

## Immigration

Although there are many unfortunate exceptions, most states now recognize individual rights, at least to some degree. One of these rights is the right to move about within a country, to travel abroad, and to emigrate. Restrictions on an individual's ability to move from where they were born to a new locale in order to improve their life is akin to imprisonment and a violation of natural law.

While most states are liberal when it comes to emigration, one would be hard-pressed to find a country with similar policies when with respect to immigration. Immigration is simply the other side of emigration, though. The ability to emigrate is meaningless without the corresponding ability to immigrate elsewhere.

Immigration allows for increased productivity by allowing individuals to migrate to the area best suited to their skills. In many ways it is an alternative to trade. Rather than importing goods from those with a comparative advantage in their production, the individuals that produce the goods can be "imported." In other cases, immigration is a complement to trade. Where natural resources are a direct factor of production, or where services provided are localized, immigration can bring together the best labor with the best physical capital and natural resources to make production as efficient as possible.

The modern nation-state typically restricts immigration very tightly. The commonly stated goals in restricting immigration are to ensure national security, to protect native workers from "unfair" competition in labor, protect the cultural identity of the country, and prevent abuse of the welfare services distributed by the state. Although national security and immigration are related, the former is a larger issue which will be addressed elsewhere. We will focus on the other three issues.

The countries most concerned the immigration of labor are those with high productivity such as the United States. The first concern is that immigrants willing to work for lower wages will drive down wages and cause increased unemployment among native-born workers.

The main flaw in this thinking is the assumption that there is only a fixed amount of work to be done in a country, and so an increase in the population results in less work to go around, causing unemployment. As Say's Law shows, though, an increase in the supply of labor, assuming such labor is being applied towards production for which there is a consumer, results in increased demand. While new entrants to the labor market may cause some temporary unemployment for certain individuals, other markets will expand or be created to provide employment. Jesús Huerta de Soto summarized the effects of immigration on employment well<sup>1</sup>:

"The argument that an abundance of new labor is necessarily harmful to the working classes of the recipient country is untenable. Human beings are not a uniform production factor, and do not behave in exclusively biological terms in relation to scarce resources, as is the case with rats

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1 A Libertarian Theory of Free Immigration, [http://www.mises.org/journals/jls/13\\_2/13\\_2\\_5.pdf](http://www.mises.org/journals/jls/13_2/13_2_5.pdf)

and other animals, whose population increases always tend to diminish the volume of resources available for each individual. On the contrary, human beings are endowed with—and in appropriate institutional settings make use of—an innate creative entrepreneurial capacity. In a dynamic environment, an increase in population allows the continual discovery and exploitation of new opportunities, and thus a growth without limit in the standard of living."

The claim that immigration will result in lower wages is only partially true. Although some wages will be lowered by the increased labor supply in the short term, empirical research compiled by the Congressional Budget Office<sup>1</sup> in the US shows little to no long-term effects on wages. Furthermore, the savings from lower wages will ultimately be passed on consumers in the prices paid for finished goods and services.

The concern of cultural homogeneity is arguably of greater legitimacy. The citizens of democratic countries, at least, want to ensure that their laws and political institutions are maintained. A small country, in particular, may be vulnerable to significant changes if it was subjected to a flood of immigrants. One safeguard that can be put in place is voting restrictions for new immigrants. This would allow time for new immigrants to become familiar with the culture of their new home before they have the ability to influence it too much.

The third potential problem, the abuse of public services, is also of great importance to the tax payers of an immigrant's new country. Most (all?) developed countries are welfare states. The state often runs the education and health care systems, provides housing to some percentage of the population, and runs the prisons. All of these services are expensive, and must be paid for through tax collection. Therefore, the tax payers want to be sure that there are not any freeloaders taking advantage of the services without contributing their fair share.

A report<sup>2</sup> by sponsored by Washington, D.C. based Cato Institute found that in the US, immigrants "taken altogether have perhaps a 10 to 20 percent higher probability of obtaining these welfare services than do natives. They average perhaps 30 percent higher average receipts per capita than do natives."

A study<sup>3</sup> of US hospitals in the states bordering Mexico found that hospitals had provided almost \$190 million of emergency services to illegal immigrants in the year 2000.

Immigrants tend to be younger than the overall population though, and the Cato report also found them to be healthier, so they tend to be net contributors to social benefit programs. Illegal immigrants were also found to pay slightly higher taxes than natives, 46% vs 45%.

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1 The Role of Immigrants in the U.S. Labor Market, <http://www.cbo.gov/showdoc.cfm?index=6853&sequence=0>

2 The Economic Characteristics of Immigrants, [http://www.cato.org/pubs/policy\\_report/pr-imsun.html](http://www.cato.org/pubs/policy_report/pr-imsun.html)

3 Report on Uncompensated Emergency Health Care, [http://www.bordercounties.org/index.asp?Type%3DB\\_BASIC%26SEC%3D{C90385BE-27F1-4E75-98F1-450DD3608069}](http://www.bordercounties.org/index.asp?Type%3DB_BASIC%26SEC%3D{C90385BE-27F1-4E75-98F1-450DD3608069})

Nonetheless, the use of these programs causes market distortions. The immigrants and the employers which wish to hire them should be responsible for the full costs associated with providing services to these individuals.

There are a number of ways that a country can ensure that immigrants do not take advantage of the social services provided, and force them to foot the bill for services that they do use. One possibility is to require new immigrants to prepay for social that they might use in the future. Alternatively, immigrants might be required to post a bond before entering the country to guarantee that they will not avail themselves to the welfare services. For immigrants without much money, a sponsor such as a relative or employer could guarantee that the immigrant will have housing and food, and will not be a burden on the tax payers of the state.

The proposal of this committee would be a solution that encourages free markets in the areas currently serviced by state run programs. Immigrants would not be allowed to receive public support, but would be forced to purchase such services at market prices. In areas where the state has a monopoly or virtual monopoly, such as education and medical care, the state-run organizations would be required to calculate the costs to provide these services so that the immigrants could purchase them. This would hopefully lead to increased competition, and thus efficiency, in these markets.

Cases of destitution among immigrants can be addressed by private charity. Cardinal Mahony, the Roman Catholic Archbishop of Los Angeles, has stated that he would be willing to even break the law to help illegal immigrants<sup>1</sup>.

The history of the United States provides a good example of the benefits of immigration. Prior to the 1921, the US had mostly open borders (save for the unfortunate exclusion of Asians). Its history as a nation of immigrants has been partly responsible for its great productivity and growth.

More recently, with the expansion of the European Union in 2004, the existing member countries which allowed in workers from the new, less wealthy member states experienced lower unemployment and greater growth<sup>2</sup>.

The United States Congress is currently working through changes to its own immigration policies. Because our legislative and legal systems are designed to ensure fairness and due process, the changes may take some time. Nonetheless, we look forward to a future with greater freedoms for migration for all peoples.

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1 Senate has a chance for a sane policy confronting reality of illegal immigrants, <http://www.mercurynews.com/mld/mercurynews/news/opinion/14136847.htm>

2 Europe's labour mobility, [http://www.economist.com/world/europe/displaystory.cfm?story\\_id=E1\\_VQJRRTS](http://www.economist.com/world/europe/displaystory.cfm?story_id=E1_VQJRRTS)