

We reserve the right to refuse admission? The current immigration debate within Austrian Economics

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Abstract. *Immigration is a pressing issue – particularly in Western developed societies. Members of the Austrian tradition have made the case for both free and restricted immigration. This paper presents the main thesis of this current debate within Austrian Economics and concludes with a proposal for some further developments.*

Keywords: *immigration, forced integration, free movement, Austrian economics.*

Introduction

Immigration is a pressing issue nowadays, especially in Europe and the United States. Some of the most interesting scholarly literature about it comes from the field of economics. Within economics, one can find the Austrian School of Economics or Austrian tradition¹.

Austrian economics is usually – and with good reason – related with the tenets of Classical Liberalism and even Libertarianism. Regarding immigration, the *standard* position of the Austrians, the classical liberals and the libertarians seems to be the favouring of unrestricted immigration². Ludwig von Mises, a key intellectual figure of the Austrian tradition, defended an open borders policy and thought of it as the struggle of our time: “*When liberalism arose in the eighteenth and nineteenth centuries, it had to struggle for freedom of emigration. Today the struggle is over the freedom of immigration*” (Mises 1927: 137). For Mises “*the closed-door policy is one of the root causes of our wars*” (Mises 1944: 263). These words resonate even more when one takes into consideration Guido Hülsmann’s (2007) conjecture about Mises’ life project. For according to Hülsmann, Mises’ work should be interpreted as a task of immanent salvation; more precisely, as the secularisation of the Jewish idea of salvation. Accordingly, Mises undertook with his writings the task of saving European civilisation. Therefore, his ideas about immigration³ – as the rest of the ideas he published – should not be taken lightly.

Yet within the Austrian tradition, we find no monolithic support of unrestricted immigration. What is more, as we shall argue, it was, in fact, a staunch Misesian who firstly made the case against unrestricted immigration. Thus,

that could ever happen to Austrian economics. Since the features of what we consider a school can also become limits to its development.

² Our non-exhaustive list includes Block 1998; Boudreaux 1997; Boettke and Coyne 2005; Caplan 2012; Ebeling 1995; Krepelka 2010; Machan 1998; Powell 2010; Reed 1994; Todea 2010.

³ Please see Mises 1927, 1935 and 1944.

¹ We believe that it is better to refer to Austrian economics as a tradition instead of a school (Vaughn 1994). The features of a school of thought are fluid interaction between few members, geographical proximity and linguistic and cultural homogeneity. All of these aspects of the original Austrian School of Economics were lost due to the “diaspora” from Vienna during the 1930s. Rafael Beltramino (Ravier 2011) considers that, in a certain way, this was the best

Murray Rothbard (1994) was the first prominent Austrian to oppose free immigration approximately two decades ago. Rothbard wrote briefly about this subject, explaining why he changed his mind about it. Nevertheless, we consider his work seminal. It seems to us that the thesis presented by him in his 1994 article “Nations by consent: decomposing the nation-state” set a *blueprint* for the developments carried out by his disciple Hans-Hermann Hoppe.

And it is because of Hoppe that the internal debate in the Austrian tradition exists. Since the nineties, Hoppe has provocatively suggested that free immigration and free trade do not presuppose each other. Moreover, Hoppe believes that free immigration acts against free trade. Therefore, if we want free trade we *must* restrict immigration. Hans-Hermann Hoppe arrives at these conclusions taking anarcho-capitalism as the starting point for analysis.

Naturally, opposition to immigration is not the predominant position regarding immigration within the Austrian Tradition. As we mentioned above, Mises himself was in favour of free immigration. Closer to us in time, Richard Ebeling, Benjamin Powell and Walter Block hold a strongly favourable position towards immigration. Their arguments stem both from economic theory as well as Libertarian theory.

A priori, the issue of immigration should not be a topic susceptible of inner debate in a tradition so closely related to the postulates of Classical Liberalism and Libertarians as is Austrian economics. However, it certainly is. And we welcome this internal Austrian debate. We believe that it is of great interest – not only to people who belong to the Austrian tradition. In fact, as in many other issues, the views on the Austrians can provide us with valuable insights and useful tools for analysis.

In what follows, we will present in detail the main ideas of five authors regarding immigration. These are Richard Ebeling,

Benjamin Powell and Walter Block on the one hand and, Murray Rothbard and Hans-Hermann Hoppe on the other. We will conclude our paper with some critical remarks on both positions.

