

OPEN THE DOOR!

THE CASE FOR ABOLISHING ALL IMMIGRATION CONTROLS

ADAM CHACKSFIELD

Immigration is one of the few areas where the conventional wisdom of regulation is still not being seriously challenged, despite the fact that the case for deregulation is so strong. On the whole, even the “free-market Conservatives” are strangely uninterested in abolishing immigration controls. Many of those that would like to see some liberalisation all too often limit their arguments to the free immigration of labour, or worse, to those immigrants who “have something to offer”, as decided by the state, no doubt.

THE BAD ECONOMICS OF IMMIGRATION CONTROLS

This lack of interest could be the result of a racist society, as certain groups like to claim. However, the arguments used by most opponents of free immigration, some of whom are non-white citizens, are more sophisticated than this. They in fact represent the residual popularity of a long outdated and superficial world view that is mercantilist, Malthusian, and thoroughly collectivist. The arguments usually run along the lines of: “Britain is too small and too poor to cope with more people. Britain’s resources should be for the British. Immigration means sharing our wealth and losing out jobs.” These arguments represent bad economics, and have no rational foundation at all. If Britain is “too small” to take more immigrants British property prices would be so high that few immigrants would wish to move here and many British property owners would be selling up to move to larger properties abroad.

Immigration also in no way involves the granting of British resources to the non-British. If an individual enters Britain he must either buy property or the right to use property. Such action benefits the immigrant and the vendor of the property as both acted voluntarily, thereby proving that they expected to gain from the trade. Why else would either party have engaged in the transaction? An argument occasionally heard is that immigrants buying property would push up the price for British people who wished to buy property. This is true, although British owners of property will be better off. In any case, preventing the price of property moving to the level that it would be on the free market, leads to the misallocation of resources. The “misallocation of resources” may sound a tame phrase, but remember that this means

the employment of resources in less productive ways than would be the case in a free market. Causing the misallocation of resources is in fact a very great indictment of a policy. The only reason Marxian Socialism is such a horrendous failure is that it does this on a grand scale.

Although it is reasonable to assume that some will indirectly lose as a result of property price changes if immigrants bought property in this country, the quantity and size of those losses is incalculable, and there are no grounds for asserting that these losses would be in any way greater than the indirect gains accruing from the price changes. The only value changes that certainly result from immigrants buying British property are those demonstrated in action. They are the gains made by the traders themselves.

Perhaps the most obvious indication that immigration controls represent bad economics is that if the advocates of them were right and they really do preserve wealth then wealthier regions of Britain should be seeking to raise barriers to immigrants from other regions. Indeed, relatively wealthy towns should do the same, even wealthy neighbourhoods. The logical conclusion of their arguments is that the wealthiest would be better off if nobody could move anywhere. This is so clearly ludicrous that even those generally hostile to free markets must be able to see the weakness of their case.

THE BAD ETHICS OF IMMIGRATION CONTROLS

Also, opponents of immigration who attempt to justify their opposition on the grounds of its effect on property prices are implicitly claiming that would-be buyers of property have a right to force property owners to accept a price lower than the free market value of the property they own. Price changes on the market are not enforced by any individual; they are simply the consequence of trade, which is always value promoting. By contrast, interferences with the price mechanism through any controls, including the ones on immigration, amounts to the restriction of trade which is a violation of property rights, and clearly prevents those who wish to trade from obtaining the profit they otherwise would.

Political Notes No. 61

ISSN 0267-7059

ISBN 1 85637 063 1

An occasional publication of the Libertarian Alliance, 25 Chapter Chambers, Esterbrooke Street, London SW1P 4NN
www.libertarian.co.uk email: admin@libertarian.co.uk

© 1991: Libertarian Alliance; Adam Chacksfield.

Adam Chacksfield is an undergraduate at York University, reading politics and economics, and is Chairman of the York Freedom Society.

The views expressed in this publication are those of its author, and not necessarily those of the Libertarian Alliance, its Committee, Advisory Council or subscribers.

Director: Dr Chris R. Tame

Editorial Director: Brian Mickelthwait

Webmaster: Dr Sean Gabb



FOR LIFE, LIBERTY AND PROPERTY

THE ECONOMIC CASE FOR IMMIGRATION

Whether it be the property market as discussed above, the labour market or any goods market, the participation of immigrants will be of benefit to those immigrants and those with whom they trade. The price changes and other indirect effects of immigrants trading, such as changes in resource allocation, will be of indeterminate value and quantity.

Immigration is trade, and therefore produces profit. In the longer term, as those profits are used for more trade, further profit is created, and the beneficial effects of immigration will tend to spread throughout the economy. For example, before immigration a certain industry may be employing domestic employees at relatively high wage levels, and making only moderate profits. Then immigrants are employed at a lower wage than the industry had previously been paying, but a higher wage than the immigrants had earned before coming to Britain. The immigrants, shareholders, and creditors (which any saver could be directly, or indirectly through a bank or insurance company) are clearly better off. In fact, so are consumers and would-be consumers of the industries' products who now find that those products have fallen in price. Every firm in the industry must drop the price of its products in line with the fall in its costs over time, to avoid a competitor undercutting its price. Even if the firm is a monopolist, so long as the government is not protecting its position, it will have to drop its price if it is not to find competitors entering the market attracted by its abnormally high profits.

