

## INTERRELATIONSHIP OF MIGRATION AND WELFARE STATE IN NEO-LIBERAL ERA

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**Abstract.** The impact of neoliberalism on immigration policy is an area that needs to be studied for the crucial role it has in shaping the socio-economic and political direction of a nation. It is of vital signification because of the role it has in shaping the nature of human lives. This paper is an attempt to study the interrelationship between the welfare state and migration juxtaposed in the neo-liberal era. An attempt is made to delineate theoretically the relationship between migration and the welfare state.

**Keywords:** *Neo - liberalism, inter relationship, welfare state.*

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### 1. Introduction

The study of migration and welfare state in neo-liberal era is of vital significance since it has important ramification on various aspects. Nobel laureate economist Milton Friedman pointed out that one cannot have free immigration and a generous welfare state, at the same time. Public opinion in the developed economies, with a fairly generous welfare system, favors putting in some way or another restrictions on migration this is because of the consequences that migration has on a nation's economy. For instance, the population growth rate is determined by the birth rate, death rate and migration determine the size of population and thereby the structure of population. Also, migration plays a crucial role in shaping the distribution of population and supply of labour in the country. The impact of neoliberalism on immigration policy has not been sufficiently studied.

The 1970s witnessed the beginning of a new world order conceptualized by leading political economists as neoliberal globalization. This has been accompanied by a profound restructuring of the world's economy under the influence of large multinational corporations, the globe's most powerful governments led by the United States, and a triad of international bodies: the World bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) (Petras & Veltmeyer, 2000). This new scenario has reshaped the scope and nature of contemporary human mobility. The 1970s witnessed the beginning of a new world order conceptualized by leading political economists as neoliberal globalization. This has been accompanied by a profound restructuring of the world's economy under the influence of large multinational corporations, the globe's most powerful governments led by the United States and a triad

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of international bodies: the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) (Petras & Veltmeyer, 2000). This new scenario has reshaped the scope and nature of contemporary human mobility the beginning of a new world order was witnessed during the early 1970s. It came to be conceptualized as neoliberal globalization by leading political economists. It has been possible by the profound restructuring of the world's economy under the influence of large multinational corporations, the globe's most powerful governments led by the United States, and a triad of international bodies: the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) ((Petras & Veltmeyer, 2000). This development has reshaped the scope and nature of contemporary human mobility.

## 2. Conceptualization

### *Migration:*

Migration is the movement of people between regions or countries. It is the process of changing one's place of residence and permanently living in a region or country. Migration shows the trends of social changes. Historically, during the process of industrialization and economic development, people migrated from farms to industries, from villages to cities, from one city to another and from one country to another. In modern times, technological changes are triggering large-scale migration from rural to urban areas.

The Demographic Dictionary of United Nations conceptualizes migration as, "Migration is such an event in which people move from one geographical area to another geographical area. When people leaving their place of residence go to live permanently in another area then this is called migration".

Migration may be permanent or temporary with the intention of returning to the place of origin in future.

### Types of Migration:

Migration is of the following types:

1. Immigration and Emigration: When people from one country move permanently to another country, for example, if people from India move to America then for America, it is termed as Immigration, whereas for India it is termed as Emigration.

2. In-migration and Out-migration:

In-migration means migration occurring within an area only, while out-migration means migration out of the area. Both types of migration are called internal migration occurring within the country. Migration from Bihar to Bangalore is in-migration for Bangalore, while it is out-migration for Bihar.

3. Gross and Net Migration:

During any time period, the total number of persons coming in the country and the total number of people going out of the country for residing is called gross migration. The difference between the total number of persons coming to reside in a country and going out of the country for residing during any time period is termed as net migration.

4. Internal Migration and External Migration:

Internal migration means the movement of people in different states and regions within a country from one place to another. On the other hand, external or international migration refers to the movement of people from one country to another for permanent settlement.