I

“Give me your tired, your poor, your huddled masses, yearning to breathe free”.

Engraved in the Statue of Liberty

At the base of Richard Ebeling’s (1995a; 1995b) case for open immigration lies a critical effort to refute what he considers to be social fears and political myths about the subject. In doing so not only will he try to dismount these mistaken or biased views but he will also highlight some neglected advantages of immigration.

Let us start with the “They steal our jobs” fear⁴. Ebeling notices that the presupposition for this objection against immigration is the idea of a *zero-sum game* and the finitude of jobs that an economy has. Therefore, whenever an immigrant gets a job, this must have been previously held by a native citizen. According to this view, the foreigner’s gain is the native’s loss.

However, our author rightfully points out that as long as scarcity exists there will always be *more* work to be done. The supply of good and services depends on the supply of resources with which those goods and services are produced. An increase in the supply of the resources in a given market can very well result in an increase in goods and services produced in that market. Consequently, “*Immigrants... rather than stealing away jobs, in fact, enable the market to fill jobs for which the labour supply was previously too small. All in the society tend to benefit as the general standard of living goes up through the increased quantity and improved quality of all of the marketable goods for which there is a demand*” (Ebeling 1995).

Ebeling’s second social fear regarding immigration has to do with the question of

⁴ This *fear* regarding jobs losses and possible widespread unemployment will be, logically, a topic treated by all our authors.

whether immigration labour lowers wages and, in turn, Americans' standard of living. This relates to the possible fact that immigrants, in order to be hired, might make themselves more attractive to potential employers by lowering their wage expectations from what locals are presently earning, thus pressuring the natives to match these lower wages in order to be able to keep their jobs.

Naturally, one of the comparative advantages of immigrants resides in the fact that they tend to be willing to offer their services for lower wages than the ones that presently exist. Nevertheless, Ebeling refers to the beneficial secondary effects of this situation.

The sectors *affected* by the presence of these cheaper immigrants will now have a lower cost of production. Who will be the direct beneficiary of these cheaper labour costs? The consuming public. Why? Because these lower costs mean greater profits for the employers. The consequent expansion of production will cause prices to decline over time as businesses compete for consumers. Additionally, lower prices will leave consumers with extra money in their pockets. Consumers can now demand some product they could not previously access. The workforce in the sectors with growing demand will be increased. And how could employers in these sectors attract new workers? Probably by offering higher wages. Therefore, not only will consumers in general benefit from less expensive goods and services but also many workers will receive higher wages.

The third social fear Ebeling addresses is the *cultural* one. How could a large number of immigrants be assimilated by the American society and culture? Perhaps small numbers of immigrants every year, strict quotas and further limitations make better assimilation possible. Huge waves of immigrants will never be able to learn the language and absorb the culture. Ebeling here makes use of history. The same concern has been expressed regarding every previous wave of immigration. Germans in the 19th century were accused of living in secluded communities and it was feared that they would never learn the English language. Similar things were happening the 1970s within the

Vietnamese community. However, in only one generation time, the descendants of these and other groups became completely "Americanized". Our author acknowledges threats to assimilation. However, these threats do not proceed from the immigrants themselves. As with many social problems, the state is the one to blame. In Ebeling's own words: "*The only things that can hamper the economic progress and cultural assimilation of immigrants are bad governmental policies: licensing restrictions that make it difficult to begin small businesses and enterprises; heavy tax burdens that destroy savings and investment incentives; welfare programs that draw people into the dead end of economic dependency upon the state; government schools, with their mandatory bilingual programs and socialist educational methods, that, more often than not, make it difficult for the children of immigrants to learn English rapidly and to adapt to their new country*". These evils, and not immigration, are the ones that should be fought against.

Finally, Ebeling deals with the economic effects of free and un-free flows of people across borders. Needless to say, his interest focuses on the case of Mexico and the US. How would that work? What would be the consequences of such a thing? Who and why opposes that? Our author starts by reflecting on how free movement of people works within the US. *Freedom of trade and freedom of movement* are established principles in America. Therefore, producers are able to settle in the parts of the country that best suit their preferences and needs. In turn, workers can also establish themselves wherever they want. So, the wages paid in every part of the country tend to be equal. Now suppose that an increase in demand for the products produced in, let's say, California happens at the same time that a decrease in the products produced in New York. Californian producers will now offer higher wages to attract more workers to their industries. The unfortunate New Yorkers producers, on the contrary, will now start offering lower wages. This can very well create an incentive for New York workers to move to California. As more and more of them do so, California wages will tend to decline due to the increase in labour supply. Moreover, the

