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## A Migration Bargain

Migration brings strong economic benefits in the short term and even greater long-term benefits as it contributes to innovation, investment and economic dynamism. The costs of additional migrants are borne by communities that feel pressure on local services, while the benefits are spread more widely over economies. After demonstrating the benefits of migration, the article proposes a migration bargain that involves accepting more migrants and having more control over migration flows.

Migration is the reason humanity has survived and thrived, and it will continue to be the key to human progress (Goldin, 2024a). Over two-thirds of the global population now live in countries where birth rates are below replacement levels and societies are ageing (The Lancet, 2024). Migrants will be essential to sustain western economies (OECD, 2014, 2024).

Since the First World War, when border controls became more widespread and data began to be accumulated, evidence has suggested that around 3% of people migrate, and this share has been relatively stable over time. In previous centuries, migration rates were at times higher. Around 150 million people moved in the age of mass migration from around 1850 to 1914 – about 9% of the world's population (Hatton & Williamson, 1998). About half of the Irish and Italian populations left their countries during that period. Increases in migration reflect the growing world population and the fact that about 100 new countries have been created over the past 100 years, meaning that people who previously moved within their countries are now defined as migrants (Goldin & Muggah, 2020).

The aim of this contribution is to briefly summarise, from an economist's perspective, some of the evidence on migration, and then to try to understand why there is so much anti-immigrant sentiment and what can be done about it, drawing on a gathering pool of evidence on the costs and benefits of migration.

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### Migration and economic growth

Migration is vital to support the growth and dynamism of European and North American economies. Artificial intelligence will not replace workers in many industries or reduce the demand for migrants. The rapid ageing of societies and growing wealth means that a growing share of jobs cannot be done by machines or remotely. People are needed increasingly to look after the elderly, for personal services and leisure activities (Mallorie, 2024). There are many jobs – including arduous seasonal agricultural work, late night shift work or health care – that local people are reluctant to do at prevailing wages and that require migrant workers (House of Commons, Home Affairs Committee, 2018; House of Lords, Select Committee on Economic Affairs, 2008, Chapter 4).

The growing demand for knowledge economy jobs requires investments in affordable housing, transport and other reforms in order to increase the mobility of local workers. This will allow them to move to where the new jobs are, as workers are often not in the same places as previous manufacturing, mining or other jobs that were rooted in industrial towns (Goldin & Lee-Devlin, 2023). This needs to be accompanied by reskilling and other investments in education to better prepare the domestic workforce for the rapidly evolving demands of the labour market. There has been a lot of work on the impact on wages, and even George Borjas, who has been a sceptic about the benefits of migration, accepts that at worst, there is an insignificant negative impact on wages, while most other scholars point to a positive impact (Borjas et al., 1997; Jaumotte, 2016). Migrants frequently increase wages by raising growth, consuming products and creating jobs (Vargas-Silva & Sumption, 2023).

There is evidence of positive fiscal contributions, mainly because migrants tend to be of working age, do not depend as much as native populations on schooling or

elderly care, and tend to be single. In addition, there is a growing body of evidence on female labour force participation showing that migrants increase native women's participation in the workforce, typically because they take on childcare and other household chores (Cortes, 2011).

Elderly care demand is rising rapidly, placing a greater burden on families and communities. In the UK, there are over 130,000 vacancies for elderly care, and without significant increases in migration, elderly care will become unaffordable and/or unavailable for many (Foster, 2024). This will have a negative impact on female labour force participation, as women usually bear the main responsibility for caregiving (Steil & Harding, 2024; Barone & Mocetti, 2011).

The evidence is accumulating on the longer-run benefits, i.e. the dynamism and the contribution of migrants to productivity growth, which are essential. Migrants tend to create small businesses, patents or other innovations much more frequently than their share of the workforce or population would suggest.

Analysis of patent data indicates that migrants are significantly overrepresented compared with the native population, producing twice as many ordinary patents and nearly three times as many breakthrough patents. One can also look at other indicators like Nobel Prizes, Academy Awards or Booker Prizes, and indicators of the idea space and knowledge economy as evidence of the contributions of migrants. It is very difficult to think of an iconic Silicon Valley firm that is not first- or second-generation immigrant.

