

## **Pitting migrants against babies: Why it does not make (economic) sense**

*di Andrea Bassanini*

Policymakers often promote higher fertility as a way to offset the impact of population ageing without increasing immigration. This column uses OECD and United Nations projections to argue, however, that higher fertility would depress GDP per capita growth for roughly 50 years. Mobilising women and older workers could avert this slowdown, but more births would likely lower force participation among these groups. Conversely, increased labour immigration can coexist with higher fertility. Simple simulations show that expanding migration can readily offset, and even neutralise, the negative growth effects of a fertility boost in countries with low net migration rates.

Senior Economist Organisation For Economic Co-operation And Development (OECD) Europe has never had a lower total fertility rate (the number of live births per woman at the end of her fertile age) than now. As a result, natural population growth has shrunk. At the same time, people are living longer, populations are ageing, and working age populations (aged 20–64) are already declining. According to recent OECD estimates, by 2060 each employed person in Europe will effectively need to produce enough to meet their own needs and those of nearly one additional older or younger person (OECD 2025c).

Recognising the consequences of population ageing on living standards, almost all policymakers in all countries have put at the top of their agenda policies geared towards reversing the fertility decline (e.g. European Parliament 2021). And a significant fraction of these politicians sees the only possible antidote to many more migrants – and a perceived risk of cultural replacement – in more babies. For example, a report of the European Conservatives and Reformists Group's Working Group on

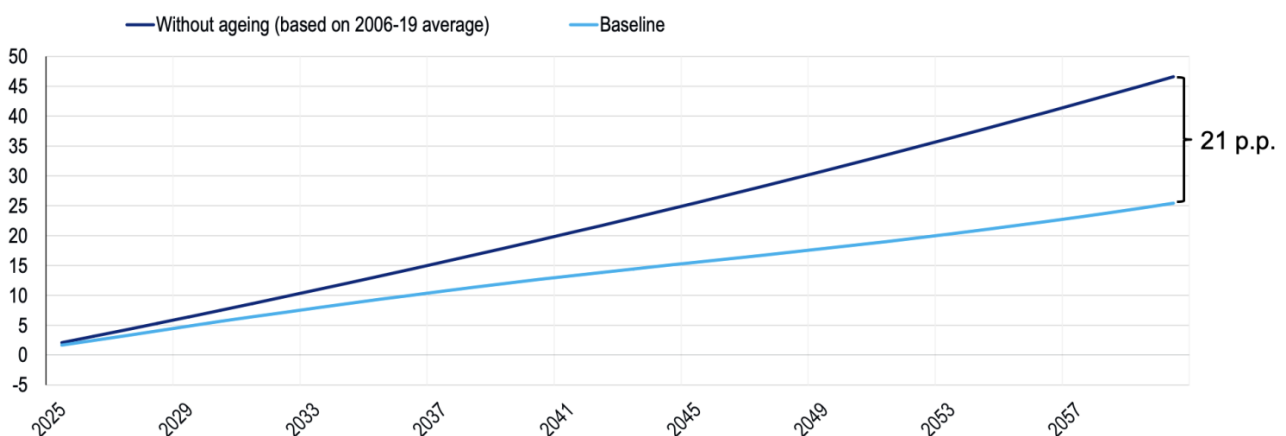
Demography, Intergenerational and Family Policies argues that those “who come out *in favour of immigration instead of encouraging people to have children* are [...] leading the country up a blind alley with their eyes wide open” (ECR Group in the European Parliament 2019: 46; emphasis added).