departure of workers from New York and its logical consequence of a diminishing in the labour force will tend to raise New York's salaries. What is the result of this process? The result is California's and New York's wages being roughly equivalent. Ebeling thinks that the same principles apply when the considered geographical area is comprised not of two states within the same national entity, but of two different countries. Hence, the barriers that forbid free immigration are the ones to blame for the disparity between the wage rates in the US and Mexico. *"Under laissez-passer, the discrepancy between what was paid for one type of labour in the United States and what was received for the same type of labour in Mexico would act as an incentive for workers to move, until economic adjustments were made. Instead, this rigidity imposed on the market by the governments concerned has caused the wage differentials to widen more and more"* (Ebeling 1995). Although Mexican immigrants may earn less than the average wage in the US, these immigrants will earn much more than they would if they stayed in Mexico.

II

"Immigrants tend to have especially desirable behavioural characteristics from the economic point of view. Compared to natives, their rate of participation in the labour force is higher, they tend to save more, they apply more effort during working hours, and they have a higher propensity to start new businesses and to be self-employed. They do not have a higher propensity to commit crime or to be unemployed, and (for better or for worse) their fertility rate is not higher".

Julian Simon (1989)

We would now like to focus our attention on Benjamin Powell (2010). Powell poses a fundamental question in economic terms: What is the optimal number of immigrants? His answer: *"Absent a market process, there is no way to centrally plan the optimal number and mix of immigrants any more than it was possible for the Soviet Union to centrally plan its markets. Instead of restricting*

labour flows at arbitrary places where politicians happened to draw lines on maps, we need a free market in labour. That means open borders. Not only would free immigration make the native-born population richer but also it would be an effective way to help the poor of the world" (Powell 2010). In order to make his case, Powell follows a strategy similar to Ebeling's – debunking fallacies and misconceptions. Like Ebeling, his analysis focuses on the situation in the US.

The first fallacy Powell wants to reject is the one that states that immigrants are a drag on the economy. In reality, says Powell, the arrival of immigrant workers has two positive outcomes for the US economy. On the one hand, they boost the overall size of the American economy. Even George Borjas, an academic critic on immigration, concedes that the net benefit that the immigrants create for the native people is of twenty-two billion dollars a year (Powell 2010; Borjas 2009). On the other hand, the presence of immigrants gives the native-born workers the freedom to do what is in their comparative advantage. Thus, *"the basic economic case for free trade in labour", says Powell, "really isn't different than that for trade in goods and services"* (Powell 2010).

Powell also concerns himself with the fallacious statement that immigrants take the natives' jobs. The key issue here has to do with what is seen and what is not seen. Though everybody can see when a native loses her job in the hands of an immigrant not everybody can see the positive effect of creating a new job where the native-born person can use their abilities for more productive purposes. Besides, since 1950 the US workforce has done nothing but grow. The civilian workforce has grown since the fifties from sixty million to one hundred and fifty million. However, there has never been long-term unemployment since that decade. The pattern would be more people – more jobs.

Our third fallacy is the one that affirms that immigrants systematically depress the wages of the natives. Turning towards an empirical argument, Powell takes a more radical position on this issue than Richard Ebeling does.

Not only, says Powell, this debate has narrowed down to the effects on wages of high-school drop-outs but also empirical analysis forces us to take into consideration the fact that immigrants who enter the workforce demand goods and services – which causes the demand for labour to increase. Although the laws of supply and demand would dictate that wages should fall, we must not neglect that there are other things besides the workforce that change with the arrival of immigrants. Non-high-school drop-outs can, in fact, see their wages increased by immigrant workers. This is so for two reasons:

- Firstly, immigrants who go to the US searching for jobs are either highly skilled or very low skilled. Most Americans are so to speak in the middle. Therefore, these immigrants who possess a different set of skills do not substitute the natives but complement them. *“Many of the immigrants to the United States are either extremely highly-skilled or very low-skilled. Yet most native-born labour falls somewhere in between. The native-born population makes up around one-third of adults in the United States without a high school diploma. A large portion of new PhDs is awarded to foreign-born people. To the extent that immigrants are complementing U.S. labour, they can increase, rather than decrease, the wages of the native-born.”* (Powell 2010).
- Secondly, the arrival of immigrants means an expansion of the workforce. As Adam Smith realised, specialisation and division of labour are limited by the extent of the market. A bigger workforce allows more specialisation and division of labour, which, of course, causes a rise in the productivity and wages.

