Key messages

- Destination countries gain significantly from the contributions of migrants whose skills and attributes strongly match their needs, irrespective of migrants’ legal status or motivation.
- Benefits arise from migrants’ contributions in the labor market and to higher productivity and greater availability and lower prices for some goods and services, as well as their fiscal contributions. These benefits are larger if migrants are allowed and able to work formally at the level of their qualifications.
- Costs are associated with the use of public services and the negative wage or employment effects on some nationals (typically among the lower-skilled). Social integration can have a cost as well, but the debate must be placed in context: destination societies are not identical, culturally uniform, or static.
- Destination countries can adopt policies that improve how well migrants’ skills and attributes match countries’ needs—and thus their gains—by creating adequate legal pathways for entry and by facilitating economic and social inclusion (figure 6.1).

Figure 6.1 When migrants’ skills and attributes are a strong match with the needs of their destination countries, the countries benefit and can increase their benefits through policy actions.

Source: WDR 2023 team.

Note: Match refers to the degree to which a migrant’s skills and related attributes meet the demand in the destination country. Motive refers to the circumstances under which a person moves—whether in search of opportunity or because of a “well-founded fear” of persecution, armed conflict, or violence in their origin country.
Benefiting from migrants’ labor

About 30 percent of Australia’s population has migrated from another country, and two-thirds of them are now citizens. The country has a market-driven immigration policy that, with inputs from employers, prioritizes the skill sets and occupations in high demand. It also has programs aimed at family reunification, students in tertiary (postsecondary) education, and investors. This approach has attracted qualified individuals from many countries, with the result that 55 percent of adult migrants have a tertiary education.\(^1\) Australia has also expanded its temporary migration programs, such as for agricultural workers, making it possible for migrants to convert to a longer-term status and, in some cases, citizenship.\(^2\) These policies aim to ensure that economic immigrants’ skills and attributes are a strong match with the needs of the labor market, thereby improving labor productivity and responding to the needs of particular regions and industries.

In the European Union (EU), all nationals of EU Member States have the right to enter and reside in any Member State with the same socioeconomic rights as citizens.\(^3\) Some movements within the bloc are even encouraged through programs supported by the European Commission, such as Erasmus+ for students.\(^4\) About 3 percent of EU citizens live in an EU country other than their own, and the proportion is higher among younger and more educated citizens.\(^5\) Indeed, free movement is a cornerstone of the European construction and “convergence machine.”\(^6\) It has transformed the European economy and improved productivity, and it has allowed income levels to rise rapidly across the regional bloc, especially among the new Member States.\(^7\)

Other countries rely on temporary migration to meet their labor needs, including the Gulf Cooperation Council (GCC) countries. Millions of immigrant workers from all over the world are employed in construction, engineering, banking, health care, and almost every other low-, medium-, and high-skilled occupation. In fact, the GCC receives significantly larger numbers of low-skilled workers than other high-income countries, although there has also been widespread criticism of their treatment.\(^8\) Today, about two-thirds of the labor force in Bahrain, Oman, and Saudi Arabia and 80–90 percent in Kuwait, Qatar, and the United Arab Emirates consist of temporary migrants whose stays range from a few months to several decades. For these destination economies, migrants’ contributions are indispensable, and migration is largely behind the region’s modernization.

Many middle- and upper-middle-income countries are also important destinations, especially for relatively lower-skilled migrants from neighboring countries and lower-income countries. In Malaysia, 11.9 percent of the labor force is composed of migrants, with the vast majority from Indonesia, the Philippines, and Thailand.\(^9\) As the education and income levels of citizens rose in Malaysia over the last three decades, labor demand in construction, agriculture, low-tech manufacturing, and services were met by lower-skilled migrants from these countries, supporting and enabling the country’s further development.

The experience of high-income countries is relevant to the development debate for two main reasons. First, the success of migrants in high-income destination societies contributes to development outcomes in countries of origin and therefore is of interest to the development efforts in these countries. Second, because data and research have predominantly focused on high-income countries, they provide insight into both the short- and long-term economic effects of migration (box 6.1), which will be helpful to policy makers in middle- and low-income countries that receive large numbers of migrants.

Demand for skills and labor in destination countries

Today, entire industries are relying on immigrant labor—construction and high-tech in the United States, oil and energy in the Middle East, mining in South Africa, plantations in Malaysia, childcare in Singapore, finance in the United Kingdom, transportation in Germany, and agriculture in almost every
high-income country. In many countries, migrants are a significant addition to the labor force for both high- and low-skilled occupations.

In high-income countries, migrant workers are usually concentrated at opposite ends of the education distribution—among the highly educated and among those with only a primary education or less—which reflects labor market demands. By contrast, the share of migrants and naturalized citizens with an intermediate level of education—high school (upper-secondary) and postsecondary—is much lower (figure 6.2). Nationals with intermediate-skilled jobs act as complements to both high- and low-skilled migrant workers and benefit from their presence.

Fewer data are available on the skills complementarity of migrants in low- and middle-income destination countries. Most migrants are predominantly lower-skilled workers, and the complementarity of their skills with those already in the labor market is possibly weaker than in high-income countries. Many low- and middle-income countries also have relatively large informal economies. In the informal sector, migrants, irrespective of their skills, typically act as competitors with other informal workers. When they can engage in the formal sector, migrants are more likely to be complementary to other workers.

Box 6.1 The longer-term economic effects of migration

Long-term data underscore the aggregate economic gains of “strong match” immigration. In Argentina, counties that received higher shares of migrants during the age of mass migration (1850–1914) had higher gross domestic product (GDP) per capita a century later. For example, an average Argentinian county that increased its share of immigrants from 20 percent to 25 percent in 1914 had GDP per capita almost 40 percent higher at the turn of the twenty-first century. Massive inflows of immigrants to neighboring Brazil in 1850 had similar impacts. Municipalities that received a higher share of migrants experienced higher per capita income and higher levels of schooling than the national average, and this outcome persisted 100 years after the migration episode. Population inflows during the age of great migration to the United States (1850–1920) increased overall prosperity through higher incomes, lower poverty and unemployment, faster rates of urbanization, and greater educational attainment that are still evident today. The economic gains enjoyed by the counties that received more immigrants did not come at the expense of nearby counties that received fewer immigrants.

Even when people move under duress, the long-term benefits can be significant. In India, districts that received large numbers of people displaced during the 1947 Partition were more likely to adopt new agricultural technologies in the decades that followed, and they experienced significantly higher agricultural yields than other parts of the country. Similarly, in Greece municipalities that received large numbers of people who were forcibly displaced following the Greco-Turkish War of 1919–22 benefited from new skills, especially in textile production and commercial agriculture. Seventy years later, they still had larger manufacturing sectors and higher average earnings than the rest of the country. However, where newcomers were segregated in separate villages, the economic benefits were smaller, which illustrates the importance of social integration.

c. Sequeira, Nunn, and Qian (2020); Tabellini (2020).
e. Murard and Sakalli (2020).
Figure 6.2 In the United States and Western Europe, migrants and naturalized citizens are overrepresented at both ends of the education spectrum

Difference between share of migrants and naturalized citizens and share of native-born citizens, by education level


Note: A postsecondary education includes those who have completed one year or more of college education without receiving a full degree. Western Europe is composed of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom. The data include all workers over age 15.
Skills complementarity reflects not only migrants’ qualifications but also the response by national workers. For example, when low-skilled immigrants arrive, the incentives for young nationals to acquire higher skills increase. This has been documented in Western Europe from 1996 to 2010. Younger nationals who had just entered or were about to enter the labor force invested in additional education that allowed them to take on jobs requiring more abstract thinking and communication and commanding higher wages. Likewise, in Denmark the settlement programs of low-skilled refugees across municipalities between 1986 and 1998 prompted young and less-educated nationals to strengthen their skills so that they could pursue occupations that were less intensive in manual labor and that offered better wages, employment prospects, and occupational mobility.