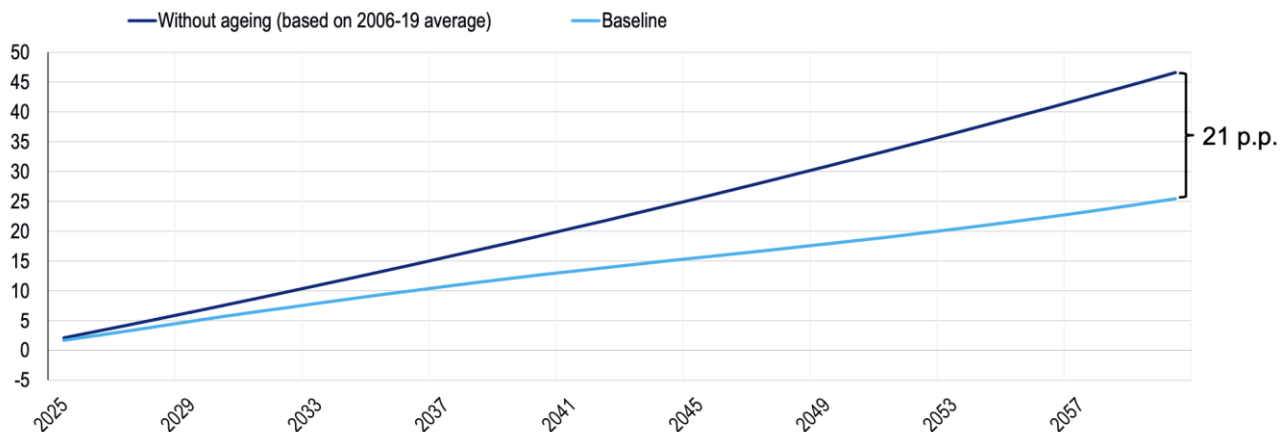
The *OECD Employment Outlook 2025* (OECD 2025c) presents simple projections that investigate the economic consequences of the demographic transition. These combine the medium scenario of UN population projections (United Nations 2024) with employment rate projections, obtained assuming constant unemployment rates and entry and exit rates into and from activity within each gender-by-age class.

The effect of population ageing on GDP per capita is presented in Figure 1. The dark blue line in Panel A represents the growth trajectory that would occur if employment and productivity growth remained constant, as in the full business cycle preceding the COVID-19 crisis, that is, assuming that OECD GDP per capita continued to grow at about 1% per year. The light blue line incorporates population and employment rate projections while still assuming constant productivity growth. [1](#)

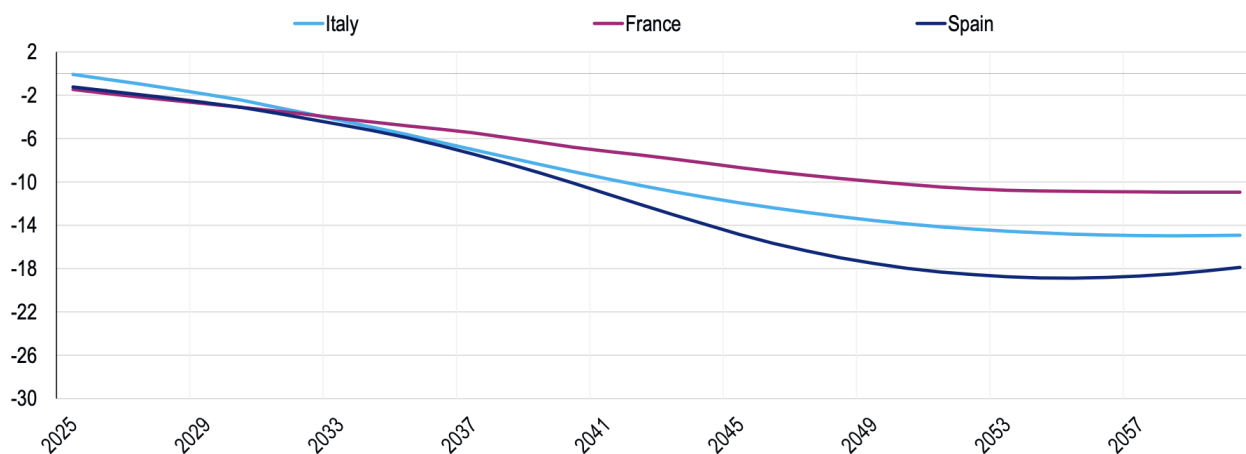
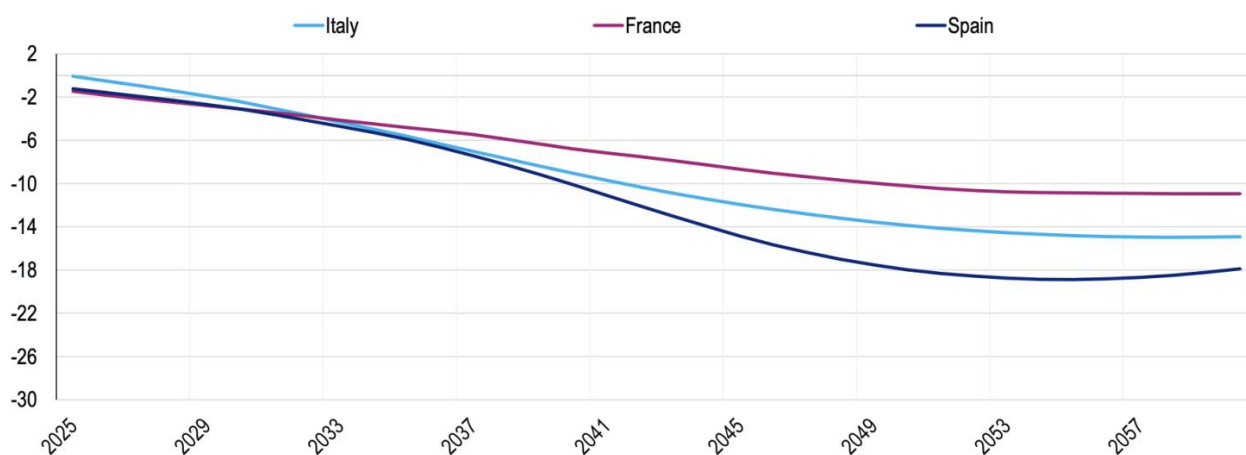
**Figure 1** The effect of ageing on GDP per capita growth

