

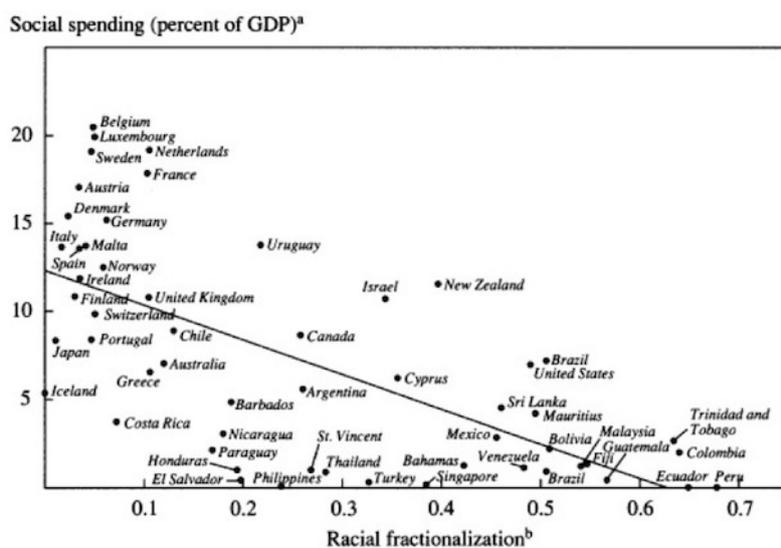
[Bloody immigrants, coming over here and paying our bills](#) [1]

Written by [Henry Oliver](#) [2] | Saturday 21 January 2012

This morning the Telegraph ran a story about migrants who claim welfare benefits: [370,000 migrants on the dole](#) [3]. But that headline masks the real problem, which is the availability of welfare. Welfare isn't being given out too readily because of immigration; welfare is being given out too readily because that is government policy.

If someone offered you money for nothing you would have to be principled beyond the ordinary to refuse the money. But before they are anti-welfare, people are anti-immigration. There is, in most countries, a correlation between high immigration and a small welfare state, as [Bryan Caplan has shown](#) [4]. People are only prepared to subsidise natives:

Figure 4. Relationship between Social Spending and Racial Fractionalization



Source: Authors' calculations based on data from Persson and Tabellini (2000).
a. Average for 1960-98.
b. Probability that two randomly selected individuals from a population are of different races. Measured over 1990-98.

I know we've seen this graph a lot of times before, but the point cannot be made enough: immigration has a positive effect on an economy, welfare doesn't. People who oppose immigration readily conflate the two and see only the bad effect.

As if immigration caused welfare! The poll on the Telegraph website showed 60% saying immigrants should get no benefits, and 33% saying they should get benefits in proportion to the taxes they have paid. Even if they have worked and paid taxes, people want to stop immigrants claiming benefits. But we know that immigrants contribute more than they take out, taken as a whole group. [Sam](#) [5] has written about the net contribution made by immigrants in terms of taxes paid and services used. Immigrants might claim benefits, but they have already more than paid for them. If the Telegraph has a problem with welfare costing money, they ought not to point the finger at immigrants.

Articles like Damien Green's in the Telegraph yesterday make no mention of this. As with the Migration Advisory Committee report that recently found an 'association' (which was said in the report not to be a

causative link) between immigration and unemployment, this is an example of the government putting the cart before the horse. Policy does not follow fact, it follows party preference. Even though it might be the case that some immigrants come here and lazily claim benefits, stopping immigrant access to benefits won't solve the problem. That will be done by stopping benefits. Indeed, if we restrict immigration as much as the government wants to we may start to miss our welfare budget being subsidised by those immigrant who came over here and paid our bills ?

A likely retort to this is that those jobs denied to immigrants would, in turn, be populated by the resident workforce. But we must remember that immigration is about the [division of labour](#) [6]. There is no guarantee (quite the opposite) that if we removed all immigrants the jobs they do would still be there to be done by natives. A few facts from the report whence this headline came might serve to redress the balance in this argument:

- Whilst 370,000 people on welfare originate from without the UK, 5.5 million people of working age are on welfare.
- 16.6% of working age UK nationals claim a working age benefit compared to 6.6% of working age non-UK nationals.

You don't need to go far from the newspapers to find some sensible analysis of the figures. On Jonathan Portes' blog, [Not The Treasury View](#) [7], he compares the results of the government report to the most recent Labour Force Survey, and the results are fascinating:

- migrants represent about 13% of all workers, but only 7% of out-of-work claimants;
- migrants from outside the EEA represent about 9-10% of all workers, but about 5% of out-of-work claimants
- foreign nationals from outside the EEA represent about 4.5% of all workers, but a little over 2% of out-of-work benefit claimants.

And Matt Cavanagh did great work on the Today programme this morning explaining that only 2% of the migrants who claim are not entitled to do so ? that's 1/1000 of people on benefits. He also pointed out that migrants are less likely to claim benefits than British people. And despite those few on benefits, ?migration is overwhelmingly good for the economy.? Immigration isn't the problem; the problem is the size and administration of welfare.

[Whig also wrote about this yesterday](#) [8].

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