

HMN 2025: What are the economic benefits of migration for host countries

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When migration is in the news, it is often cast in negative terms, but it has many benefits for host countries, from economic growth to critical support for systems like Social Security that support aging populations. That's according to a new report produced by two Fletcher School professors and four graduate students for the Club de Madrid, an international group of former heads of states that is concerned with policy issues worldwide.

The publication, "Overcoming Misinformation About Migration and Migrants: A Data-Driven Report on the Positive Impact of Migration on Economy and Social Development," addresses a number of issues in detail, showing, above all, that migration is not a black-and-white issue, and deserves a more nuanced approach.

The report came about thanks to a connection made by Carlos Alvarado-Quesada, professor of the practice of diplomacy at The Fletcher School and former president of Costa Rica. The Club de Madrid wanted a report on the economic and political aspects of migration, and he suggested a collaboration between the organization and the Henry J. Leir Institute for Migration and Human Security at Fletcher.

The Club de Madrid defined the policy areas to be examined, and the Fletcher team—Alvarado-Quesada, Leir Institute Director Katrina Burgess, a professor of political economy at Fletcher, and graduate students Lorenzo Beadle, Joaquín Martínez

Albán, Lauren Davis, and Govind Harish—did the research and wrote the report.

“So much of the discourse around migration is about security and the threat posed by migration, and the Club de Madrid was very interested in producing some empirically grounded narratives,” says Burgess.

A primary question was whether the data show that migrants are a threat to receiving countries.

“In fact, it turns out it’s the opposite in many cases,” says Burgess. “But it’s complicated. Obviously, there are times when migration creates real challenges, but on balance, it’s more of an opportunity than a threat.”

Jobs and aging populations

Take the issue of jobs. While those opposed to immigration often express concerns about loss of jobs to migrants, the report paints a different picture. For instance, like most other richer countries, the U.S. is facing a demographic decline: Its population is aging, birth rates are below replacement levels, and the number of workers of productive age is falling.

“The net growth in the U.S. labor force since 2008 has been driven almost entirely by growth in foreign-born workers, reflecting growth across all skill levels driven by undocumented and visa-managed flows alike,” the report says.

That’s important for the economy to remain productive, it says. Those foreign-born workers also pay through taxes for programs like Social Security in the U.S., supporting an aging population.

The report points to a study that found that an increase in migration in richer countries caused the overall economy, employment, and labor productivity all to rise. Those researchers found that a 1% increase in migration inflow increased employment of native-born workers by 0.2%. This occurs principally because, as migrants arrive, native-born workers “move to more specialized and complex tasks, gaining from specialization of labor.”

That’s not true universally, though. In poorer countries like Lebanon and Colombia, which experienced massive increases in immigration from neighboring countries undergoing political upheaval, the effects of migrants on the local economies were negative, at least in the short term.

While the net economic effects of immigrants on wealthier countries like the U.S. have been found to be positive—GDP growth, overall jobs growth, new increases in tax revenue, increasing entrepreneurial activity—there are sometimes high costs associated with the new arrivals, such as accommodations and services to integrate the immigrants into society and the economy.

The report suggests ways to create better pathways for immigrants, such as a variety of EU initiatives to facilitate migrant labor admission, including seasonal labor permits.

political rhetoric and migrant integration

One overarching issue that the report addresses is how immigrants are easy political targets. A recent headline in Bloomberg news highlights its widespread nature: “Japan Needs Foreign Workers. Its Far Right Is Turning Against Them.”

The report notes that “right-wing populist parties are driving democratic backsliding across wealthy democracies by exploiting anti-immigrant sentiment.” One tactic that mainstream political parties have employed in response is to also take hard lines against immigration, hoping to preempt the populist parties’ embrace of the issue, the report says.

“It’s a tempting strategy, and we see it happening where mainstream parties shift their rhetoric in a more anti-immigrant direction to remain politically viable,” Burgess says.

“Sometimes, in the short term, they succeed, but often they don’t. In the process, they legitimize and reinforce some of the really false narratives about immigrants.”

Instead, she says, “the true antidote lies in robust immigrant inclusion. This path is not an easy one, but it exists. If policymakers don’t want to demonize immigrants, but care about democracy, they should try to figure out how to integrate immigrants more successfully.”

Countries with comprehensive, coherent migrant integration policies “consistently report lower xenophobia and weaker far right votes. On balance, studies find that inclusion fosters everyday contact, shrinks perceived threat, and sets off a virtuous cycle in which tolerant attitudes reinforce pro-democratic governance,” the report concludes.

It suggests that mainstream political parties should provide humane border management with integration policies that expand the sense of belonging for immigrants.

Alvarado-Quesada and Burgess summed up the report in Project Syndicate this fall.

“Migrants are too often perceived as a burden, when in fact they are drivers of economic growth and cultural vitality,” they wrote. “Migration is one of the most complex policy challenges of our time, but it also represents a major opportunity for aging societies.”

More information:

Overcoming Misinformation about Migration and Migrants: a Data-driven Report on the Positive Impact of Migration on the Economy and Social Development.
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