The longer-term benefits also derive from the fact that migrants tend to raise the average educational levels at secondary schools, with this more pronounced for second generation migrant children (Ferrara, 2024). They, on average, have better results than local children and improve overall educational outcomes. This is the reason why poor children in big inner-city schools are doing better than poor children in more isolated communities with lower shares of migrants (The Economist, 2025).

### Political pushback

So why do people dislike migrants so much? This is a vital conversation in all societies, but particularly in Europe and North America, where populations are ageing rapidly and, in Europe in particular, the workforce is shrinking considerably. At the same time, these regions are also among the wealthiest in the world.

Economic theory and empirical evidence suggest that as economies become wealthier, an increasing share of GDP

is allocated to non-tradables, particularly labour-intensive non-tradable services, such as elderly care, childcare and hospitality (Nayyar, 2023). In order to address the demographic decline, which is projected to reduce the European workforce by about 30% over the next 30 years, as well as the ageing of the population and stagnating productivity growth, we have to change our attitudes towards immigration.

This is true of the EU, the US and the UK. Part of the challenge is that the biggest issues that many people care about are affordable housing and healthcare availability. People experience queues and delays in accessing healthcare, transport and other services, and blame immigrants for the excess demand. However, these issues will require immigration to resolve. In the UK, for example, there is a complete incoherence between the desire to resolve those issues, i.e. create more affordable housing and reduce the six-million-person waiting list for the National Health Service (NHS), and the effort to prevent people from coming in to do the jobs. Addressing the backlog in NHS waiting list (British Medical Association, 2025) requires the recruitment of 31,000 nurses (Royal College of Nursing, 2024); likewise, meeting the government's commitment to reduce the wait to 18 weeks requires over 4,000 doctors (Mahase, 2022). Thousands of cleaners, porters and essential care workers are also required. At least 20% of these will, according to previous trends, come from abroad, and around a third of the doctors required to adequately staff the NHS are migrants (Baker, 2023).

These incoherences between the need for migrants and the increasingly antagonistic politics need to be resolved. It is very striking that the places that are most anti-immigrant have the fewest immigrants. The cities that have very high shares of immigration – London (40% foreign-born residents), Melbourne (50%), Vancouver (55%), the United Arab Emirates (90%) – are the most welcoming of migrants.

Anti-immigrant sentiment is not clearly associated with high levels of immigration. Nor is there a threshold beyond which immigration triggers hostility, as immigrants make up around 90% of the population of some Gulf countries, and immigration levels that are tolerated change over time. The places that have the fewest migrants are often the most anti-immigrant. For example, in Europe, the countries that are most anti-immigrant, notably Hungary and Poland, have 2% immigrants compared to 16% in Germany and similar shares in the UK.

The free movement of people for the 450 million people who reside within the Schengen area countries has proven to be mutually beneficial to the 29 member countries.

During the euro area financial crisis, when youth unemployment exceeded 50% in some southern European countries, people did not move in large numbers to the northern European countries with higher unemployment benefits, preferring instead to benefit from the support of their families and communities (Ghoshray, 2016).

Yet, Europeans and other citizens have increasing anxiety about migrants. Why is this the case? There is a strong fear of the unknown. The more people interact with immigrants and see their contribution, the more comfortable they are; but more than that, they recognise that their success depends on immigrants.

Societies are less dynamic without immigrants. They are dynamic because of their diversity, historically and in the present. It is therefore not a question of numbers or percentages – and indeed, average shares of immigrants in most countries today are below historical norms.

Typically, 3% of the population of the world have been immigrants over the last 120 years. The percentage increases at times, such as after conflicts and after the breakup of the Soviet Union. It is slightly higher today, but this proportion has remained relatively stable for as long as we have had statistics. Before the pre-First World War period, passports largely did not exist, and systematic data gathering on cross-border people movement, as we know it today, was not possible.

One of the reasons for very strong anti-immigrant sentiment is a total failure to explain what an immigrant is, and the lack of consistency in data on this. This is even true across the European Union, where the difference in national policies on how you count immigrants is quite startling. Do you count someone who comes for a day? Do you count a student? Do you count how many people leave the country? In the UK, there is no systematic count of people leaving; people are only counted when they are coming in, which leads to great uncertainty and confusion about migration data.

We do not have globally coherent data, even for the contemporary period. There is a conflation of economic migrants, students and other voluntary migrants and those who come under refugee status. And that conflation is not addressed by governments or by commentators.