Powell also presents replies to some of the most usual concerns and problems regarding immigration. With regard to criminality, he recommends that an open border policy for immigrants is be complemented with a swift deportation system for criminal immigrants. He notices that not only will this be beneficial for decent immigrants but will also help keep incarceration costs down.

In the view of the problems that large waves of immigrants might pose to the welfare state, he pays attention to two questions. Previous government interventions should not be the rationale for new interventions. In fact, this is the perverse logic of interventionism that Ludwig von Mises (1929, 1952) so lucidly described. Instead of advocating for further interventions the goal should be repealing the welfare state. What is more, a growing number of immigrants making use of the “benefits” the welfare state system offers could very well help put a greater strain on it and eventually suffocate it.

Powell also asks us to try to envision the logical conclusion of this defence of *welfare-ism*. If immigrants are not granted entrance due to the danger their presence might impose on the welfare state, then why should the native-born individuals be granted the right of having a baby? *“After all, children are likely to be a net tax burden for their first 18 years and possibly afterwards. The problem is not immigration per se. The real problem is that in the midst of a welfare state, immigration, like having children, lets some people push the costs of their decisions onto others”* (Powell 2010).

Finally, Powell helps us introduce a topic that we will expose in more detail in section V. This is the problem of *forced integration and freedom of association*. In this aspect, Powell refers directly to Hans-Hermann Hoppe and his stance on immigration. Our author highlights that freedom of association is related to both the right to exclude and to the right to freely associate. For this reason, restrictions on immigration attenuate the property rights of the individuals who wish to establish a contractual relationship with a foreigner such as renting or selling real estate. Furthermore, from the Austrian point of view, the consequences of leaving the right of exclusion, in order to avoid forced integration, to the state and to the state alone could be terrible. *“By advocating restrictions on immigration because of state ownership of roads, they, too, are helping push down the road to socialism”* (Powell 2010).

III

"Almost 70% of American voters under the age of 30 voted for Obama. Why isn't anyone calling for the deportation of America's youth, or limits on fertility to raise our average age?"

Bryan Caplan (2009)

Walter Block's case for free immigration (1998, 2011a, 2011b) can be divided in, at least, two sections. One would comprise his own position about immigration. The other would have to do with the lengthy academic debate held by Walter Block on one side and Hans-Hermann Hoppe⁵ – and Stephan Kinsella, to a certain extent – on the other.

Block builds his case for free immigration relying on Murray Rothbard's⁶ *non-aggression axiom* and criticising the objection to open borders. According to Rothbard:

The libertarian creed rests upon one central axiom: that no man or group of men may aggress against the person or property of anyone else. This may be called the "*non-aggression axiom*." "*Aggression*" is defined as the initiation of the use or threat of physical violence against the person or property of anyone else. *Aggression* is, therefore, synonymous with *invasion*.

If no man may aggress another, if, in short, everyone has the absolute right to be "free" from aggression, then this at once implies that the libertarian stands foursquare for what are generally known as "civil liberties": the freedom to speak, publish, assemble, and to engage in... "*victimless crimes*" (Rothbard 1978: 23). Block believes that immigration is a case of victimless crime and migration barriers like

tariffs and customs are a violation of *laissez-faire* capitalism (1998). His approach is radical and leaves no space for compromises or partial solutions. Immigration is either the peaceful movement of individuals from one country to another or a sort of invasion and trespassing of private property that must be utterly stopped. Thus, "*the legality of migration is an all-or-none matter: either migration is per se legitimate, in which case it would be improper to interfere with it in any way, or it is per se invasive, in which case it should be prohibited, totally and comprehensively, just as in the case of murder and rape*" (Block 1998: 170).

What are national boundaries? For Block, these represent nothing more than arbitrary lines drawn on a map. Therefore, international immigration – far from being an act of invasive nature – means only peacefully moving to a foreign country. Block considers internal and international migration an identical phenomenon. "*If it is non-invasive for Jones to change his locale from one place in Misesania to another in that country, then it cannot be invasive for him to move from Rothbardania to Misesania. Alternatively, if migration across international borders is somehow illegitimate, this should apply to the domestic variety as well*" (Block 1998: 173).