**Broader economic effects: Higher productivity, lower consumer prices, and stronger business links**

The economic effects of migration stem from the complementarity of migrants’ skills with those of national workers. When migrants’ skills complement those already in the labor market, productivity increases, spreading substantial benefits across the destination country’s economy.

High-skilled migrants generate productivity gains and spillovers that create opportunities for workers at lower levels of skills—both migrants and nationals. In 18 Organisation for Economic Co-operation and Development (OECD) member countries taken together, foreign-born individuals accounted for 27 percent of all doctors and 16 percent of all nurses in 2018. In the United States, over a third of current medical residents completed their medical degree abroad. And almost two-thirds of the US winners of the Nobel Prize are foreign-born. High degrees of skill complementarity result in agglomeration economies and geographic concentration in many sectors—such as technology in California’s Silicon Valley and finance in London, New York, and Singapore.

Migrants in low-skilled occupations can also provide complementary skills. As education levels have increased and the workforce has aged rapidly in many high- and upper-middle-income economies, the share of national workers without a high school degree has declined. Immigration is making it possible for employers to hire the low-skilled workers they need to keep their businesses sustainable. Migrant workers represent 12 percent of agricultural workers across the European Union and over 40 percent in Spain. They account for 64 percent of agricultural workers in the United States. Similarly, the vast majority of the construction workers in the GCC countries and plantation workers in Malaysia are also migrants.

The presence of low-skilled workers has additional effects. The cost of domestic household services declines when immigrants perform housework and childcare in higher-income countries. Women nationals, released from these tasks, can then join the labor force in larger numbers—especially high-skilled married women—leading to overall economic gains. This pattern has been observed in a wide range of economies, such as Germany; Hong Kong SAR, China; Italy; Spain; Switzerland; the United Kingdom; and the United States.

Migrants also facilitate trade, investment, and other economic flows between destination and origin countries. They bring their social capital and business networks to the destination country, along with their knowledge of the origin country’s language, regulations, market opportunities, and institutions, thereby creating opportunities for trade and investment in the origin country and lowering the corresponding transaction costs. For example, the United States received large numbers of Vietnamese refugees in the 1970s who settled across the country. When trade restrictions between the United States and Vietnam were lifted 29 years later, US states with larger Vietnamese populations experienced the most significant growth in exports to Vietnam. The return of Bosnian refugees from Germany also resulted in higher exports from Germany to Bosnia and Herzegovina in sectors in which refugees previously had a higher presence. Ethnic Chinese networks established via historical migration patterns facilitated foreign direct investment (FDI) in Southeast Asia.
How migration gains are shared within the destination society varies across countries and sectors of activity. In addition to the migrants themselves, two groups stand to potentially gain from migrants’ labor: consumers, if migrants’ contributions result in greater availability and lower prices for some domestically produced goods and services, and employers or owners of capital, if migrants’ contributions are reflected in higher profits.

Policy choices made by the destination society—including the degree to which markets are competitive—determine the outcome. A 2014 study found that in the United Kingdom immigration had no effect on the prices of tradable goods, but it did result in lower prices for nontraded services, such as construction, restaurants, and hairdressers.26 In the United States, a 10 percent increase in the share of low-skilled immigrants in the labor force reduced the price of some services, such as housekeeping, and construction by 2 percent.27 Similarly, after large numbers of immigrants from the former Soviet Union arrived in Israel during the 1990s, a 1 percentage point increase in the ratio of immigrants to nationals in a region was associated with a 0.5 percentage point decrease in the price of a basket of consumer goods.28

### Mixed effects on wages and employment

Despite economywide gains, migration can be disruptive at the local level for some groups, even if migrants’ skills and attributes strongly match the needs of the destination economy. Impacts are often felt in the geographic areas and occupations in which migrants are concentrated. The economic adjustment can affect nationals’ wages and employment levels, at least in the short term. It affects some groups negatively—typically those whose skills are similar to those of the migrants29—while benefiting complementary workers.30 Cross-country variations reflect a range of factors, including the state of the destination economy, the share of migrants in the labor force, and the complementarity of skills between migrants and nationals.

As for other shocks, markets eventually adjust through a reallocation of capital and the movement of workers to other occupations, sectors, and regions. Over time, the adverse impacts of migration tend to decline, especially when product and labor markets are flexible31 and social protection mechanisms are effective. Still, the adjustment costs can be significant for some workers and their families. For many workers, it is difficult to switch jobs, firms, or geographic locations to adjust to the presence of immigrant workers.32

In terms of wage gains (or losses) experienced by existing workers, a review of 111 studies in 29 countries reveals different outcomes (figure 6.3) when immigration increases the labor force by 1 percentage point. They range from a net loss of 6 percent for low-skilled workers in Colombia to a net gain of about 5 percent for high-skilled workers in Türkiye.33

When wages are relatively rigid, the short-term effects of migration may include higher unemployment for nationals at the local level.34 For example, in the early 1990s Germany received about 2.8 million ethnic Germans from the former Soviet bloc (not including the former Democratic Republic of Germany), settling them randomly across the country. Although wages remained largely stable, for every 10 new workers who arrived in a certain region three German workers lost their jobs. Similarly, a 1990 policy gave workers from the Czech Republic employment rights—but not residency—in some German border municipalities. By 1993, wages had declined by only 0.13 percent, but the influx of Czech workers had led to almost one-to-one job losses for Germans in that area.35 Some affected workers chose to withdraw from the labor force or to relocate to other regions.36 In South Africa, the arrival of migrant workers led to lower wages and prompted nationals to move to areas with better employment prospects.37 In Europe, immigration-related job losses among nationals are lower in labor markets with smaller hiring costs, less rigid wages, and lower business entry costs.38

Overall, lower-skilled workers tend to be negatively affected more often—and more severely—by immigration than higher-skilled workers because their skills tend to be closer to those of migrants.
For example, in Colombia, although both low- and high-skilled workers are negatively affected, lower-skilled are more so. In Germany, the Netherlands, Türkiye, and the United Kingdom, lower-skilled workers experience negative wage impacts, while high-skilled workers see gains. In Colombia and Türkiye, the arrival of refugees in the labor market has negative effects on informal workers and positive effects on formal workers. Migration to low- and middle-income countries, when it is a close substitute for low-skilled workers and a strong complement for high-skilled workers, also disproportionately affects low-skilled and thus low-income individuals.

In many countries, previous waves of migrants are the most affected by new inflows because their skills are most similar to the skills that new migrants bring. In the United States, new migration between 1990 and 2006 reduced the wages of previous cohorts of migrant workers by 7.6 percent, whereas the impact on nationals was a marginal gain of 0.6 percent. The pattern was similar in Malaysia, where a
10 percent increase in the number of migrants reduced the wages of existing migrants by about 3.9 percent, with no observable impacts on the wages of nationals.\textsuperscript{43}

**Fiscal contributions**

The fiscal impacts of migration are usually positive. In OECD countries, the net fiscal contributions of migrants—measured as the tax revenue and social security contributions collected from migrants minus the social transfers they receive\textsuperscript{44}—are often even higher than those of nationals (figure 6.4).\textsuperscript{45} The net fiscal contribution is higher when migrants arrive with skills and attributes that strongly match the needs of the destination country. They can, however, be reduced when migrants face labor market discrimination or do not work at the level of their skills and qualifications and thus earn lower wages than comparable nationals.

