics, and weakened liberal institutions.

The resulting governance erosion triggered emigration responses structurally like those observed in Israel.

Using a *difference-in-differences (DiD)* estimation, the study identifies causal effects of democratic erosion on migration flows. Across both settings, *out-migration emerges as a market-minded response to illiberal regime change*—a behavioral signal of sensitivity to policies that features nationalizing industries, restrict free speech, and undermine the rule of law.

Together, the Israeli and European experiences demonstrate that illiberal governance functions as a systemic push factor for emigration, beyond standard economic explanations.