Does this imply some sort of absolute right to freedom of movement?⁷ It does not, according to our author. For immigration to be a legitimate action, the immigrant must either move to a private piece of land where she is accepted or she should settle in owned lands. Block rightfully mentions the extremely rare case in which there is no owned land in a country and all owners refuse to invite immigrants. Not

⁵ Block is an extremely controversial author who is used to take his thesis to the extreme. It is even possible that the Jeffrey Tucker's recent article (2014) against Libertarian Brutalism might have been directed in part against some of Block's stands (2008). However, it must be mentioned also that Block also conducts his discussions in a polite and civilized manner. Hoppe, unfortunately, replies to his critics in a questionable manner. For Hoppe, the proposal for open borders lacks any merit (Hoppe 2002: 87) and the position of so-called "left-libertarians" such as Block deserves a psychological-egalitarian explanation (Hoppe 2002).

⁶ Given Rothbard turn on immigration, both Block and Hoppe have him as the starting point of their position.

⁷ Regarding emigration, Block (1998) makes two very interesting points. The first one is that like the countries behind the Iron Curtain in the past and Cuba and North Korea today, states which do not allow their citizens to leave freely are nothing but huge jails. The second one is that the so-called "free education" cannot be consider a proper reason to restrict individuals' movements. As Block says, "the right of emigration is so important that its absence implies outright slavery" (1998: 171).

even in such a case, immigration laws should be necessary. It will be enough for owners to exercise their rights to avoid trespassing.

We can now review some of the objections to free immigration Block analyses and his replies to them.

Mises' unique statement against free immigration was in 1944, during the Second World War and it logically refers to the possibility that open borders may allow an enemy invasion.

Under present conditions, the adoption of a policy of outright *laissez-faire* and *laissez-passer* on the part of the civilised nations of the West would be equivalent to an unconditional surrender to the totalitarian nations. Take, for instance, the case of migration barriers. Unrestrictedly opening the doors of the Americas, of Australia, and of Western Europe to immigrants would today be equivalent to opening the doors to the vanguards of the armies of Germany, Italy, and Japan (Mises 1944: 10).

Unrestricted immigration is no synonym for extreme pacifism or surrender to foreign aggression. The point here is that there is an immense difference between peaceful settlers and an invading army.

Another typical objection suggests that immigration will create or exacerbate unemployment. "*This objection illustrates nothing so much as economic illiteracy*", believes Block (1998: 176).

What about wages going down because of the immigrants? Our author concedes that some workers could lose out. Nevertheless, following Hoppe (1993), Block shows that individuals are only entitled to the physical aspects of their property but not to the value of it. For value is determined in the market process.

Will unrestricted immigration increase crime? Block does not deny the fact that open borders might facilitate the access of criminals to the opened country. But, he thinks that this is rather a criticism towards the criminal justice system than to open borders. Drug prohibition is responsible for the incarceration of many people who committed, according to Block, a "*victimless*

crime". Together with its open borders, a libertarian society would have a "serious" criminal system. "*A libertarian society, moreover, would get tougher on genuine criminals. There would be no more cosy jails with colour TVs, air conditioning, or recreation rooms. If indentured servitude for convicts were brought back, prisons could be run by private enterprise, instead of draining taxpayers of vast amounts of money to house inmates, they could turn a profit.*" (Block 1998: 18).

Could free immigration promote *welfare-ism*? Block's answer is twofold. On one hand, though it would be optimal to end welfare for all, it could at least be completely limited to immigrants. Thus, the power of attraction that the welfare subsidies exercise would be eliminated.

Block also considers that this line of thinking may open Pandora's Box. Such preventive logic could be applied in other realms. So, as immigrants are stopped because of a possible future danger they might pose to the welfare state, why not stop people from having babies as well? These are also candidates to become welfare recipients.

Of great interest is our author's discussion of the thesis that free immigration should not be implemented as long as the rest of the libertarian program was implemented. Block's fundamental criticism of this position is that it hopes to get the results of a free market society under interventionism. Block cleverly calls this approach "*postponement libertarianism*" and exemplifies this attitude with, for instance, Milton Friedman's voucher educational system.

The final objection Block tries to rebut is the one that indicates that massive immigration can turn into a threat to the very free system that makes it possible. Historically, Block brings to our attention that several great figures of the history of the freedom movement arrived at the US from abroad.

