

Inconvenient truths about migration

By Robert Skidelsky

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Standard economic theory says that net inward migration, like free trade, benefits the native population after a lag. But recent research has poked large holes in that argument, while the social and political consequences of open national borders similarly suggest the appropriateness of immigration limits.

Sociology, anthropology, and history have been making large inroads into the debate on immigration. It seems that *Homo economicus*, who lives for bread alone, has given way

This makes one doubt that hostility to mass immigration is simply a protest against job losses, depressed wages, and growing inequality. Economics has certainly played a part in the upsurge of identity politics, but the crisis of identity will not be expunged by economic reforms alone. Economic welfare is not the same as social wellbeing.

Let's start, though, with the economics, using the United Kingdom – now heading out of the EU – as a case in point. Between 1991 and 2013 there was a net inflow of 4.9 million foreign-born migrants into Britain.

Standard economic theory tells us that net inward migration, like free trade, benefits the native population only after a lag. The argument here is that if you increase the quantity of labor, its price (wages) falls. This will increase profits. The increase in profits leads to more investment, which will increase demand for labor, thereby reversing the initial fall in wages. Immigration thus enables a larger population to enjoy the same standard of living as the smaller population did before – a clear improvement in total welfare.

A recent study by Cambridge University economist Robert Rowthorn, however, has shown that this argument is full of holes. The so-called temporary effects in terms of displaced native workers and lower wages may last five or ten years, while the beneficial effects assume an absence of recession. And,

even with no recession, if there is a continuing inflow of migrants, rather than a one-off increase in the size of the labor force, demand for labor may constantly lag behind growth in supply. The “claim that immigrants take jobs from local workers and push down their wages,” Rowthorn argues, “may be exaggerated, but it is not always false.”

A second economic argument is that immigration will rejuvenate the labor force and stabilize public finances, because young, imported workers will generate the taxes required to support a rising number of pensioners. The UK population is projected to surpass 70 million before the end of the next decade, an increase of 3.6 million, or 5.5%, owing to net immigration and a surplus of births over deaths among the newcomers.

Rowthorn dismisses this argument. “Rejuvenation through immigration is an endless treadmill,” he says. “To maintain a once-and-for-all reduction in the dependency ratio requires a never-ending stream of immigrants. Once the inflow stops, the age structure will revert to its original trajectory.” A lower inflow and a higher retirement age would be a much better solution to population aging.

Thus, even with optimal outcomes, like the avoidance of recession, the economic arguments for large-scale immigration are hardly conclusive. So the crux of the matter is really its social impact. Here, the familiar benefit of diversity confronts the downside risk of a loss of social cohesion.

David Goodhart, former editor of the journal *Prospect*, has argued the case for restriction from a social democratic perspective. Goodhart takes no position on whether cultural diversity is intrinsically or morally good or bad. He simply takes it for granted that most people prefer to live with their own kind, and that policymakers must attend to this preference. A *laissez-faire* attitude to the composition of a country's population is as untenable as indifference to its size.

For Goodhart, the taproot of liberals' hostility to migration controls is their individualist view of society. Failing to comprehend people's attachment to settled communities, they label hostility to immigration irrational or racist.

Liberal over-optimism about the ease of integrating migrants stems from the same source: if society is no more than a collection of individuals, integration is a non-issue. Of course, says Goodhart, immigrants do not have to abandon their traditions completely, but "there is such a thing as society," and if they make no effort to join it, native citizens will find it hard to consider them part of the "imagined community."

A too-rapid inflow of immigrants weakens bonds of solidarity, and, in the long run, erodes the affective ties required to sustain the welfare state. "People will always favor their own families and communities," Goodhart argues, and "it is the task of a realistic liberalism to strive for a definition of community that is wide enough to include people from many different backgrounds, without being so wide as to become meaningless."

Economic and political liberals are bedfellows in championing unrestricted immigration.

Economic liberals view national frontiers as irrational obstacles to the global integration of markets. Many political liberals regard nation-states and the loyalties they inspire as obstacles to the wider political integration of humanity. Both appeal to moral obligations that stretch far beyond nations' cultural and physical boundaries.

At issue is the oldest debate in the social sciences. Can communities be created by politics and markets, or do they presuppose a prior sense of belonging?

It seems to me that anyone who thinks about such matters is bound to agree with Goodhart that citizenship, for most people, is something they are born into. Values are grown from a specific history and geography. If the make-up of a community is changed too fast, it cuts people adrift from their own history, rendering them rootless. Liberals' anxiety not to appear racist hides these truths from them. An explosion of what is now called populism is the inevitable result.

The policy conclusion to be drawn is banal, but worth restating. A people's tolerance for change and adaptation should not be strained beyond its limits, different though these will be in different countries. Specifically, immigration should not be pressed too far, because it will be sure to ignite hostility. Politicians who fail to "control the borders" do not deserve their people's trust.

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