Although the original employees had to accept a lower wage initially due to the immigration, the commodities they buy may well have fallen in price, thus increasing the real value of their wage. Also, the enormous gains accruing to everyone else due to the immigration means that more is likely to be invested in the future. This leads to higher wages and more goods at lower prices. Immigration represents a net increase in value, as with all trade, which despite certain short-term indirect (they were not robbed, simply traded with at a lower price) losses to individuals, is certainly beneficial as a whole.

THE FLAWED MACRO-ECONOMIC ARGUMENT AGAINST IMMIGRATION

So why is it that the opponents of immigration are able to construct a case at all? Well, of course, they can always just point to the negative indirect effects of immigration on markets, like claiming the price change caused has purely negative effects which is, of course, nonsense. In any case this ignores the direct effects of the trade that caused the price change, which are always positive, trade being a voluntary activity. The more common objection made to immigration is that various aggregates may worsen as a result of it. The current state of "economics" is such that if a policy can be shown, typically through econometric methodology, to reduce GNP *per capita*, it is taken as proven that the policy is undesirable. However, GNP *per capita* is not an accurate reflection of value; it is simply a mathematical construct that represents a vague guide to production *per capita*. Unfortunately, modern "economics" tends to treat the effect on this figure as virtually all-important in deciding the desirability of a policy. Immigration is, in fact, a prime example of a policy area where this approach is in no way applicable. We know from the economics set out above that immigration has made the immigrants and those with whom they trade better off. However, if the immigrants are still poorer on average than the native British, the GNP *per capita* figure may still fall, despite the fact that every individual affected in a measurable way by the immigration is better off. The main pseudo-economic arguments against immigration are testimony to the appalling state of "economic" academia at the present time. They are certainly not valid arguments against the deregulation of immigration.

POVERTY-INCREASING IMMIGRATION CONTROLS

Another way in which opponents make out a case against immigration is to point to problems worsened by immigration, such as unemployment, NHS queues, and the inadequate education system. These problems may indeed be intensified by immigration,

but the answer of course is not to stop immigration but to solve the problems themselves by abolishing the statist institutions that cause the problems. In response to this many will cry: "What about the poor!" Note that these people are seeking to protect the "poor" of this country from some possible short-term losses at the expense of many far poorer people who wish to enter the country. The poor never benefit from immigration barriers, as individuals typically seek higher wages than those they currently earn. Therefore, immigration barriers prevent the relatively poor moving to relatively prosperous regions offering higher wages, rarely the other way round. That is to say that immigration barriers tend to restrict the movement of the poor not the wealthy. However, unlike some other policies that may seem to benefit the poor, like theft from the productive, the productive have nothing to fear from free immigration as it is simply trade from which all participants benefit. No individual is looted or coerced.

THE FLAWED TACTICS OF SUPPORTING IMMIGRATION CONTROLS

Some "free-market" Conservatives I have spoken to would at this stage say: "I know the institutions are to blame, but whilst they exist immigration means greater problems and higher taxes." Well that is what must happen anyway if people are ever going to wake up to the total and inevitable failure of those institutions. If the Conservatives were in power they could use the intensification of the crisis in the welfare state caused by free immigration to justify the radical free market measures that are necessary to cure the problems. If the Labour Party were in power faced with the same crisis, they would either have to abolish the welfare state, or close the door to immigrants, which would brilliantly expose the true nationalist and anti-poor nature of the welfare state. Whatever the political situation, those who desire a free market will always find the abolition of immigration controls a practical weapon to achieve their ends, simply because it uncovers the true nature of the welfare state.

THE MORAL BANKRUPTCY OF IMMIGRATION CONTROLS

The abolition of immigration controls would also ensure that the government would never be able to deny entry to any individual seeking refuge from tyranny. The British government's handing over of Hong Kong to China shows clearly the moral bankruptcy of immigration controls. The forcing of a population into the hands of the butchers of Tiananmen Square, without allowing them refuge, is a disgrace that would not be occurring if the government had acquired an understanding of the economics of immigration.

THE IMPORTANCE OF IMMIGRATION DEREGULATION TO LIBERTARIANS

Immigration is an issue libertarians should not shy away from. Economics clearly shows the arguments for these regulations to be based on a false understanding of reality. To support the regulation of immigration is to compromise with mercantilism. Mercantilists see the world as having a fixed quantity of value which must be divided between the population. They deny that trade is beneficial to both parties, choosing instead to believe that one gains at another's expense, which is why they dislike the buying of foreign goods. Mercantilists see immigration as being analogous to allowing other people to enter your house and share the property therein. This view is wrong, and to compromise with it is inconsistent with the claims of free-marketeers to have derived their politics from a rational, value-free analysis of human action. Immigration is simply the full extension of the division of labour, on which our productive society is founded, across national boundaries. Any deviation from this view is unscientific and unjustified.

Libertarians should be totally clear on this issue. To remove immigration regulations is to remove a large barrier to trade. Economics shows that trade is good. Immigration is a form of trade. It is not therefore something to be merely tolerated. It is something to be supported vigorously.