Differences in the age distribution of immigrants and naturalized citizens relative to the native-born account for a large part of the difference in their net fiscal contribution—70 percent in the OECD countries (figure 6.5).\textsuperscript{46} This finding stems from the fact that immigrants are overrepresented among prime-age individuals—the age group that contributes more and draws relatively fewer benefits—and underrepresented among children and the elderly—the age groups that consume the most education, health, and old-age benefits, while not contributing much.\textsuperscript{47} Most immigrants arrive in the host country

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**Figure 6.4** On average, the net fiscal contributions of migrants and naturalized citizens in OECD countries are higher than those of native-born citizens

*Ratio of individual-level government revenue to expenditure (per capita), 2006–18 average*

![Graph showing fiscal contributions](image_url)

*Source:* Damas de Matos 2021.

*Note:* Data include only individual-level government expenditures and revenue. Expenditures are on health, education, and social protection. Revenue is from direct and indirect taxes, as well as social contributions. Expenditures on pure public goods, such as national defense, are excluded. OECD = Organisation for Economic Co-operation and Development.
Between 1995 and 2011, European immigrants brought skills and training into the United Kingdom that would have cost almost US$17 billion if produced through the British education system. As they engage in the labor force, prime-aged immigrants contribute three times more than the government spends on them. Overall, the average recent immigrant to the United States with less than a high school education delivers an estimated net present value contribution of US$128,000 over the course of their employment—almost twice the median annual income level.

Other factors also matter. The fiscal effects of temporary and permanent migration differ. Temporary workers typically return to their countries of origin before needing the public expenditures associated with old age—health care and pensions. Many migrate without their families and thus do not use the education system. By contrast, permanent migrants need full access to health care, education, and pension systems, and they typically generate smaller fiscal gains for the destination country.

Figure 6.5 Migrants’ fiscal contributions are larger when they are working age

Correlation between the relative fiscal ratio (foreign-born to native-born) and the relative share of the population ages 15–64, 2006–18 average

<table>
<thead>
<tr>
<th>Country</th>
<th>Relative Fiscal Ratio (Foreign-born to Native-born)</th>
<th>Relative Share of Working-age Individuals (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EST</td>
<td>0.7</td>
<td>0.80</td>
</tr>
<tr>
<td>LVA</td>
<td>0.5</td>
<td>0.9</td>
</tr>
<tr>
<td>CAN</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>DEU</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>AUT</td>
<td>1.7</td>
<td>1.4</td>
</tr>
<tr>
<td>ITA</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>ESP</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>LUX</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>GRC</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>LVA</td>
<td>0.7</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Source: OECD 2021.
Note: For country abbreviations, see International Organization for Standardization (ISO), https://www.iso.org/obp/ui/#search.
their fiscal contributions. In Colombia, a large amnesty program that granted job permits to about half a million Venezuelan migrants in 2018 increased formalization rates by 10 percentage points—and many of these migrants are now paying taxes. The overall fiscal impact of immigration also includes indirect contributions. Indirect and long-run fiscal impacts are generally harder to quantify. They are based on assumptions about productivity, growth, capital allocation, and other adjustment mechanisms in the economy. But it is clear that migrant labor increases the revenue and profits of the firms that employ them and thus the taxes these firms have to pay. In the United States, such taxes are over three times larger than the direct (net) fiscal effects of migrants.

Maximizing economic gains

Destination countries’ policies largely affect the size of their economic gains. Policies include those affecting entry—determining who is allowed to come into a country—as well as policies affecting migrants’ stay—determining the rights they can enjoy and the opportunities they can access. Migrants’ contributions are larger in countries where migration policies ensure a high complementarity between migrants and nationals across all skill levels. Specifically, those are countries in which it is possible for migrants to work formally and at their level of qualification and in which the business environment enables capital and labor to be allocated swiftly across regions and sectors of the economy.

Entry policies

To meet their economic needs, most countries need multiple legal migration channels, including for both permanent and temporary migration. For example, the United States has as many as 185 visa categories, among them those for high-skilled workers and for agricultural seasonal laborers, for family reunification, and for temporary stay on humanitarian grounds. Similarly, numerous criteria provide grounds for obtaining a green card (permanent residency), such as family ties, employment, refugee status, and protection from abuse or human trafficking. Multiple channels make for a cumbersome system, but they also allow nuanced and comprehensive responses to a wide variety of situations and needs.

Entry policies need to acknowledge market forces. Where there is a demand, restrictions on immigrant labor come at a high economic cost and generate adverse effects, such as increases in undocumented migration and declines in output and productivity. For example, the US Bracero program provided Mexican farm workers with temporary work permits, and its termination in 1964 closed legal paths to employment for almost half a million temporary workers. Closure of the program was intended to benefit domestic workers. However, employers replaced migrant labor with machines, or they hired undocumented migrants, who simply replaced the legal temporary workers. More recently, several oil-rich GCC countries imposed hiring quotas on immigrants to promote employment of nationals in the private sector. In Saudi Arabia, the employment of Saudi nationals increased, but the affected firms were 7 percentage points less likely to export; the value of their exports was likely to fall by 14 percent; and they were 1.5 percentage points more likely to exit the market. In response to government restrictions, an irregular market then emerged, with migrants working illegally for an employer other than their visa sponsor.

Measures to deter irregular migration can have unintended consequences. For example, the Secure Communities program implemented in the United States between 2008 and 2013 deterred irregular migration of one person for every person deported. However, the policy also had negative consequences for US citizens. It reduced the employment and wages of low-skilled workers because of a reduction in
local consumption and an increase in labor costs that reduced job creation. And it curtailed the labor force participation of high-skilled citizens, especially women.64

To ensure the effectiveness and sustainability of legal pathways, some countries have developed consultative processes with employers, labor unions, and other stakeholders. For example, in the United Kingdom the Migration Advisory Committee reviews labor needs in selected sectors to advise the government on the potential use of immigration as a response to those needs.65 Similar schemes have been developed in Australia and Singapore, among others. Some countries also engage with local authorities or civil society as a way to build and strengthen a consensus on migration objectives. Such processes aim to ensure better matching of the potential pool of incoming migrants with the needs of the destination labor market.

**Permanent schemes**

When designing pathways for permanent migration, some destination countries focus on migrants’ potential for integration. Canada and New Zealand have organized their permanent migration pathways using a points system. Applicants are scored based on a set of criteria, such as skills, language, or demographics, and those who accrue a sufficient number of points are allowed entry on a path that typically leads to naturalization. Canada’s points system is based on a migrant’s potential to succeed, whereas New Zealand mostly gives preference to skilled migrants.66 Australia has also implemented a points-based system. Until the mid-1990s, it offered skilled migrants permanent migration opportunities, but it has evolved to focus on people with strong employment prospects.67 Austria, Germany, Portugal, Sweden, and the United Arab Emirates have also established job search visas; foreign workers who meet specific criteria are allowed entry for the purpose of finding employment.

In fact, most destination countries have adopted policies aimed at attracting high-skilled migrants. These policies include employment rights and residency privileges comparable to those of nationals, as well as a greater ability than lower-skilled migrants to migrate with their families.68 Consequently, in many destination countries the share of immigrants and naturalized citizens with a tertiary education is higher than that of nationals (figure 6.6).