There have been immigrants in our history who have improved our freedom immeasurably. The names Ludwig von Mises, Friedrich A. Hayek, Israel Kirzner, William Hutt,

Ludwig Lachmann, Hans Hoppe, Yuri Maltsev, Kurt Leube, James Ahiakpor, George Ayittey, Nathaniel Branden, Barbara Branden, Sam Konkin, Harry Watson, David Henderson, and Ayn Rand leap immediately to mind in this context. A closed-door policy in the past might well have made it impossible for these people to contribute to our society. And this is to say nothing of all the children and grandchildren of immigrants who have made significant contributions. How could it be otherwise, given that virtually all of us are *“the children and grandchildren of immigrants”*? (Block 1998: 183)

Block also adds that the most direct way in which foreigners could disrepute the institutions of liberty is through voting. But, the real problem lies here not in how immigrants would vote but in the voting itself. A truly free society would not permit the confiscation of property through voting or any other method. Therefore, this problem would dissolve.

IV

“(…) A wide and diverse range of communities which people can enter if they are admitted, leave if they wish to, shape according to their wishes”.

Robert Nozick (1974: 307)

We have now reached Murray Rothbard and with him, we start our review of Austrians who are against unrestricted immigration. As we said in the introduction, Rothbard’s work in related to immigration is indeed seminal. The scheme Rothbard presented in *“Nations by consent: Decomposing the nation-state”* (1994) will be brilliantly developed by his friend and disciple Hans-Hermann Hoppe. So, let us introduce the key points of this Rothbardian blueprint.

Rothbard identifies two problems related to free immigration. One is the growing amount of welfare subsidies that immigrants receive. The other is the tremendous threat that massive immigration poses on culture. Rothbard fears a scenario similar to Jean Raspail’s *The camp of the saints* – in which the entire population of India migrates to France and totally destroys the French economy and culture.

“I began to rethink my views on immigration when, as the Soviet Union collapsed, it became clear that ethnic Russians had been encouraged to flood into Estonia and Latvia in order to destroy the cultures and languages of these peoples” (Rothbard 1994: 7). This problematic situation leads him to view the issue of immigration from the following perspective: How would immigration be under an anarcho-capitalist situation? This is, all square footage is fully privatised and there is absolutely no public property. *“On rethinking immigration on the basis of the anarcho-capitalist model, it became clear to me that a totally privatised country would not have ‘open borders’ at all”* (Rothbard 1994: 7). From this anarcho-capitalist perspective the characteristics of immigration change completely. In a fully privatised land immigration would not be possible unless the potential immigrant is in possession of an invitation and a rental or purchasing real estate contract. Thus the preferences of the community will be respected and *true diversity* will reign. In this way, ethnic and economic homogeneity or heterogeneity will be decided not by a central authority, but by different groups of individuals according to their own wishes while exercising their freedom of association. In this way, each and every group will have the opportunity to live by their values and standards.

In the current situation of immigration as a “national problem” dealt with by the central authorities, Rothbard thinks there is a clear violation of individuals’ wishes and the state is, in fact, imposing open borders over at least part of the population. *“A totally privatised country would be as ‘closed’ as the particular inhabitants and property owners’ desire. It seems clear, then, that the regime of open borders that exists de facto in the U.S. really amounts to a compulsory opening by the central state, the state in charge of all streets and public land areas, and does not genuinely reflect the wishes of the proprietors”* (Rothbard 1994: 7). States, unlike now, should start following the model of total privatisation – even if areas of public property remain.

V

“The lower middle classes – the French that one no longer dares to call “Français de souche” (ethnic French) – are already moving out of the Parisian suburbs and farther into the countryside. They have experienced that in some neighbourhoods they are the minority in their own country. They are not afraid of the others, but rather of becoming the others themselves”.

Alain Finkielkraut (2013)

What Rothbard only drafted, Hans-Hermann Hoppe (2001, 2002) develops and expands with great lucidity and originality.

This originality can be seen in Hoppe’s approach to the issue of immigration. Our author is ready to accept that from a strictly economic point of view, the case for unrestricted immigration is irrefutable⁸ (Hoppe 2001). He also concedes that the existence of large welfare state systems in any given society does not constitute an argument against immigration. In fact, the possibility that some immigrants could become “welfare bums” and put an extra burden on the shoulders of taxpayers should not be taken as a rationale to limit immigration but as a powerful reason to abolish the welfare state – which, as our author believes, should be destroyed in its entirety.

