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Open the Borders: Migration and the Welfare State

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There is a widespread belief in classical liberal circles that mass migration programs are theoretically ideal but are, on a practical level, incompatible with the broad-based welfare state we actually live in says Chris Berg, a research fellow with the Institute of Public Affairs and Editor of the IPA Review.

The challenge welfare poses to mass migration is easily overstated. But for the challenges it does pose, William A. Niskanen of the Cato Institute has written that we ought to build a wall around the welfare state, not around our national borders. For the most part, in places like Australia, substantial walls around welfare already exist, says Berg.

For example, in Australia:

- Pensions are subject to a minimum 10-year residency requirement. The "Newly Arrived Resident's Waiting Period" erects a two-year wall around most Centrelink benefits.
- No doubt, this policy could be changed at the margin, but with such policies, the welfare state need not be incompatible with a liberal approach to migration.

In fact, David Friedman, a law and economics professor at Santa Clara University, has pointed out that immigration puts pressure on governments to reduce their redistributionist goals — a phenomenon found in federal systems, where welfare advocates maintain that national welfare programs are the only way to avoid state welfare programs engaging in a race to the bottom, says Berg:

- High levels of income redistribution tend to pull poor people into, and drive taxpayers out of, states that provide them.
- That provides a potent political incentive to hold down redistribution.

The right to exit a jurisdiction is a bulwark against excessive government, explains Berg. This is just as true for those living in the developed world — who might not embrace extremely high taxation to fund an enlarged welfare state — as those in the developing world — who often leave their countries of origin because of the tyrannical action of their home government.

A 2004 study of the European Union, which is moving towards an internal migration policy as open as that between the Australian states Victoria and New South Wales, found the same: migration pushes back against the welfare state.

Source: Chris Berg, "Open the Borders: Migration and the welfare state," Policy Magazine, Vol. 26 No. 1, Autumn 2010.

For text:

http://cis.org.au/images/stories/policy-magazine/2010_Autumn/26-1-10-chris-berg.pdf

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