Almost half of all tertiary-educated migrants live in just four destination countries: the United States, the United Kingdom, Canada, and Australia.69 For example, almost half of all doctoral students in science, technology, engineering, and mathematics (STEM) in the United States and Canada are from other countries—and a large share of these students stay after graduation.70 Overall, high-income OECD countries receive almost 75 percent of all tertiary-educated migrants.

Some legal entry pathways have been designed to reflect the economic and social objectives of destination countries. For example, in the United States some channels aim to strengthen the country’s diversity by allocating a certain number of green cards (permanent residency) through an annual lottery system that gives preference to people from origin countries underrepresented among migrants.71 Other legal pathways also encourage and facilitate longer-term integration. For example, admissions on family reunification grounds have become the largest migration channel to OECD countries.72

**Temporary pathways**

Temporary migration pathways are used by a range of destination countries. They account for almost all migrants in the GCC countries, Malaysia, and Singapore. And they are used in EU countries to fulfill labor demands across the skills spectrum.73 They have also been introduced in the Republic of Korea,
which in 2003 established an Employment Permit System to address the labor demand of small and medium enterprises.

Several OECD countries are turning increasingly to temporary forms of migration, including as a first stage of permanent migration. In Australia, for example, until the mid-1990s almost all foreign workers admitted into the country were arriving as permanent settlers. Today, three-quarters of migrants are entering under a temporary work visa. This visa serves as a “trial period” before migrants apply for permanent status. In Canada, temporary migration has also overtaken permanent movements (figure 6.7). Similarly, Germany has gradually developed a path to a permanent stay for temporary migrants. Korea permits low-skilled foreign workers to change their visa category to a semiskilled one, subject to passing skills qualification tests. Thus far, a quarter of migrants with

Figure 6.6 In many destination countries, the share of immigrants and naturalized citizens with a tertiary education exceeds the average for the labor force


Note: The size of the circles is relative to the number of immigrants and naturalized citizens in the country. For country abbreviations, see International Organization for Standardization (ISO), https://www.iso.org/obp/ui/#search.
semi- to high-skilled visas have benefited from such a conversion, which, in some cases, also provides a pathway to residence and family reunion.78

Many countries use seasonal migration programs to fill labor shortfalls in certain sectors, and this approach has proved mutually beneficial for migrants, origin countries, and destination countries in many contexts.79 For example, Spain and Morocco signed a bilateral agreement in 2001 that allowed Moroccans to work in Spain’s agriculture sector for up to nine months a year.80 Spain has similar programs with countries in Latin America such as Honduras, Colombia, and Ecuador.81 Poland is issuing seasonal work permits for up to nine months at the request of employers in the agriculture and tourism sectors.82 Similar seasonal worker programs are also common in Australia, Canada, New Zealand, and the United States. In Canada, the Seasonal Agricultural Worker Program brings in 20,000 workers a year from Mexico and participating Caribbean countries for between six weeks and eight months.83 To ensure that seasonal workers do not overstay their visas, some countries allow workers to return the following season if they comply with a stated return rule. Compliance rates have been high in Canada, New Zealand, and Spain.84

Temporary migration is indeed a suitable channel to address temporary labor needs. For destination countries, temporary migration meets labor needs while reducing medium-term social impacts. For example, under such programs migrants are typically not allowed to bring their families. In other words, these arrangements separate the migrant’s labor from other traits and characteristics that could make long-term inclusion more complex.

Figure 6.7  Temporary migration has overtaken permanent migration in Canada


Note: Temporary work migrants include those who entered Canada through the Temporary Foreign Worker Program (TFWP) and the International Mobility Program (IMP). Permanent work migrants are permanent residents under the economic class of immigrants.
Temporary migration, however, is less suitable to address longer-term labor needs. When temporary work permits are extended or renewed over long periods of time, the integration challenges may be heightened. Temporary visas lower incentives to acquire languages and invest in country-specific human capital and social networks, and the destination country usually does not implement measures to support integration. For example, in the 1960s in Europe foreign workers—such as the Gastarbeiter (guest workers) in Germany—were expected to stay for only a few years, but many never left.

**Stay policies**

**Skills recognition and skills building**

Recognition of degrees and skill certifications is important to make the best of labor migration. To do so, destination countries must develop mechanisms to determine whether origin countries’ standards for each skill are equivalent to their own. International standards may help facilitate such assessments, but they have proved difficult to put in place. Regional cooperation and the development of regional qualification frameworks are promising. Examples are the European Qualifications Framework and the Association of Southeast Asian Nations (ASEAN) Qualifications Reference Framework. Although such certification efforts are heavily technical and time-consuming, they are critical to maximizing the benefits of cross-border labor movements for migrants and destination economies alike.

Better command of the local language and language training programs are also associated with higher productivity and the labor force participation of migrants, which, in turn, benefit the destination society economically. Access to language training and some integration support have had positive impacts in high-income countries such as Denmark, France, and Germany.

Student visas offer an alternative route for migrants to obtain the skills needed in destination labor markets. By accepting migrant students, countries are able to offer them qualifications that will be easily recognized by their employers—often more effective than an ex post certification of degrees and experiences obtained elsewhere. Accepting migrants as students also gives them both the opportunity and the incentive to invest in learning the local language and accumulate other forms of social capital specific to the destination country, thereby facilitating their social integration.

Global Skills Partnerships are another model. By means of partnerships, destination countries finance the training of potential migrants in their origin countries and provide them with entry upon graduation. This approach aims to ensure that the skills and attributes of potential migrants match the labor needs at destination and to reduce the negative brain drain impacts because some program participants eventually choose not to migrate. Pilot programs have been launched by Belgium and Morocco in the information and communication technology sector and by Germany and Tunisia in the nursing sector, but this approach has not yet been scaled up. Early lessons highlight the need to ensure active employers’ participation in the design of the training programs, the importance of ensuring the social acceptability of these programs in the origin country, and the complexity of multilateral partnerships involving training institutes and public authorities in both origin and destination countries, as well as employers at the destination.

**Legal status and labor rights**

Providing migrants with a secure legal status and formal employment rights facilitates their inclusion in the labor market and makes it possible for them to engage in formal activities at the level of their skills and qualifications. Having a secure legal status—whether it involves having a valid employment visa, asylum or residency status, or citizenship—means predictable prospects of stay, protection of the
rule of law, and other legal rights. Migrants then have greater incentives to invest in their destination community, workplace, or country, and they learn a new language, engage in entrepreneurial activities, acquire additional educational degrees, and become part of social networks. With secure legal status, migrants can move more freely within the economy and society, increase their income and personal ties, and further integrate socially and economically.

**Support for affected nationals**

Labor market flexibility is key to supporting nationals whose skills are similar to those of migrants and who are negatively affected because of a decline in wages or employment. Flexibility allows complementary workers and capital to move to areas and sectors that migrants entered, and it allows workers with similar skills to move to other regions, sectors, or occupations. Similarly, flexible capital markets can facilitate the entry of new firms in a sector or the expansion of existing firms, both of which increase the demand for labor and reduce the negative impacts of migration on wages and employment. By contrast, market rigidities that hamper capital or labor market adjustments increase the negative effects of immigration. These restrictions are particularly pervasive in low- and middle-income countries where migrants are concentrated in the informal economy, the mobility of nationals is low, and firms’ capacity to expand is limited because of lack of access to financial markets and low productivity, as documented in Colombia, Ecuador, and Peru.

