Does Immigration Shrink the Welfare State?

People normally assume that immigration will expand the welfare state. The lazy version says (a) immigrants are net beneficiaries of the welfare state, and (b) people vote their self-interest. The better version says that immigrants' countries of origins favor more redistribution than natives – and immigrants' bring their political culture with them.

Both stories, however, ignore the effect of immigration on *natives'* support for the welfare state. Researchers – most of whom look kindly upon both immigration *and* the welfare state – often fear that immigration will sap natives' support for redistribution by undermining their sense of national cohesion. If they're right, immigration could easily, on balance, shrink the welfare state rather than expand it.

So what's the real story? I honestly don't know, and after reading Soroka et al.'s "Immigration and Redistribution in a Global Era" chapter in *Globalization and Egalitarian Redistribution* (Princeton University Press, 2006), I'm less sure than ever.

Soroka et al.'s ultimately agree that immigration restrains the welfare state, though the effect is so moderate that it merely slows its rate of growth rather than actually making it smaller:

> *International migration does seem to matter for the size of the welfare state. Although no welfare state has actually shrunk in the face of the accelerating international movement of people, its rate of growth is smaller the more open a society is to immigration. To the extent that spending growth is inescapable, mandated by the aging of populations in industrial societies, specific parts of the welfare states—especially the parts that redistribute from rich to poor or from the old to the young—may truly have shrunk in the face of migratory pressures. Whatever the details, the typical industrial society might spend 16 or 17% more than it now does on social services had it kept its foreign-born percentage where it was in 1970. [emphasis mine]*

But check out these major caveats:

> *How seriously should we take these propositions? It is an awkward*

> *fact that the biggest apparent effect of immigration is in the estimation with the weakest basis: data from two time points in 18 countries. It does seem appropriate that estimated cumulative impact is greater for an implicitly low-frequency estimation than for very high-frequency—annual at the extreme—modelling. But we do feel diffident about the point estimate in our simple cross-sectional estimation. Our anxiety is only increased by that estimate's vulnerability to inclusion or exclusion of particular cases. Of the cases we include, the USA and the Netherlands carry a heavy burden. If we tell single-country stories, the USA provides an internally consistent one that requires no reference to external migratory pressure. Gilens (1999) argues that Americans have become more resistant to welfare, in particular to programs for the poor, as welfare policy has come to be increasingly racialized in its media presentations. The racial focus is mainly on African Americans. But we also know that immigrants also figure in that country's discourse. And we can supply no obvious purely domestic story to cover the Netherlands case. An implication of the US and Netherlands role, however, is that modest increments in the foreign-born share carry much less proportionate charge than big ones. The case we exclude, Switzerland, is difficult to discuss because of idiosyncrasies in measurement of the scale and scope of its welfare state. If we are forced to include it, then the immigration-welfare spending relationship disappears.*

My main takeaway: If you think you *know* the effect of immigration on the welfare state, you're overconfident. Immigration's effect on the welfare state is too hazy to clearly detect one way or the other. So regardless of your views on the welfare state, you should evaluate the effects of immigration on other grounds.