A) Projected cumulated percentage change in GDP per capita in the OECD





B) Percentage-point difference in cumulated projected GDP per capita growth between the baseline and no ageing scenarios, selected countries



**Note: 2023=0.**

**Source: OECD (2025c).**

Without policy action, the effect of population ageing will be devastating: we will move from a world characterised by steady increases in employment to another where employment will decline while population – and therefore the number of consumers – will at best stabilise. By 2060, the OECD's GDP per capita will be only 25% larger than today (baseline scenario in Panel A), while if growth continues like in the past, GDP per capita growth would be almost twice as large (no-ageing scenario). In many European countries, the bulk of the growth slowdown will occur before the middle of this century (Panel B), due to persistently low fertility rates and the progressive retirement of baby boomers and Gen Xers.

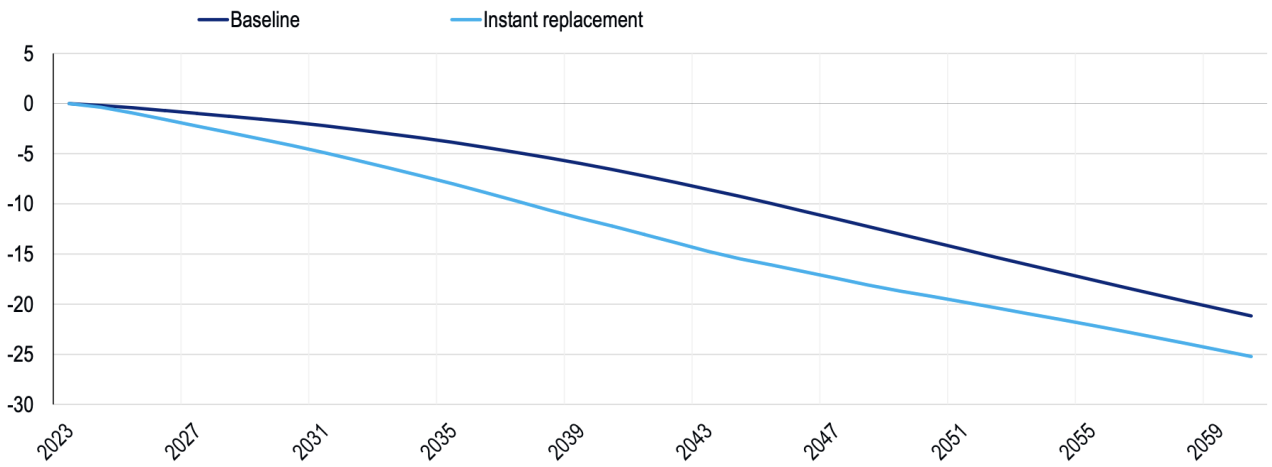
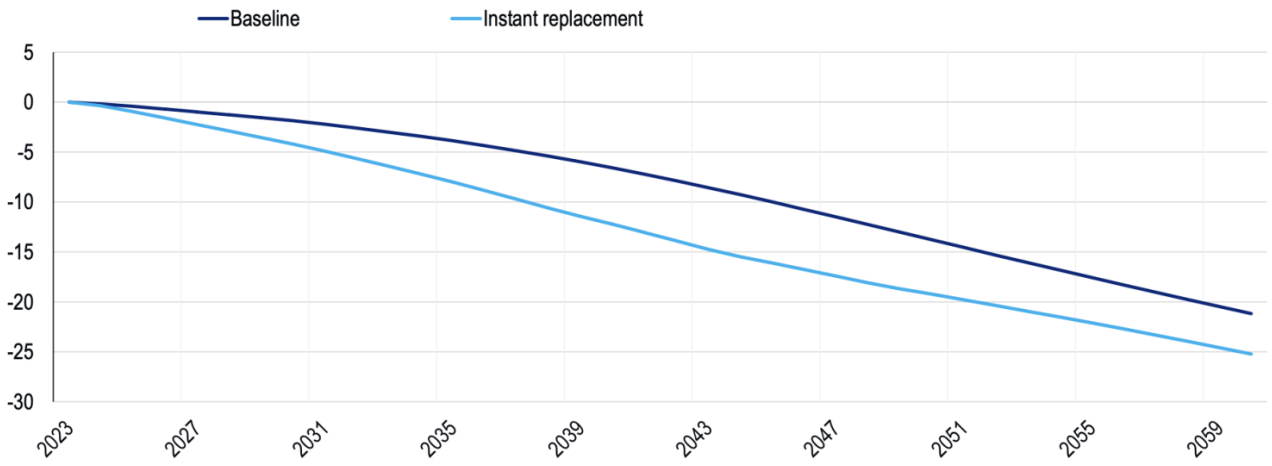
### **Increasing fertility would slow down GDP per capita growth for about half a century**