Workers who face job losses and mobility costs may also need support as they search for employment in other regions or sectors. Social protection programs and active labor market policies reduce the adverse effects of immigration. In high-income countries where the aggregate gains from migration create the necessary fiscal resources, it is possible to support those who are temporarily affected by job loss. However, experience with the adjustment to trade liberalization reveals the complexity of such efforts if, for example, people are unwilling or unable to move to new areas or activities. In lower- and middle-income destination countries, where the skills of nationals and migrants are more similar and fiscal resources are more limited, implementing such social protection programs may be even more challenging.

**Fostering social inclusion**

In many countries, the political debate on migration has shifted from economics to the challenges associated with migrants’ social inclusion. When migrants stay for an extended period of time—or permanently—the question of their integration becomes central. The findings on integration outcomes are mainly limited to high-income countries, but they can help inform migration policies in other destination countries, both middle- and low-income, while adjusting to local circumstances.

Successful integration benefits both migrants and destination societies. Migrants gain significantly through better outcomes in the labor market, as well as stronger engagement in society. Destination countries benefit through migrants’ stronger economic contributions and by avoiding the emergence of a marginalized population. Within a society, trust and cohesion between groups are associated with higher economic growth. But when social tensions are particularly strong, divisions along the lines of ethnicity, race, religion, or national origin can worsen productivity by reducing cooperation between workers.

**Residential segregation**

Migrants and their families tend to settle in certain regions, municipalities, or even neighborhoods in a community from their country of origin that can help them find a job and adjust to a new social and cultural environment (maps 6.1 and 6.2). For example, Mexican migrants to the United States
with limited English-language skills tend to live in communities with high concentrations of Mexican migrants. In Denmark, refugees often prefer to live in areas with higher proportions of migrants from their origin countries. These preferences may be reinforced when discrimination affects migrants’ ability to access the housing market in some areas, as has been documented in France. Because of residential segregation, migrants may represent a large share of the population in some areas, even when national averages are relatively low.

Migrants’ concentration may be exacerbated when nationals relocate to avoid sharing public spaces with those who differ from them in, for example, ethnicity or religion—a phenomenon called “native flight.” Such relocation further affects a neighborhood’s desirability for other

Map 6.1 In the United States, immigrant households are largely concentrated along the southern border and in major metropolitan areas

Map 6.2 In the New York City metropolitan area, migrants are concentrated in certain neighborhoods
nationals. These effects can be significant in some situations. For example, in France municipalities that opened new refugee centers saw an average of three to six residents leave for each refugee who arrived within two years of the opening.  

Residential segregation affects housing prices. In most high-income countries, where the immigration inflow is gradual and responds to local economic opportunities, the housing market adjusts—unless it is constrained by zoning laws. In Canada and the United States, an immigration inflow of 1 percent of a city’s population increases rents, but by less than 1 percent as new construction takes place.  

In some cases, native flight contributes to lowering housing prices in neighborhoods with a large share of migrants. In the largest 20 cities in Italy, between 2000 and 2010 a 10 percent increase in the immigrant population led to a 2 percent decline in housing prices relative to other parts of the cities as the locals moved out. Similar effects have been documented in the United States, the United Kingdom, and Germany. When a refugee shelter opened in Berlin, the listed prices for new rentals near the shelter declined by 3–4 percent, and satisfaction with the neighborhood’s amenities fell. Native flight can also affect housing prices in neighboring areas with a lower share of migrants. For example, in the United States housing demand and prices increase in the areas to which natives are moving.  

Residential segregation tends to be associated with lower public investment, further aggravating the situation. The priority that public authorities give to serving the needs of migrant communities may depend on migrants’ voting rights. Nationals may react to the arrival of migrants by supporting less redistributive policies. In the early decades of the twentieth century, public spending per capita declined in areas of the United States that received large numbers of immigrants. However, this effect may depend on a country’s current socioeconomic condition or on migrants’ legal status.  

Education and health care  
The impact of immigrants on education systems depends on the size, composition, and concentration of the immigrant population. Larger numbers lead to larger adverse effects when investments in infrastructure, teachers, and resources do not adjust in a timely manner or when the neighborhoods in which migrants live are not prioritized. In Spain, provinces with the largest shares of migrants have higher student-teacher ratios (figure 6.8).  

Educational outcomes for nationals also reflect peer effects, which encompass social interactions and group learning, among other things. In some situations, the presence of migrant children in a classroom negatively affects average learning and test scores. However, the number of migrants’ children in the classroom, whether their parents are highly or less educated and whether these children have a solid command of the local language, can make a significant difference. Such negative effects have also been observed in low-income countries such as Colombia and Uganda. In the Netherlands, the effects are the strongest if immigrant children are recent arrivals, suggesting that increasing levels of integration can lessen the negative impacts. Still, many other factors come into play to explain learning outcomes, such as class size or cultural background in the communities.  

Native flight compounds the situation in many communities. Evidence of families changing school districts in response to large migrant inflows has been documented in several countries, such as in the United States when students must transition from relatively homogeneous primary schools to more mixed high schools. Similarly, in Spain and Türkiye in response to higher numbers of immigrant children in public schools, the enrollment of native-born children in private education tends to increase, especially if those students are from higher-income households. That increase raises the ratio of migrants to nationals in public schools, amplifying negative perceptions. It can also reduce support for disadvantaged public schools.
Immigration has similar effects on the access to and delivery of health care, especially in communities with limited public resources, but these effects are ambiguous. In some countries, migrants account for a relatively large share of health care workers, thereby providing the national population with additional services. The impact of migrants’ consumption of health care services on nationals depends on migrants’ geographic concentration, their age profile and health status, and the share of patients who need specialized services. In the United Kingdom, waiting times for health care have increased in disadvantaged areas with large inflows of immigrants. However, migrants have a lower propensity to use health care services than nationals, in part because they tend to be younger and healthier and in part because they may face discrimination and barriers to accessing health care.

Crime and insecurity

The relationship between immigration and crime has been the subject of intense public debates. In most OECD countries, foreign nationals make up a larger share of the incarcerated population than their share of the overall population, often by a significant margin. Yet empirical investigations of the link between immigration and crime have been largely inconclusive. Some studies find no significant effect.
of immigration on overall crime rates, as in Italy. Others document a lower propensity to commit crime among migrants, as in Malaysia. And yet others find a positive effect on crimes that are motivated by monetary gains, as in the United States. Crime rates also reflect reactions from nationals. For example, when the presence of immigrants induces a sense of insecurity, nationals may relocate or preemptively invest in security measures.

Criminal behavior mainly arises from the conditions in which migrants live, work, and interact with others in the destination country. In any population, unemployment increases the likelihood of committing crimes, as does social marginalization. In many countries, migrants are overrepresented in the poorer and excluded segments of society—that is, those in which criminal behavior is more prevalent. Economic and social inclusion go a long way in reducing the risk of migrants committing crime. For example, lifting the legal barriers to employment for irregular migrants and asylum-seekers reduces the incidence of crime. In Italy, irregular migrants are less likely to commit crimes when they have a legal status that allows them to access the formal labor market. The regularization of nearly 3 million immigrants in the United States in 1986 led to a 3–5 percent decrease in crime.

In some countries, the presence of migrants has also raised national security concerns. These concerns span a range of issues from spying to terrorism, which typically involve a small number of individuals but are broadly feared. When terrorist events occur, fear can drive negative sentiments toward entire communities, such as those experienced by members of Muslim communities since the rise of Islamic terrorism in the 1990s.