***Welfare state:***

The welfare state is a form of government in which the state protects and promotes the economic and social well-being of the citizens, based upon the principles of equal opportunity, equitable distribution of wealth and public responsibility for citizens unable to avail themselves of the minimal provisions for a good life. Sociologist T.H. Marshall described the modern welfare state as, "a distinctive combination of democracy, welfare, and capitalism". The welfare state, as a type of mixed economy, funds the governmental institutions for healthcare and education along with direct benefits given to individual citizens.

In the Indian context, Emperor Ashoka had put forth his idea of a welfare state during the 3rd century BCE. He envisioned his dharma (religion or path) as a collection of not just high-sounding phrases. He tried to consciously adopt it as a matter of state policy. His conceptualization was so broad that he declared that "all men are my children" and "whatever exertion I make, I strive only to discharge debt that I owe to all living creatures". This was a totally new ideal of kingship. Renouncing war and conquest by violence, prohibiting the killing of animals, etc. were some of the aspects that he adopted to promote welfare during his rule.

***Neo-liberalization:***

"Neoliberalism" refers to a plethora of market-oriented reform policies such as "eliminating price controls, deregulating capital markets, lowering trade barriers" and reducing state influence in the economy, especially through privatization and austerity.

Neo-liberal globalization is characterized by the presence of various economic facets such as the internationalization of capital, proper channelization of financial capital, the absence of sensitization towards the rapidly depleting natural resources, large scale advances in technology, a rapidly changing labour market scenario and the fluid dynamics of migration upon the economy.

***Basic features of neoliberal globalization***

1. *The internationalization of capital.* The global economy's expansion strategy is based on a profound economic restructuring based on the establishment of subcontracting chains owned by large multinational corporations, which are spread across the world's geography. This form of expansion seeks to economically reinsert peripheral countries that are rich in natural resources and to ensure an abundant and cheap workforce. The new export platforms, in fact, operate as enclaves. These types of platforms currently employ around 66 million southern workers (Boyenge, 2007) and the strategy is widely implemented by large manufacturing, financial, agricultural, commercial and service sector multinationals (Robinson, 2008).

2. *Financialization.* Financial capital generates speculative strategies that foster the channeling of investment funds, sovereign funds and social surplus toward new financial instruments that offer short-term high-profit margins but can entail recurrent crises and massive fraud; the latter obstruct and affect the functioning of the so-called real economy (Foster & Magdoff, 2009).

3. *Environmental degradation.* Biodiversity, natural resources and communal and national wealth are privatized for the benefit of large corporations that favor profits while ignoring social and environmental costs. This leads to increased environmental degradation, pollution, famine and disease, as well as climate changes (global warming and increasingly frequent extreme climatic events) that threaten the symbiotic relationship between humans and the environment.

4. *The restructuring of innovation systems.* Advances in information technology, tele-communications, biotechnology, new materials and nanotechnology cater to the needs of large corporations looking for increased profits. Scientific and technological research have been restructured under mechanisms such as outsourcing and offshore outsourcing, which allow corporations to employ southern scientists, transfer risk and responsibility and capitalize on resultant benefits by amassing patents. This has led to unprecedented mercantilism in scientific research, short-term perspectives and a lack of social concern.

5. *Labor precariousness.* Cheapening labor is one of the main engines behind the new capitalist machine. Massive labor supply originating in Africa, Latin America, Asia, and the former Soviet Union supports this dynamic and has led to the growing transnationalization, differentiation and precariousness of labor markets. The result is a new set of divisions at the heart of the working class: labor, national, racial and cultural hierarchies allow large corporations to benefit from cheap and flexible work-force sources (Schierup *et al.*, 2006; Harvey 2007).

6. *The new migration dynamics.* While migration is a historical process with a certain degree of continuity, it has undergone a dramatic transformation under neoliberal globalization. It is now characterized by

(a) Strong pressure to emigrate given the lack of job opportunities in sending areas and

(b) The growing vulnerability and extreme exploitation of migrant workers in origin, transit and destination countries. Most new migration waves comprise South–North (82 million) and South-South (74 million) flows; there is also a significant volume of internal migrants (750 million). Overall, migration has become an essential component of the process of capitalist restructuring (Delgado-Wise & Covarrubias, 2007).