Increasing fertility would be a forward-looking investment that would raise growth and ensure the sustainability of living standards in the very long run. Yet, in the short and medium run, there would be no growth dividend, but rather a 'demographic debt' (Weil 2026): GDP per capita would be lower for many years, because newborn babies would not be in the labour market for about 20 years, and a persistent increase in the number of births would increase the overall dependency ratio (i.e. the ratio of the population outside working age over the working-age population) above what is projected in the baseline scenario, for about half a century. [2](#) In turn, this would further reduce the share of the overall population who is employed and, therefore, sustain economic growth and living standards.

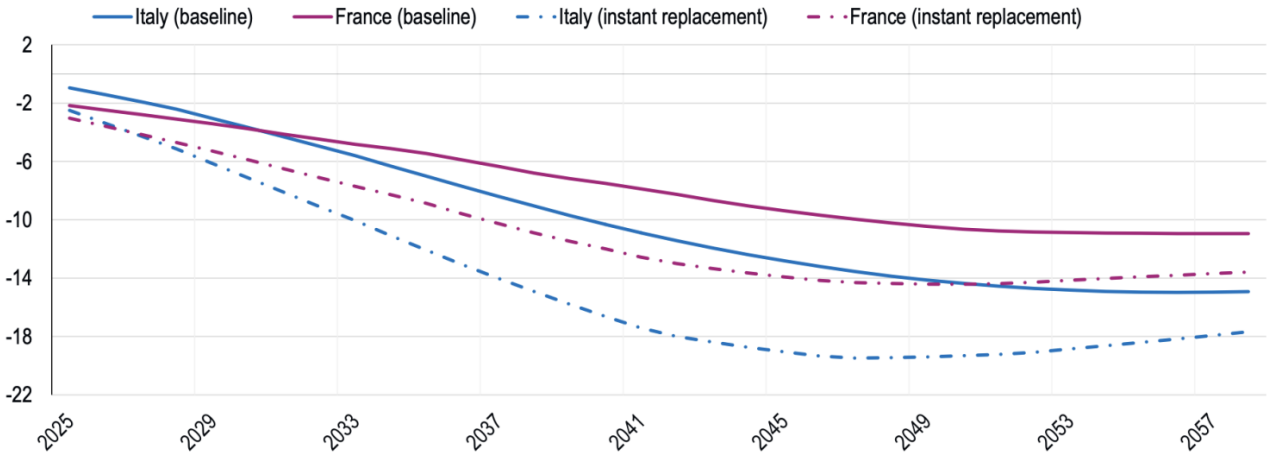
Using the same projection methodology and data from OECD (2025c), it is easy to quantify the effect of increasing fertility rates by replacing the medium scenario of UN population projections with the instant-replacement scenario, in which fertility is assumed to immediately revert to the level guaranteeing population replacement. In 20 years, such a significant fertility increase would reduce GDP per capita growth by an additional 6 percentage points, and this gap would be re-absorbed only slowly, remaining as large as 4 percentage points in 2060 (Figure 2, Panel A).

