

No, Immigrants Won't Make Welfare State Bigger

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Republicans are worried about Speaker John Boehner's immigration reform principles — chief among them that immigration reform will create a new Democratic majority. However, worries that new immigrants will increase the size of our bloated welfare state and further decrease America's economic freedom shouldn't be among them.

In a new paper from the Cato Institute, we show that, historically, immigrants and their descendants have not increased the size of individual welfare benefits or welfare budgets and are unlikely to do so going forward. The amount of welfare benefits is unaffected by the foreign origin or diversity of the population.

Since 1970, no pattern can be seen between the size of benefits a family of three gets under welfare programs like Temporary Aid for Needy Families (TANF) and the level of immigration or ethnic and racial diversity.

We compared individual states because they largely decide the benefit levels for many welfare programs, and states' levels of ethnic diversity vary tremendously along racial, ethnic and immigrant lines. For instance, in 2010 only 1.2% of West Virginia's population was foreign-born while 27% of California's was.

Furthermore, the amount of TANF benefits also varied by states with similar demographics. For instance, in 2010 a California family of three received \$694 a month in TANF benefits. But in Texas, an identical family received only \$260. The size of the Hispanic population in each state is the same: 39%.

For every California with many immigrants, considerably diverse, and a vast welfare state, there is a Florida or a Texas with similar demographics but a smaller welfare state.

The key question is: Does diversity driven by immigration drive up welfare spending?

Some conservatives cite states like California as an example of a large welfare state fueled by increasing diversity led by an immigrant tidal wave. But again, for every increasingly diverse California or New York with an expanding welfare state, there is an increasingly diverse Texas or a Florida moderating welfare benefits.

The lesson is simple for Republicans — look at how states like Texas and Florida handle immigration and welfare, much as they would tax or other economic policies.

Interestingly, this is different from Europe, where increasing immigration and greater ethnic diversity have diminished support for the welfare state. It turns out the social democratic welfare model of Northern Europe is more dependent on ethnic and racial homogeneity than most of its supporters care to admit.

But could these new immigrant voters and their descendants help raise taxes and increase other regulations, thereby decreasing economic freedom?

There is no relationship between the relative size of the immigrant population, diversity and the amount of economic freedom in the United States. The percent of the national population that is immigrant, Hispanic, Asian or any combination is also not associated with more or fewer burdensome government regulations and higher or lower tax rates.

Demographics do not determine a country's degree of economic freedom. But a country's attractiveness for immigrants tends to be correlated with free markets, which bring greater economic prosperity.

The success of states like Texas and the decline of those like California cannot be explained by immigration or immigrant-driven increases in diversity. Political institutions, like those in Texas, that constrain the growth of government compared to those that drive it, such as in California, better explain their different levels of welfare spending and relative economic freedom than demographics.

Immigrants are a consequence of increasing economic freedom, not a reason for its decline. For economic freedom and welfare, demographics are not destiny.

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