### *Unequal development*

The architecture of neoliberal globalization is based on the implementation of structural adjustment programs in southern nations. These programs are centered on the precepts of privatization, deregulation and liberalization and have been a tool with which to insert peripheral economies – including most of the ex-Soviet bloc member countries – into the dynamics of globalization. As a result, production systems have been dismantled, facilitating the influx of foreign capital and generating a massive oversupply of labor (Delgado-Wise & Covarrubias, 2007).

Generally speaking, these processes have resulted in the entrenchment of two particularly relevant phenomena:

1. *Deepening asymmetries within countries and between countries and regions.* From a geostrategic standpoint, we can observe a deepening differentiation between developed and peripheral countries and between their national territories and regional area, which leads to increasing social and economic (financial, technological and productive) gaps that reflect a complex system of asymmetric power relations between regions, countries and localities.

2. *Increase in social inequalities.* Social inequality is one of the most distressing aspects of our times. It is expressed in the unprecedented concentration of capital, power and wealth in a few hands while a growing segment of the population suffers poverty, exploitation, and exclusion. Increasing disparities are also expressed in:

(a) Growing racial, ethnic and gender discrimination;

(b) Reduced access to production and employment;

(c) A sharp decline in living and working conditions and

(d) The progressive dismantling and segmentation of social security systems.

The concept of uneven development encapsulates this dominant trend and refers to the historical, economic, social and political processes of polarization (between regions, countries and social classes) derived from the dynamics of capital accumulation, the international division of labor, the new geopolitical atlas, and class conflict across space and hierarchies.

A key underlying factor is the emergence of a new international division of labor whereby the exploitation of the workforce – via labor migration and export platforms established in peripheral nations – has become a central factor. This in turn is related to the emergence of new forms of unequal exchange (Delgado-Wise & Márquez, 2007).

### ***Forced migration***

Uneven development in the neoliberal context generates a new type of migration that can be characterized as forced. Although the concept of forced migration does not apply to all migrants, it does characterize, to a great extent, current migration flows. In the field of human rights, the term refers specifically to asylum seekers, refugees, or displaced persons. From a dominant perspective, most migrants cannot be grouped under this category since these population movements are supposedly carried out voluntarily and freely. However, it is a fact that the dynamics of uneven development have led to structural conditions that foster the massive migration of dispossessed, marginalized and excluded populations. People are expelled from their places of origin in pursuit of their quest for better livelihoods and social mobility opportunities. Migration entails substantial risks and danger (especially for less qualified workers), as well as permanent exposure to labor precariousness and social exclusion in destination countries. Moreover, international migrants are subjected to criminalization and racist and discriminatory practices and policies that not only render them vulnerable and marginal but can also imperil their lives (Delgado-Wise & Márquez, 2009).

The above factors summarize the reasons to show why the concept of forced migration should be used to characterize the majority of contemporary population movements, which includes at least the following categories (Castles, 2003; Wise & Márquez, 2009):

1. *Migration due to violence, conflict and catastrophe.* Social, political and communitarian conflicts, natural disasters, major infrastructure developments and urbanization can severely affect communities, social groups, families and individuals, to the point of forcing them to abandon their place of origin and sometimes their country. This category includes refugees, asylum seekers and displaced persons. These modalities, which tend to affect populations in developing nations, have been acknowledged in international law and there are protection instruments in place. The number of refugees and asylum-seekers is currently estimated at 15 million.

2. Climate change and environmental degradation are a source of forced migration that falls outside asylum and refugee seeking categories. To understand it adequately requires an analytic approach that, on the one hand, avoids numerical speculation and on the other, does not trivialize the negative impact of environmental changes. For this reason, it is important to focus on the impact of unequal development and consequently, on the adaptive capabilities of the poorest populations, who are the most vulnerable to environmental and anthropogenic contingencies (McAdam, 2010).