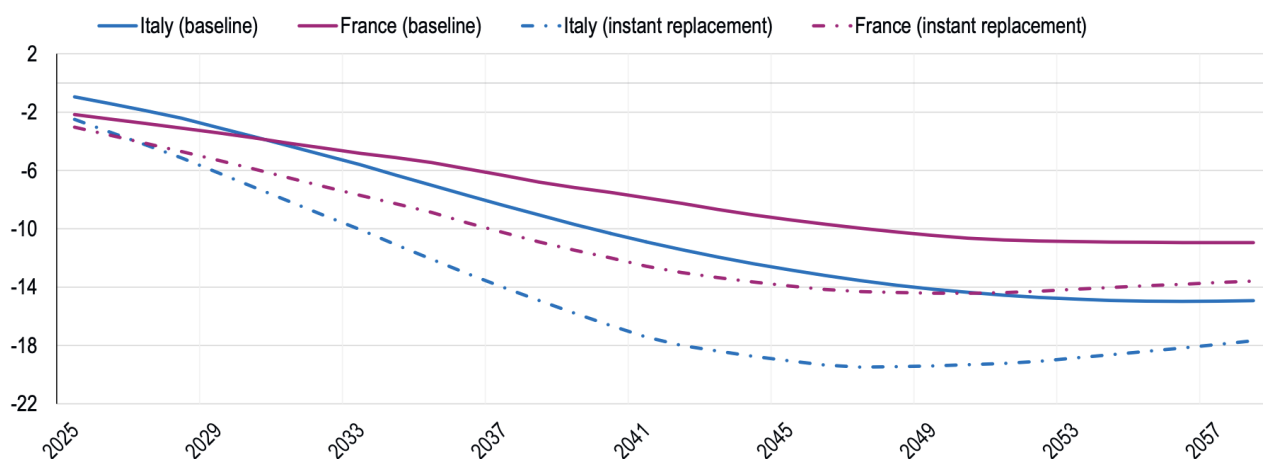
**Figure 2** Higher fertility would have long-lasting negative effects on GDP per capita

A) OECD area



B) France and Italy





**Notes:** Percentage-point difference in the cumulated projected GDP per capita growth from the no-ageing scenario, OECD and selected countries, 2023 = 0.

**Source:** Author's calculation based on United Nations (2024) and OECD (2025c).

In many European countries, this demographic debt would especially bite when the effects of population ageing would be largest. In Italy and France, the additional GDP per capita loss would peak at almost 7 and 4 percentage points, respectively, in 2044 (Panel B). And yet no more than half of it would be recovered by 2060.

These are conservative estimates, as they abstract from the effect of greater fertility on labour force participation. There is evidence in the economic literature showing a negative causal effect of childbirth on female labour supply in high-income countries (Aronson et al. 2021, Kleven et al. 2025) and no evidence that these effects can be radically lessened by policy (Albanesi et al. 2023, Bover et al. 2025, OECD 2025a). This also implies that, while working-age women represent a large reserve of labour supply, hoping to tap significantly into this reserve to cushion the effects of an increase in fertility is wishful thinking, as policies to counter fertility declines can be expected to have an offsetting impact.

Another large but underutilised reserve of human resources is represented by people in their sixties who still have work capacity but have already retired. However, here again, many of these are women and, in the absence of affordable childcare, becoming grandmothers accelerates older women's exit from the labour market

(Backhaus and Barslund 2021, Frimmel et al. forthcoming), leading again to offsetting effects in the case of increased fertility.