Nevertheless, this classical argument for free immigration suffers from two shortcomings. In the first place, according to the Austrian subjectivism, we cannot reduce wealth exclusively to material wealth. If so, one cannot deduce that immigration is “good” from a rise in living standards alone. The second shortcoming is related to the implicit assumption that a

⁸ Hoppe presents it quite fairly as follows:

The classical argument in favor of free immigration runs as follows: Other things being equal, businesses go to low-wage areas, and labour moves to high-wage areas, thus affecting a tendency toward the equalization of wage rates (for the same kind of labour) as well as the optimal localization of capital. An influx of migrants into a given-sized high-wage area will lower nominal wage rates. However, it will not lower real wage rates if the population is below its optimum size. To the contrary, if this is the case, the produced output will increase over-

country is a *unowned* territory and the immigrants enter a virgin frontier.

Like Rothbard (1994) did, Hoppe assumes an anarcho-capitalist situation. With this scenario, in which all property is privately owned, there will be no such thing as free immigration. Admission to the different territorial units would be according to what owners allow. These possible restrictions – even if they are taken to the degree of extreme segregation – do not mean a simultaneous limit to free trade. No economic protectionism derives from owners exercising their property rights. One can perfectly trade *from a distance*. “It is precisely the absolute voluntariness of human association and separation – the absence of any form of forced integration – that makes peaceful relationships – free trade – between culturally, racially, ethnically, or religiously distinct people possible” (Hoppe 2001: 140). If this is so, free trade and restricted immigration – the possibility to exclude immigrants on the basis of property rights – constitute a virtuous circle in which they reinforce each other and they are a force for peace. Thus, not only do free trade and restricted immigration not contradict each other but in order for free trade to be sustainable and peaceful, it *requires* restricted immigration. But obviously, we do not live in an anarcho-capitalist context. So, the micro-management of migration, community by community, from the anarcho-capitalist ideal situation changes completely.

“(…) Under statist conditions immigration is immigration by ‘foreigners’ from across state borders, and the decision whom to exclude or include, and under what conditions, rests not with a multitude of independent private

proportionally, and real incomes will actually rise. Thus, restrictions on immigration will harm the protected domestic workers qua consumers more than they gain qua producers. Moreover, immigration restrictions will increase the “flight” of capital abroad (the export of capital which otherwise might have stayed), still causing an equalization of wage rates (although somewhat more slowly), but leading to a less than optimal allocation of capital, thereby harming world living standards all-around (2001: 137).

property owners or neighbourhoods of owners but with a single central (and centralizing) state-government as the ultimate sovereign of all domestic residents and their properties (macro migration)” (Hoppe 2002: 81-82). Under these conditions, and depending on government policies we can either have *forced exclusion* or *forced integration*. We suffer the former when a resident invites a person and makes all the preparations for her arrival to her property but the government prevents this person to enter the state territory. We suffer the latter when the government admits a person who has not received any invitation from a resident.

The state is at both ends of this process. Massive migration movements follow a clear pattern, according to Hoppe. They move from countries which exploit their citizens more to countries that exploit their citizens less. The receiver states, in turn, impose their native citizens *forced integration* via the complete nationalisation of road and means of transportation and a variety of laws that minimises private property right to exclude.

Hoppe warns that currently the US, Australia and Western Europe, far from *free immigration* are under a process of continuously *forced integration*. Advocates of free immigration are in fact pandering invasion and/or forced integration to be imposed on resident-owners. Free trade requires an agreement of two parts. Therefore, it is mutually beneficial. Immigration should follow the same logic. Hoppe states:

Trivial as this distinction may appear, it has momentous consequences, for free in conjunction with trade means trade by invitation of private households and firms only; and restricted trade does not mean protection of households and firms from uninvited goods or services, but invasion and abrogation of the right of private households and firms to extend or deny invitations to their own property. In contrast, free in conjunction with immigration does not mean immigration by invitation of individual households and firms, but unwanted invasion or forced integration; and restricted immigration

actually means, or at least can mean, the protection of private households and firms from unwanted invasion and forced integration. Hence, in advocating free trade and restricted immigration, one follows the same principle: of requiring an invitation for people as for goods and services (2001: 161).