Beyond inclusion: Social integration

The notion of social integration varies significantly across societies. In some destination societies, migrants are expected to rapidly embrace the cultural heritage of the majority of the population, whereas other countries are more open to the long-term persistence of migrants’ cultural preferences. Some of the “cultural” issues attributed to migrants reflect, in fact, a lack of progress toward the inclusion of national minorities—and especially the descendants of naturalized migrants. These attitudes are reflected in the criteria used for naturalization, which can range from blood lineages, as in Germany until 2000; to command of the dominant language, as in France; to knowledge of the constitution and government institutions, as in the United States. Countries that define or perceive themselves as multi-ethnic or multireligious often embrace a greater degree of cultural diversity.

Most destination societies and cultures are neither homogeneous nor static (box 6.2). Algeria and Canada have two official languages, Belgium three, Switzerland four, and South Africa 11. Some countries officially recognize additional languages: four minority languages in Sweden, 22 scheduled languages in India, and various indigenous languages in countries as diverse as Mexico, Nigeria, and the Russian Federation. In some countries, including several in Western Europe, regional political movements are seeking independence or greater autonomy, challenging the narrative of a unified national culture. In various parts of the world, including Sub-Saharan Africa, political borders do not always correspond to linguistic or cultural boundaries, blurring the distinction between “national” and (some) “foreign” cultures. In every country, tensions, competition, and cooperation across a variety of groups that are partly overlapping and constantly changing have always existed.

Integration requires a degree of change by both migrants and nationals. The US National Academies of Sciences, Engineering, and Medicine defines integration as “the process by which members of immigrant groups and host societies come to resemble one another. . . . Integration is a two-fold process: it happens both because immigrants experience changes once they arrive and because native-born [individuals] . . . change in response to immigration.”
Box 6.2 Profound cultural changes are under way

In the realm of social integration, migration is just one of many forces rapidly reshaping societies, many of which have little to do with migration:

- **Aging.** Many societies are rapidly aging. The share of people over age 65 rose from 7.9 percent to 20.1 percent between 1950 and 2022. This development poses threats to the social contract—including in terms of care for the elderly and pension systems—which could be very disruptive.

- **Urbanization.** The share of the world population that lives in cities rose from 37 percent to 56 percent over the last 50 years, transforming the way people connect with one another and their perspectives and expectations.a

- **Technology.** The rise of the internet—like television before it—has transformed almost every aspect of lives, including values, social interactions, entertainment, and business practices. In 2020, people in the United States spent an average of 1,300 hours on social media—almost four hours a day. A 2022 survey found the average screen time among adults in the United Kingdom to be five hours a day, in addition to any screen-related work. Relatively higher use was observed among younger cohorts.b

- **Education levels.** In France, the share of those who have a high school degree (baccalauréat) increased from 29 percent in 1985 to 80 percent in 2020, which has transformed both culture and society. In the United States, the number of people with a master’s degree doubled to 21 million from 2000 to 2018.c

- **Gender relations.** Access to contraception has deeply transformed gender relations, with effects on fertility, women’s professional engagement, and patterns of cohabitation. In the United States, women have consistently earned the majority of doctoral degrees since academic year 2008/09. And in Colombia, the share of women ages 25–29 cohabiting increased from about 20 percent in 1973 to almost 50 percent in 1993 and to over 65 percent in 2005.d

- **Family structures.** The share of married adults has drastically fallen across a range of countries. In the Republic of Korea, the number of marriages per 1,000 inhabitants fell from 9.2 in 1970 to 5.2 in 2018, and in Argentina from 7.5 to 2.7 over the same period. In the United States, the share of children living in a “traditional” nuclear family—two married heterosexual parents in their first marriage—dropped from 73 percent in 1960 to less than half, 46 percent, in 2022. About 40 percent of children were born out of wedlock in 2020, up from 5 percent in 1960. In Chile, where divorce was only legalized in 1994, about 70 percent of children were born out of wedlock that year, up from almost none in 1964.e

- **Religious practice.** The share of self-declared French Catholics fell from 70 percent in 1981 to 32 percent in 2018 (of whom only 6.6 percent were practicing Catholics), while those who indicate they do not belong to any religion increased from 26 percent to 58 percent over the same period.f

- **New ways of working.** The COVID-19 pandemic, with its social distancing and shift toward remote work, changed people’s relationships to their jobs and their social relations. In the United States, less than 10 percent of the workforce telecommuted before the pandemic. In June 2022, 80 percent were working full-time or part-time remotely.g

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b. Castells (2002); DiMaggio et al. (2001); Gauntlett and Hill (1999); La Ferrara, Chong, and Durylea (2012); Olken (2009).
e. INSEE (2021).
f. America Counts Staff (2019).
g. Bailey (2006); Bailey, Hershbein, and Miller (2012); Christensen (2012); Goldin and Katz (2002); Marcén (2021); Miller (2011).
i. Esteve et al. (2016).
j. Ortiz-Ospina and Roser (2020).
m. Fourquet and Jardon (2021).
n. Hayes et al. (2021); Irawanto, Novianti, and Roz (2021); McDermott and Hansen (2021).
o. Paulise (2022).
Specifically:

- Migrants and their descendants converge toward the culture of the destination society, becoming more likely to identify as members of their destination society. In the United States, migrants’ attitudes toward divorce and women’s work tend to converge faster than attitudes toward family structure and relatives; or attitudes toward redistribution, social assistance, political orientation, sexual morality, and religion. And yet the path to integration is not necessarily one in which migrants have to forgo all elements of their origin culture to fit in destination societies. In fact, in some situations forcing migrants to give up elements of their culture has negative effects.

- Local cultures also integrate some elements of migrants’ heritage and values. The present-day political ideology and preferences for redistribution in the United States were historically affected by European values and ideas of the welfare state brought by migrants during the nineteenth and early twentieth centuries. More recently, the influence of the Hispanic community has been seen across the United States, with more and more states translating laws and various applications into Spanish. Today, driver’s license exams are offered in Spanish in all but five states.

Unless specific steps are taken to prevent it, integration happens. Many migrants and their descendants once described as irreducibly different—such as Irish immigrants in the United States or Italian and Polish migrants in France—are now unquestionably part of the mainstream. The challenge is to make integration happen quickly and in a way that results in positive outcomes for all.

The success of social integration depends on a range of factors specific to each context: migrants’ personal characteristics, backgrounds, skill levels, and expectations; destination societies’ social contract, norms, and understanding of what it takes to be a citizen; and government policies (figure 6.9).

Overall, several factors affect migrants’ prospects for social integration:

- Migrants’ number and concentration. Social integration is more challenging when the number of migrants is larger at the national or the local level. Some nationals find the presence of large numbers of immigrants a threat to their sense of nationhood or to their relative position in society. Meanwhile, when migrants can rely on a large community of co-nationals, they have fewer incentives to establish links outside of their group. The community provides an effective
social network and helps with finding employment and meeting the other challenges faced by migrants, as has been shown in Denmark, Sweden, and the United States.

- **Economic conditions.** Social integration is easier during times of economic growth and low unemployment. By contrast, economic shocks create insecurity, which may prompt those who are affected to identify more strongly with the values and traditions associated with stability. In such times, some nationals feel a greater sense of belonging to their cultural group and are more likely to see migrants and naturalized citizens as outsiders. In Europe, the attitudes toward immigrants are most positive among workers in the occupational sectors that are growing, and the rising number of immigrants has no impacts on attitudes when the economy is performing well.