### **Higher migration could neutralise the GDP per capita loss due to higher fertility**

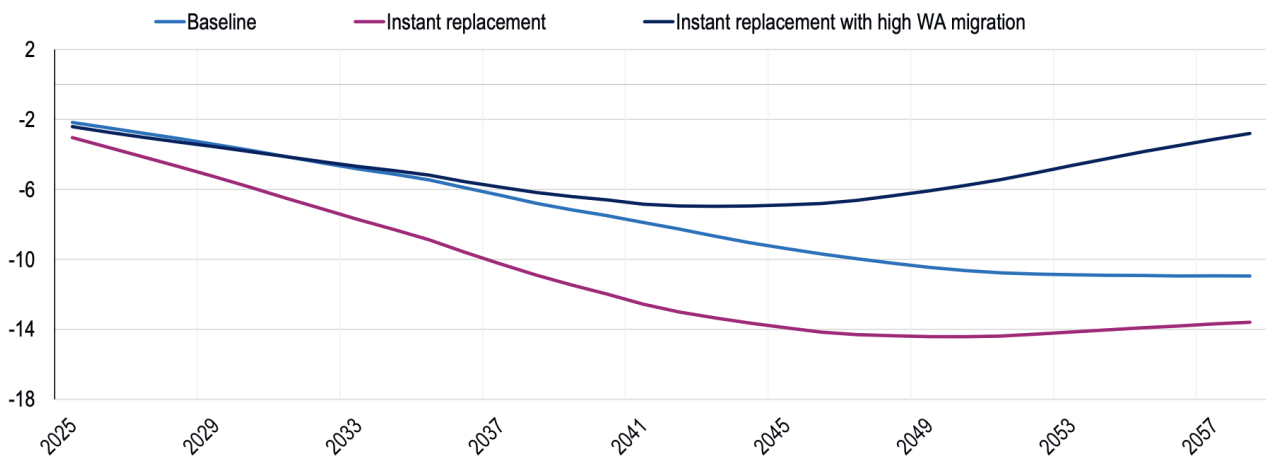
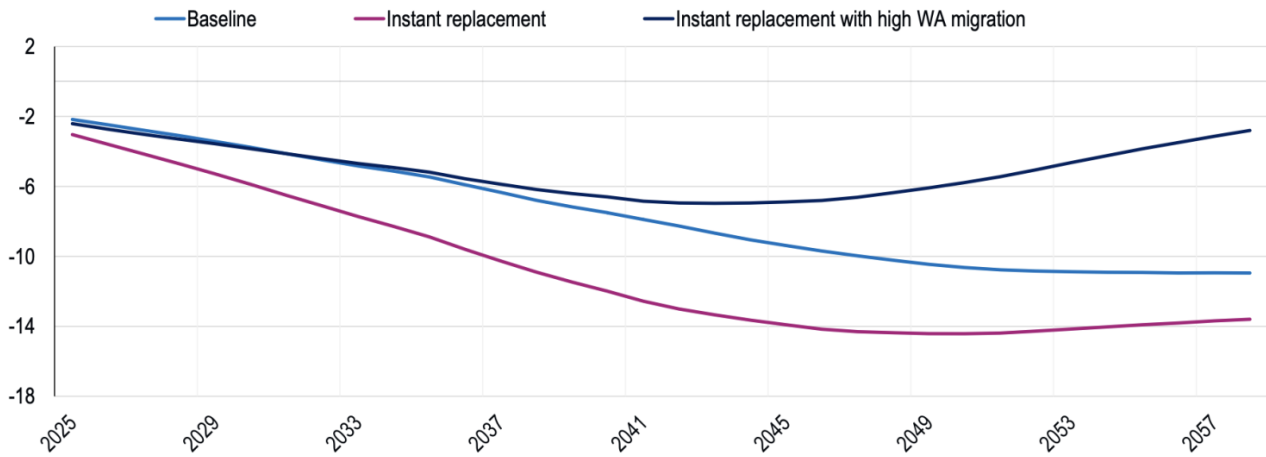
Enhancing migration represents a more consistent alternative to compensate for the negative effect of higher fertility on growth. Migration is already contributing to Europe's economic growth. For example, in the past decade, non-EU nationals represented about 70% of the whole increase in the EU labour force (Eurostat 2026). Migrants already contribute to containing government deficits (OECD 2021) and address labour shortages in many sectors (OECD 2025b). And higher fertility of natives would be unlikely to negatively affect foreign-born labour force participation.