This leaves us with the question of how could we solve this problem. If immigration as currently understood causes forced integration, what can we do? Hoppe (2001) makes an explicitly public policy proposal. A popular government, says Hoppe, should try to preserve the anarcho-capitalist feature of no-forced-integration. To protect its citizens from invasion and forced integration a government has two sets of measures at hand. As a preventive measure, the government, as trustee of the people, must at all possible points of access for non-residents – such as airports, ports, etc. – check that they are in possession of a valid invitation by a domestic property owner. These valid invitations should consist of contracts between one or more domestic resident and the arriving person. To be valid, this invitation may or may not involve employment but it has to involve housing. The government should also implement corrective measures to curve the effects of forced integration. The easiest way to do this – which, by the way, could also have a tremendous positive impact on the economy – is to reduce the amount of property in the hands of the state. This process of privatisation of property should be accompanied by the return of the right of admission to private owners.

Finally, the fundamental criteria to acquire citizenship ought to be the ownership of real and residential property. *“Only by selling real estate to a foreigner does a citizen indicate that he agrees to a guest's permanent stay, and only if the immigrant has purchased and paid for real estate and residential housing in the host country will he assume a permanent interest in his new country's well-being and prosperity”* (Hoppe: 2001: 168).

Conclusion

“It is not the welfare state as such that creates the problem of immigration; rather, it is the confession of faith of the would-be immigrants. If their confession inherently threatens the moral and judicial foundations of the free society, then immigration is a problem, with or without the presence today of a welfare state. Freedom is based on more than private contracts. It is based on a moral vision, which includes a vision of the moral boundaries of the state”.

Gary North (1998: 219)

Hoppe’s challenge for the Austrian School in particular and free marketers, in general, is outstanding. As we saw, not only is restricted immigration acceptable for Hoppe under libertarian terms but, according to him, it is the only policy consistent with free trade!

Hoppe (2001) also raises the issue of culture. He explicitly expresses his concerns about how viable multicultural societies can be. This issue of culture is not new to the Austrian tradition⁹. However, perhaps Hoppe opens the door for a new approach closely related to the *culturist* one such as that of Samuel Huntington (2000, 2004). On the contrary, Block and Ebeling explicitly repudiate concerns about assimilation on somewhat unsatisfactory and naïve grounds. In the case of Block, these grounds even border dogmatism¹⁰.

As in many of the Austrian internal debates, the risk that is run is irrelevance and *ghetto* mentality. On both sides, we find a tendency towards what we might call a *retreat to utopia*. Regarding immigration, Austrians normally advocate for the complete abolition of the welfare state altogether (Powell 2010). The

above mentioned complete disregard to the matters of assimilation is usual (Block 1998, 2011; Ebeling 1995). And even the call to a generalised secession and a total reshaping of European countries as we know them today (Hoppe 2002).

Hic et nunc most of Western societies deal with immigration problems. They are faced with a dilemma: the positive economic consequences of immigration versus some disturbing social outcomes, particularly in Europe. As Mario Fantini explains: *“One can point to the advantages of having immigrant workers and trot out data showing the benefits of the ‘brain gain’ from open immigration. But, in the end, if an immigrant arrives who eschews assimilation, derides local customs, rejects cultural norms and mores, and believes in ideas and values that are directly opposed to classical liberalism (the experience of contemporary Europe), then even the staunchest advocate of open borders should think twice. Without respect for institutions, the intricate web of rights and obligations and responsibilities on which a common political project depends will not long remain intact”*¹¹.

Moreover, Hoppe wants to go beyond utilitarianism. For him, the issue must be settling between right or wrong. What matters is what is fair for the residents. With the economic side of immigration technically decided in favour of its positive function, we are now faced with the question of whether governments should do something to defend their citizens’ rights regarding this issue. Could massive immigration be violating the residents’ rights? Hoppe, from an Austrian and libertarian position, says “yes” and asks the government to do something about it – at least as a second-best alternative.

⁹ Please see Hayek (1988).

¹⁰ Thus says Block:

“I stand second to no one in being appalled at the prospect of millions of new settlers from these latter nations inundating our beloved United States; murdering, raping and pillaging.

However, I have a concern I regard as even more important; libertarian theory. Perhaps it is possible for

utilitarian or consequentialist libertarians to reconcile their principles with regulated borders, but this is not possible, I contend, for deontological ones such as myself” (2011a).

¹¹ On line debate at FEE. Please check: https://www.fee.org/the_freeman/arena/immigration

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