- **Linguistic and cultural familiarity.** Familiarity with the language and culture of the country of destination can facilitate migrants’ social integration—but not in all situations. All else being equal, migrants tend to prefer to move to countries that are culturally or at least linguistically more familiar. Yet even where migrants share an ethnic background, race, or culture with most native-born citizens, social integration can be challenging. For example, Burkinabe migrants to Côte d’Ivoire and Zimbabwean migrants to South Africa have been subjected to discrimination.

- **Perceptions and prejudice.** When migrants do not share the dominant cultural expectations or fully embrace the societal norms of their destination country, their presence may be resented. Racial, cultural, or social differences can result in stereotyping and misperceptions and can be amplified by media coverage, political narratives and framing, or social media. The presence of migrants may even lead to a realignment of nationals’ group identities away from social class and along cultural or racial lines. This effect may depend on a country’s or community’s culture. In Denmark, for example, opposition to migrants increased in rural municipalities but not in the most urban ones, a pattern that reflects a greater emphasis on group identity in rural areas. In some contexts, migrants adjust by choosing “native-sounding” names for their children—such as in the United States, Canada, and Europe—or by adopting local languages or styles of clothing—such as in urban West Africa. However, discrimination may become self-reinforcing by leading migrants to “disidentify” and disengage with the destination culture, which, in turn, increases marginalization and discrimination.

Government policies can support migrants’ social integration (box 6.3). What is needed depends on the specific circumstances of each country, but often it includes several elements:

- **Economic inclusion.** Migrants’ economic integration is often a prelude—and a precondition—of their social integration. Economic inclusion provides migrants with both the financial resources that allow settling stably in the destination society and access to networks, including connections with national workers. In turn, economic inclusion is made easier by social integration. Still, the policies aimed at facilitating labor market inclusion should be understood as a critical element of the social integration agenda. Such policies include providing a legal status and secure terms of stay, which allow and incentivize migrants to make investments in the destination society such as in language acquisition, cultural familiarization, and establishment of social connections with those who are not co-nationals.

- **Dispersion policies.** Some countries have attempted to disperse newly arrived migrants across their entire territory to mitigate the difficulties arising from an overconcentration. The results, however, have been mixed. For example, in Sweden migrants and refugees who were settled in less dynamic regions had less access to jobs, which negatively affected their prospects for social integration. Similarly, the dispersion of asylum-seekers across Germany in 2015–16 did not consider the match between their skills and aspirations and the training and employment prospects in their regions of settlement. This approach led to disappointing results. By contrast, the integration model in
other countries, such as the United States, allows the formation of strong ethnic communities. Policies should reflect the specific social dynamic of each country, but also should accompany—rather than oppose—market forces to find an adequate balance between concentration and dispersion.

- **Local development.** Public and private investments in areas where migrants are heavily concentrated are often necessary to provide additional services and prevent the emergence of pockets of poverty. It is also important to prevent or mitigate native flight and support nationals in those areas, including through investments in housing, public transportation, education, and health care services.

- **Antidiscrimination efforts.** Discrimination negatively affects migrants, and it also hampers their eventual integration. Influencing nationals’ perceptions of migrants—such as through public campaigns—has produced some success in certain settings but mixed results in others. Interactions between migrants and nationals can reduce stereotyping and influence the attitudes that people form toward one another. For example, in Austria support for parties that promote more restrictive migration policies grew in municipalities that refugees passed by without settling in, but they declined in municipalities where they settled and had the opportunity to interact with locals. Political leadership is critical to antidiscrimination efforts.

- **Targeted integration policies.** Policies fostering the development of human and social capital have succeeded in encouraging and enabling integration, but policies that require migrants to renounce their cultural identity have usually proved ineffective. Furthermore, policies targeting a specific group can have ambiguous effects when they accentuate group boundaries and thus reinforce rather than mitigate cultural and social differences. Integration policies should be carefully designed and implemented to avoid unintended consequences.

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**Box 6.3 Lessons from Germany: The successful integration of asylum-seekers and refugees**

Between July 2015 and February 2016, nearly 1 million Syrian refugees and other asylum-seekers entered Germany seeking international protection, thereby stretching the capacity of the government and civil society organizations. Emotions ran high. Large segments of society came together under Chancellor Angela Merkel’s mantra “Wir schaffen das” (“We can do this”) and embraced the notion of Germany as an open and welcoming country. But others felt alienated by the large numbers of new arrivals. In the medium term, the country’s efforts to integrate the newcomers into German society were largely successful, albeit not without challenges.

**Labor market integration**

Asylum-seekers and refugees in Germany quickly integrated into the labor market, with over half (55 percent) employed within five years of their arrival. Specifically, 9 percent were employed within the first two years, rising to 22 percent, 32 percent, and 46 percent in each subsequent year. Critical factors included:

- **Secure terms of stay.** Migrants who were granted protection were also granted a secure residence status.
- **Decentralization.** Each federal state was allowed to implement labor market integration schemes tailored to its own environment and constraints.
- **Firms structure.** The prevalence of dynamic medium-size enterprises in the economy facilitated labor market integration outside the major metropolitan hubs. For example, the “Wir zusammen” (“We together”) network brought together more than 230 individual companies and facilitated the employment of more than 33,000 asylum-seekers and refugees.

*Box continues next page*
Box 6.3 Lessons from Germany: The successful integration of asylum-seekers and refugees (continued)

- **Skills-building systems.** Germany’s well-established system of vocational training enabled the newcomers to acquire the skills they needed to enter the labor market. Significant investments were made in German language and integration courses throughout the country.

Yet challenges remain. Significant gender gaps persist in terms of employment, which are partly attributable to lower levels of education and work experience, lower or later participation in integration programs, and cultural norms related to women’s entry into the labor market. During the COVID-19 pandemic, the unemployment rate of asylum-seekers and refugees also increased by 4 percentage points—considerably higher than the 1.1 percent increase for German citizens and permanent residents—and language and integration measures, as well as schooling and vocational training, were largely suspended or slowed.

**Accommodation, education, and health care**
Beyond the labor market, several lessons emerged in other areas:

- Decentralization played a key role in the reception and integration of the newcomers. Despite being under significant stress, subnational governments proved to be best placed to address the new challenges and more effective in addressing the concerns of local communities affected by temporary housing arrangements for asylum-seekers.

- Investing in language acquisition was a success factor throughout all stages of education and in terms of entry into the labor market. However, placing teenage refugees who lacked German language skills in separate classes proved to be counterproductive in the long term.

- The introduction of electronic health care cards for asylum-seekers in some federal states and individual districts made health care services more accessible and resulted in beneficial health outcomes without any significant drawbacks or higher costs.

- In both education and health care delivery, the sudden and rapid inflow of migrants highlighted some long-standing shortcomings, triggering new efforts to improve data collection and gather knowledge about the specific needs of asylum-seekers and to identify gaps in targeted service provision and find ways to address them. The Federal Office for Migration and Refugees (Bundesamt für Migration und Flüchtlinge, BAMF) improved its data collection efforts and launched a concerted effort to improve its data management system and digitalize working processes.

**Resentment and new restrictive policy measures**
From the outset of the refugee influx, the government balanced its relative openness with several restrictive policy measures, including the requirement that refugees remain in their assigned states during asylum procedures, reductions in the social benefits granted to asylum-seekers, restrictions on family reunification options for beneficiaries of subsidiary protection, and ramped-up return efforts for those who did not have legal status. While working domestically on processing new arrivals, the government also supported European Union (EU) policies that reduced pathways for legal entry, including the EU-Turkey Agreement.

