

Mass Migration and the Economy: Assessment in 2025 **by Pierre Vercueil — Updated Edition 2025–2026**

Hello everyone and welcome to a new episode of EconoMag. Today we revisit a topic that has lost none of its relevance or complexity: mass migration and its economic effects. Ten years after the refugee crisis of 2015, migration flows have evolved significantly, and debates about their economic impact are more intense than ever.

Migration Flows at Historic Levels

International migration has reached unprecedented levels in recent years.

In 2024, more than 160 million people living in OECD countries were born abroad, representing 11.5% of their total population, compared with 9.1% in 2014. OECD countries host more than half of the world's migrants (56%).

The United States remains the leading destination, hosting 18% of global migrants, followed by Germany (6%), the United Kingdom (4%), and then France, Spain, Canada, and Australia (each around 3%).

In Europe, approximately 911,960 first-time asylum applications were filed in the European Union in 2024, representing a 13.1% decrease compared with 2023. The main nationalities applying for asylum were Syrians, Venezuelans, and Afghans. Germany alone accounted for 25.2% of all new applications.

In addition, the war in Ukraine generated an exceptional migration flow. As of May 31, 2025, EU countries were providing temporary protection to more than 4.28 million Ukrainians who had fled the Russian invasion.

First Effect: Increased Public Spending

The fiscal impact of immigration remains a central issue in public debate.

The reception, housing, education, and integration of newcomers represent real costs for governments. The record levels of immigration recorded in many OECD countries have placed increasing pressure on migration systems and public reception infrastructure, prompting governments to tighten asylum legislation while still trying to remain attractive to skilled workers.

However, the long-term fiscal balance is more nuanced. Whether migrants are net contributors or a burden on public finances largely depends on their integration into the labor market.

In general, migrants do not receive more benefits than people born in the host country. In countries such as Switzerland and Luxembourg, where immigrant populations are both large and well integrated, the net fiscal impact is clearly positive.

Second Effect: Transforming the Labor Market

Immigration has become an essential tool for aging economies facing labor shortages.

Migrants represent more than half of employees in the accommodation and food service sector in OECD countries in Europe and in the United States.

In 2024, the employment rate among adult migrants reached 70.9% in the OECD area, slightly below the rate for native-born workers (72.1%) but historically high.

Migrant entrepreneurship also contributes significantly to job creation. It is estimated that each additional migrant of working age generates about 0.2 additional jobs in the economy through entrepreneurship. This represents nearly four million jobs created between 2011 and 2021 in OECD countries.

However, challenges remain in terms of wages. When migrants enter the labor market in host countries, they generally work in lower-paying firms that are smaller, less productive, and more segmented than those employing native-born workers — a pattern observed across all OECD countries studied.

Reducing this wage gap is therefore a major challenge for maximizing migrants' economic contribution.

Third Effect: Global Demand and Remittances

Beyond the labor market, migrants directly stimulate domestic demand in host countries by consuming goods and services.

They also play a crucial economic role in their countries of origin through remittances.

International remittance flows increased by more than 650% between 2000 and 2022, rising from \$128 billion to \$831 billion — a surge that defied the predictions of many analysts.

For many developing countries, remittances represent a larger source of external income than official development assistance.

Integration: The Central Challenge

Although migrants have real economic potential, this potential does not materialize automatically. Integration remains the decisive factor.

Overall employment outcomes for migrants have improved over the past decade. This progress is partly due to strong labor market conditions, higher education levels among new arrivals, and strengthened integration policies in host countries.

Nevertheless, persistent inequalities remain. The rise in migrant arrivals has exacerbated structural housing problems, and the growing diversity of migrant groups has raised concerns across OECD countries about potential differences in behaviors and values that could affect social cohesion.

Educational gaps between native-born children and children of migrants also persist in several European countries, including France and Germany, highlighting the need for sustained investments in education and integration programs.

The Political Turning Point of 2025: A General Hardening

The political environment has changed significantly.

Detections of irregular border crossings into the European Union fell sharply in 2024 (-37%), while returns from the EU, the United Kingdom, and the United States increased gradually between 2021 and 2024.

In March 2025, the European Commission presented a draft regulation on returns that includes the creation of centers outside EU territory to host migrants who are expelled, and strengthens return procedures for individuals in irregular situations.

In the United States, refugee resettlement — which had reached its highest level in 30 years in 2024 — is expected to decline sharply in 2025 following major policy changes introduced by the Trump administration.

Conclusion

In 2025, mass migration remains one of the most complex and misunderstood economic phenomena in public debate.

The data are clear: when well integrated, migrants contribute positively to economic growth, employment, and public finances.

However, labor shortages and demographic challenges continue to drive demand for migrant workers. Countries must therefore strike a delicate balance between restricting migration and attracting talent, in order to remain competitive destinations for foreign workers and international students.

Finding this balance — neither simple nor obvious — will be one of the major political and economic challenges of the coming decade.

Join us for the next episode of EconoMag!

Vocabulary :

Mass migration – Migration de masse

Refugee crisis – Crise des réfugiés

Migration flows – Flux migratoires

OECD countries – Pays de l'OCDE

Asylum applications – Demandes d'asile

Temporary protection – Protection temporaire

Public spending – Dépenses publiques

Housing – Logement

Integration – Intégration

Labor market – Marché du travail

Employment rate – Taux d'emploi

Wages – Salaires

Entrepreneurship – Entrepreneuriat

Job creation – Création d'emplois

Domestic demand – Demande intérieure

Goods and services – Biens et services

Remittances – Transferts d'argent / Envois de fonds

External income – Revenus externes

Official development assistance (ODA) – Aide publique au développement

Social cohesion – Cohésion sociale

Educational gaps – Écarts scolaires

Structural housing problems – Problèmes structurels de logement

Irregular border crossings – Entrées irrégulières à la frontière

Returns – Rapatriements / Retours

Regulation – Réglementation

Demographic challenges – Défis démographiques

Political environment – Contexte politique

Foreign workers – Travailleurs étrangers

International students – Étudiants internationaux

Economic growth – Croissance économique