When boats of migrants come across the Mediterranean Sea or the English Channel, the public assumption is often that these people are voluntary migrants, whereas clearly most are not. There is a clear set of rules regarding how to decide whether someone is a refugee or not, how to process migrants and what the responsibility is. But the failure to put this in government policy and communication,

combined with the lack of burden sharing between countries, creates a major problem. We have international legal and ethical obligations towards asylum seekers and refugees, but not towards economic migrants, students and other voluntary categories of migrants. In the UK, public perception suggests a generous approach towards refugees. However, the data indicates that the UK ranks 17th out of 27 countries in Europe in per capita acceptance of refugees, with approximately six refugees accepted for every 10,000 British citizens (Walsh, 2025).

Governments and commentators could emphasise the need for migrants, acknowledge the contributions migrants make to society and address public concerns about the impact of migration. Since the period of austerity following the global financial crisis, public anxiety over access to housing, public transport and health services has grown. This has led some to believe that increased population is responsible for these pressures and that foreigners are to blame. In most cases, this perception does not reflect reality. Migrants often contribute to solutions by providing essential services.

The cutbacks and privatisation of services have reduced supply at a time of rising demand, so too has the impact of rising wages and the success of dynamic cities on the demand for affordable housing (Goldin, 2023). Even in cities that are historically migrant-tolerant, housing and transport have become politically fraught issues. The answer is not to keep migrants out, but to invest in housing and transport.

The perceptions regarding criminality and illegal activity are also misplaced. Migrants are on average more law abiding than the rest of the population, and the risk of terror from migrants is no greater than from locals (Seid et al., 2024; Pinotti & Marie, 2024).

It is important that migrants are documented. And the lack of documentation in many societies, the lack of even knowing how many migrants there are, can be problematic. It raises questions about contributions to social security, tax, national insurance and other revenue streams. There are also big questions regarding the rights of these undocumented people because they are invisible and not protected by law.

### A migration bargain

Leaders should not try to compete with the populist rhetoric, as unfortunately Prime Minister Keir Starmer recently tried to do by calling the UK an “island of strangers”, for which he later apologised. Rather, leaders should show leadership by being upfront about the increasing need in advanced democracies for more migrants, both in order

to meet the growing demand for workers in non-tradable jobs and to inject dynamism into our economies.

An evidence-based conversation on migration is overdue. Facts are important, but so too are perceptions, and these are rarely changed by facts alone. I believe the answer is the creation of a migration bargain following a mature national conversation where governments talk publicly about the benefits of migrants, the need for more migrants, and the clear distinction between national decisions that need to be made on how many refugees to accept and on the country's obligations to these refugees.

The costs of migration are felt locally and in the short term, even though the benefits are national and longer term. Therefore, for the bargain to be socially acceptable, national governments should invest in the places where migrants settle in order to relieve local communities of pressures related to housing, transport and other services. Governments should also use language training and invest in other measures to integrate migrants and ensure that refugees access employment and can contribute to society.

There should be a debate about the duration of migrants' stays as well as their route to settlement and citizenship while recognising that most migrants come for work or study and leave at the end of their visa. Part of the bargain is that migrants should be documented, pay taxes and abide by the laws of the country. That is the bargain on acceptance.

With these responsibilities, migrants should be guaranteed certain rights as well. They should be protected by minimum wage legislation and not be paid less than local workers for the same work. They should also be protected by health and safety legislation. They must be offered safe passage as part of the process and treated with dignity.

The bargain is about recognising the need for more migrants while also ensuring greater control and clarity on the rules regarding migration. Providing this assurance on control, rights and responsibilities is likely to go some way to addressing anti-immigrant sentiment.

It will not go all the way, and populist parties have been very effective at exploiting an ancient concern about the "other". This concern was exacerbated not only by the financial crisis but also by the COVID-19 pandemic (Goldin, 2024b), and there will continue to be more shocks elsewhere. The association of foreignness with threat is another conflation that is likely to become increasingly prevalent. Governments should recognise this fear and address it not only by building resilience and supporting international and local institutions that reduce the risks and im-

pact of shocks, but also by understanding that foreigners are a part of the solution. Stopping migration will not stop the shocks, but rather it will slow economic growth and undermine resilience.

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