**Overall lessons learned**
Several overarching lessons can be drawn from Germany’s experience:

- **Political leadership and communication.** Political leadership played a key role, as well as clear, informative, and solution-oriented communications. These proved crucial for bringing people together and mobilizing support. Candor was critical to maintaining trust in state institutions, including by recognizing short-term negative effects and describing the steps taken to implement sustainable long-term solutions.
Box 6.3 Lessons from Germany: The successful integration of asylum-seekers and refugees (continued)

- **Comprehensive responses.** All policy areas are invariably linked, and the successful integration of a large number of asylum-seekers within a short period of time requires an integrated approach. Labor market integration is linked not only to language and vocational training and skills recognition, but also to childcare, teacher training, and the provision of secure residency statuses. Although some of these areas can be addressed through legislative changes, others require financing and adequate burden-sharing arrangements between levels of government.

- **Engagement of civil society.** Civil society is a crucial resource for the short-, medium-, and long-term integration of refugees. These efforts can be supported financially, as well as sustained, through trust-based cooperation between civil society and state authorities.

Source: Based on Koch et al. (2023).
- d. Lindner (2022).
- e. Subsidiary protection is international protection for persons seeking asylum who do not qualify as refugees.

Notes

2. Doan et al. (2023).
15. OECD (2019).
21. See Cortés and Tessada (2011); Freire (2011); and Hiller and Rodríguez Chatruc (2020).
22. See the examples offered by Bahar, Ibañez, and Rozo (2021); Burchardi, Chaney, and Hassan (2018); Cohen, Gurun, and Malloy (2017); Foley and Kerr (2013); Gould (1994); Javorcik et al. (2011); Kugler, Levintal, and Rapoport (2018); Kugler and Rapoport (2007); Mayda, Peri, and Steingress (2022); Ottaviano, Peri, and Wright (2018); Parsons and Vézina (2018); Rauch (1999); Rauch and Trindade (2002).
33. Banerjee and Duflo (2019, 267); NASEM (2017); National Research Council (1997). In synthesizing the consensus of the research about the impacts of immigration, the National Academies of Sciences, Engineering, and Medicine (NASEM 2017, 267) conclude: “Empirical research in recent decades suggest that findings remain by and large consistent with those in The New Americans (National Research Council 1997) in that, when measured over a period of more than
10 years, the impact of immigration on the wages of natives overall is very small.”

34. D’Amuri and Peri (2014).
39. For Colombia, see Caruso, Canon, and Mueller (2021); Lebow (2022). For Germany, see Brücker and Jahn (2011). For the Netherlands and the United Kingdom, see Zorlu and Hartog (2005). For Türkiye, see Altındağ, Bakış, and Rozo (2020); Del Carpio and Wagner (2015).
40. Altındağ and Kaushal (2021); Del Carpio and Wagner (2015); Lombardo et al. (2021).
41. Lombardo et al. (2021).
42. Ottaviano and Peri (2012).
43. Özden and Wagner (2014).
44. Net direct fiscal transfers exclude the expenses for public goods, such as defense or environment. They only account for direct personal payments, such as welfare payments.
51. Clemens (2022b).
52. OECD (2013).
54. NASEM (2017).
55. OECD (2013).
56. Ibáñez et al. (2022).
57. Clemens (2022a).
60. Cortés, Kasoulu, and Pan (2021).
63. East et al. (2022).
64. East and Vélásquez (2018).
73. IOM (2002); Triandafyllidou, Bartolini, and Guidi (2019).
74. IOM (2002).
77. Finotelli and Kolb (2017); Laubenthal (2014); Schneider (2023).
80. AEBOE (2021); EU (2014).
82. EMNPL (2020).
91. See further discussion on skills recognition in the context of Global Skills Partnership (chapter 5).
92. Bleakley and Chin (2004); Chiswick and Miller (2010); Foged et al. (2022); Lochmann, Rapoport, and Speciale (2019).
93. Bailey et al. (2022); Foged et al. (2022); Lochmann, Rapoport, and Speciale (2019).
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98. Altındağ, Bakiş, and Rozo (2020); Bahar, Ibáñez, and Rozo (2021); Ibáñez et al. (2022); Rozo and Winkler (2019).
100. Olivieri et al. (2022).
102. Bleakley and Chin (2004); Chiswick and Miller (2010); Danzer and Ulku (2011); Dustmann (1994); Foged et al. (2022); Kanas et al. (2012); Lochmann, Rapoport, and Speciale (2019); Meng and Gregory (2005).
103. Danzer and Ulku (2011); Dustmann (1994); Kanas et al. (2012).
111. Batut and Schneider-Strawczynski (2022).
112. Degen and Fischer (2017); Gonzalez and Ortega (2013); Saiz (2007); Vermé and Schuettler (2021).
114. Accetturo et al. (2014).
115. Lastrapes and Lebesmuel baffcher (2020); Sá (2015); Saiz and Wachter (2011).
118. Ferwerda (2021).
120. Tabellini (2020).
121. Banting and Soroka (2020); Wilkes, Guppy, and Farris (2008).
122. Bloemraad, Silva, and Voss (2016); Voss, Silva, and Bloemraad (2020).
123. Assaad, Ginn, and Saleh (2018); Bilgili et al. (2019); Kebede and Özden (2021); Morales (2022).
126. Bossavie (2020); Chin, Daysal, and Imberman (2012); Frattini and Meschi (2019); Tonello (2016).
127. For effects in Colombia, see Namen et al. (2021). For effects in Uganda, see Sakaue and Wokadala (2022).
129. Ammermueller and Pischke (2009); Angrist and Lavy (1999); Frattini and Meschi (2019).
139. Spenkuch (2014).
140. Ajzenman, Domínguez, and Undurraga (2020); Bove, Elia, and Ferraresi (2021).
146. Couttenier et al. (2021); Das et al. (2009); Giavazzi et al. (2020).
148. Rapoport, Sardoschau, and Silve (2021); Shayo (2020).
149. NASEM (2015, 19).
150. Casey and Dustmann (2010); Giavazzi, Petkov, and Schiantarelli (2019); Manning and Roy (2010).
152. Giavazzi, Petkov, and Schiantarelli (2019). A large body of empirical work documents the role of cultural heritage in the persistence of attitudes related to living arrangements (Giuliano 2007); gender norms and fertility outcomes (Alesina, Giuliano, and Nunn 2013; Antecol 2000; Fernández 2007; Fernández and Fogli 2006, 2009); trust (Algan and Cahuc 2010; Butler, Giuliano, and Guiso 2016); preference for redistribution (Luttmer and Singhal 2011); corruption (Fisman and Miguel 2007); aggression (Miguel, Saiegh, and Satyanath 2011); and religion (Bisat, Topa, and Verdier 2004; Bisin and Verdier 2000).
153. Berry (2005); Fouka (2020); Nguyen and Benet-Martínez (2013).
155. The five exceptions are Alaska, Louisiana, Oklahoma, Utah, and Wyoming.
156. For a more detailed discussion on issues of social integration, see Bloemraad et al. (2023).
162. Belot and Ederveen (2012); Breitmam, Nowotny, and Otten (2020); Lanati and Venturini (2021).
164. Charman and Piper (2012); Crush et al. (2017).
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