Net migration rates are, however, low in many countries. For example, in 2021-24, in Italy and France, net migration rates were, on average, as low as 0.11% and 0.16% of the population, respectively, while, at the opposite side of the range, they were as large as 0.82% in Spain (OECD 2025c). There is therefore wide scope for larger migration rates, at least in those countries where they are very low. OECD (2025c) considers one scenario in which, in these countries, net migration rates are progressively raised to 0.61%, which is the 75th percentile of the cross-country distribution in 2021-24. Projections incorporate current differences in employment rates between natives and foreign-born and assume no change in the reasons for migration and therefore in the distribution of net migration rates by age and gender. Labour as a reason for migration, however, currently accounts only for a small share of migration flows (OECD 2025b). Following the OECD methodology (2025c), it is possible to quantify the potential of greater labour migration to compensate for the GDP per capita losses due to greater fertility. To better capture labour migration, larger migration rates are assumed here to be achieved by increasing only inflows of working-age migrants. Increasing labour migration to reach a net migration rate of 0.61% by 2030 would almost perfectly compensate for the effect of increasing fertility up to instant replacement in countries such as France and Italy (Figure 3). After the early-2040s, the dividends of this strategy would also be sufficiently large to outperform the GDP per capita trajectory of the baseline scenario. And by 2060, the

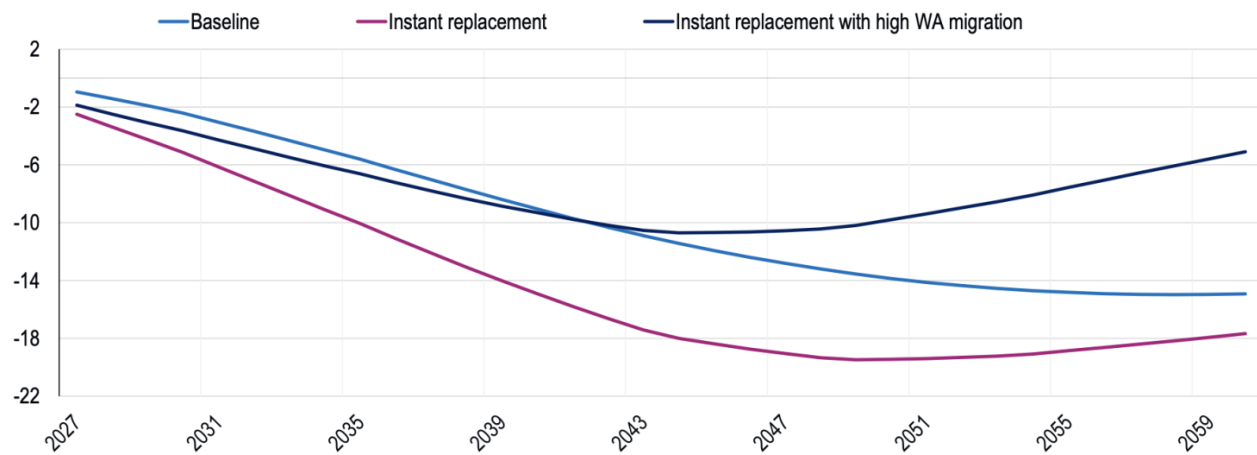
GDP per capita loss would be close to between one-quarter and one-third of that of the baseline in France and Italy, respectively.

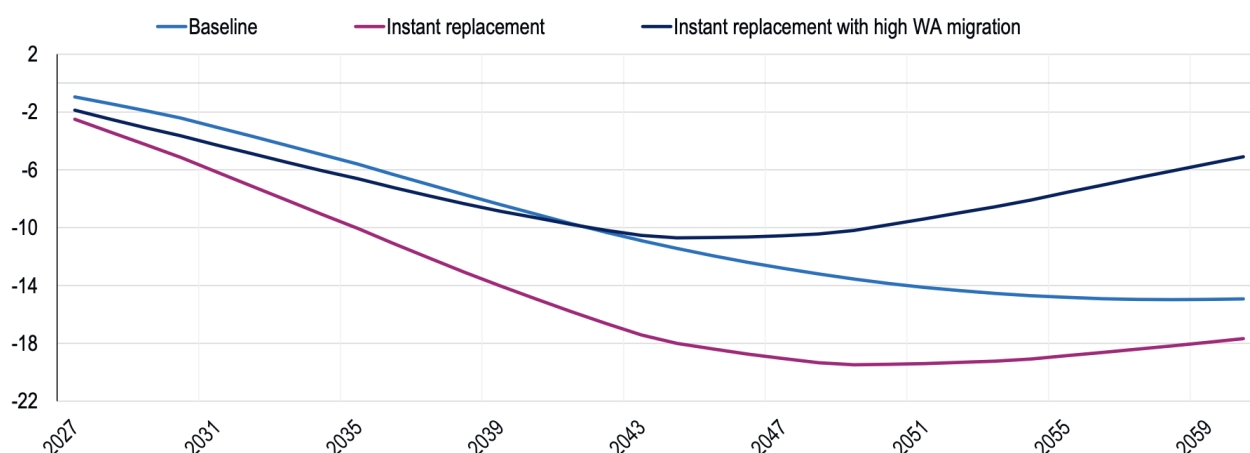
**Figure 3** Higher labour migration could more than cushion the impact of high fertility

A) France



B) Italy





**Notes:** Percentage-point difference in the cumulated projected GDP per capita growth from the no ageing scenario, selected countries, 2023 = 0. High working-age migration: net migration rate rises to 0.61% by 2030, by increasing only working-age migration flows.

## Concluding remarks

Increasing migration to compensate for the effects of higher fertility would not be a free lunch, however. The higher the increase in immigration, the larger the policy interventions required for successful integration, ranging from introduction measures and specialised training, to provision of affordable transport and housing (e.g. OECD 2023). Moreover, many migrants remain only temporarily in the host country, making it difficult to sustain high net migration rates over time (OECD 2025b). Last but not least, large increases in foreign-born inflows may generate resistance in host countries (Moriconi et al. 2022, Boeri et al. 2024). Yet, increasing migration flows appears to be one of the few policy strategies consistent with increased fertility that can avoid a half-century-long slowdown of per capita growth.

*Author's note: The views expressed here are solely those of the author and cannot be attributed to the OECD or its member countries.*

## References

- Aaronson, D, et al. (2021), "The effect of fertility on mothers' labor supply over the last two centuries", *The Economic Journal* 131(633): 1–32.
- Albanesi, S, C Olivetti, and B Petrongolo (2023), "Families, labor markets, and policy", in S Lundberg and A Voena (eds), *Handbook of the Economics of the Family*, Elsevier.
- Backhaus, A, and M Barslund (2021), "The effect of grandchildren on grandparental labor supply: Evidence from Europe", *European Economic Review* 137: 103817.
- Boeri, T, et al. (2024), "Pay-as-they-get-in: Attitudes toward migrants and pension systems", *Journal of Economic Geography* 24(1): 63–78.
- Bover, O, et al. (2025), "[Family-friendly policies and fertility: What firms have to do with it?](#)", CEPR Discussion Paper 20411.
- European Conservatives and Reformists Group in the European Parliament (2019), *Europe's demographic winter*.
- European Parliament (2021), *Report on reversing demographic trends in EU regions using cohesion policy instruments*, A9-0061/2021.
- Eurostat (2026), *Labour force by citizenship*.
- Frimmel, W, et al. (forthcoming), "Grandmothers' labor supply", *Journal of Human Resources* 57(5): 1645–89.
- Kleven, H, C Landais, and G Leite-Mariante (2025), "The child penalty atlas", *Review of Economic Studies* 92(5): 3174–207.
- Moriconi, S, G Peri, and R Turati (2022), "Skill of the immigrants and vote of the natives: Immigration and nationalism in European elections 2007–2016", *European Economic Review* 141: 103986.
- OECD (2021), *International migration outlook 2021*, OECD Publishing, Paris.
- OECD (2023), *Introduction measures for newly-arrived migrants, making integration work*, OECD Publishing, Paris.
- OECD (2025a), *Gender equality in a changing world: Taking stock and moving forward*, Gender Equality at Work, OECD Publishing, Paris.
- OECD (2025b), *International migration outlook 2025*, OECD Publishing, Paris.
- OECD (2025c), *OECD employment outlook 2025: Can we get through the demographic crunch?*, OECD Publishing, Paris.

United Nations (2024), *World population prospects 2024*, Online edition, United Nations.

Weil, D (2026), "How much would continued low fertility affect the US standard of living?", *Journal of Economic Perspectives* 40(1): 27–46.

### Footnotes

1. The latter remains a relatively optimistic assumption given the historical downward trend in aggregate productivity growth (OECD 2025c).
2. To grasp the intuition, consider a schematic calculation. Suppose that each year there are 100,000 more newborn babies. After 47 years, there would be 4,700,000 more people, of whom 2,000,000 aged 20 and less, hence dependent, and 2,700,000 of working age. As the dependency ratio of the baseline is 0.72, and  $2,000,000/2,700,000=0.74$ , this would still increase the dependency ratio above that of the baseline.