3. *Human trafficking and smuggling.* This has increased at an alarming rate in recent years, becoming a highly lucrative business due to the restrictive policies of receiving countries and increasing hardship in less developed ones. Human trafficking is

associated with coercion, abduction and fraud and includes sexual exploitation and illicit adoptions among other serious violations of human rights. The global response to the sustained increase in this form of criminal activity includes the United Nations' Convention against Transnational Organized Crime, signed in Palermo in 2000 and the subsequent Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children. It is estimated that at least 2.45 million people are currently engaged in forced labor as a consequence of internal and international human trafficking.

4. *Migration due to dispossession, exclusion and unemployment.* Neoliberal globalization has led to permanent social tensions in underdeveloped nations, depriving large sectors of the population of production and subsistence means and forcing them to emigrate in search of better livelihoods, both for themselves and for their families. Most current labor migration falls under this category, which is characterized

5. By extreme vulnerability and exploitation. According to the International Labour Organization (ILO), there are some 100 million labor migrants across the world. While this type of migration is addressed by certain protection instruments – including those incorporated in the 1990 International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families – these lack effective implementation. Instead of adequately categorizing the problems and risks to which these migrants are exposed, such instruments generally place them under the category of “economic migrants”, which assumes that they travel in a context of freedom and social mobility.

6. In a less strict sense, migration due to over-qualification and lack of opportunities can be considered as a fourth type of forced migration. It ensues from structural imbalances in the labor market and limited institutional backing, which results in many highly qualified workers being unable to find fitting occupational opportunities in their own country. While these migrants do not face serious problems when moving or seeking to cover their basic needs, they migrate in order to fulfill their labor and intellectual potential, even if they are often subjected to labor degradation and wage discrimination in destination countries.

7. In its diverse manifestations, forced migration constitutes a source of cheap labor and subsequently, plays a key role in the current dynamics of uneven development and the new global architecture.

#### ***Welfare state and immigration:***

Welfare migration has received considerable attention in the literature, however, with mixed results. Several studies have examined whether welfare-state generosity acts as a magnet for migrants. Borjas (1999) found that low-skilled migrants are much more heavily clustered in high-benefit states, in comparison to other migrants or natives. On the other hand, Levine and Zimmerman (1999) found no support for the welfare magnet hypothesis in their analysis of moves within the US.

De Giorgi and Pellizzari (2009) explored the issue of welfare migration across the countries of the pre-enlargement European Union and found a significant but small effect of the generosity of welfare on migration decisions, though the effect is stronger for unskilled workers. Evidence suggests that the generosity of the welfare state adversely affects the skill-composition of migrants under free-migration (social magnet hypothesis), but it exerts a more positive effect under a policy-controlled migration regime (fiscal burden hypothesis), even after controlling for the differential returns in skills in source and host countries. Interestingly, these results hold for both developed and developing countries, but the effect at first seems to be larger for developed countries. However, once we adjust for educational quality, the effect of welfare state generosity on skill

composition increases for immigration from developing countries and converges to that experienced by immigration from developed countries.

### **3. Conclusion**

A neo liberalized world is one that is characterized by fast paced changes in the economic structure of a nation. This structuring process of taking place under neoliberal globalization entails the growing monopolization of global production, finance, services, and commerce. It is also marked by an exodus of labour leading to increased labor exploitation and environmental degradation.

Public debate on immigration has increasingly focused on the welfare state amid fears that immigrants are a fiscal drain. Particularly there have been increasing concerns that welfare-state generosity works as a social magnet to immigrants. The conceptualization of migration now has a different dimension to it that needs to be juxtaposed against the emergence of a new international division of labor leading to the exploitation of the workforce – via labor migration and export platforms established in peripheral nations – has become a central factor. This leads to the emergence of new forms of unequal exchange – an important facet emerging due to the dynamic relationship between migration and neo-liberalization. A welfare state must strive to balance the polarization caused due to unequal growth while giving due importance to economic development. A form of government in which the state protects and promotes the economic and social well-being of the citizens, based upon the principles of equal opportunity, equitable distribution of wealth and public responsibility for citizens unable to avail themselves of the minimal provisions for a good life.

Despite some progress on immigration reforms and policies, migrants still face great obstacles. The labor market situation for migrants has worsened over the past five years in many countries. Unemployment amongst immigrants rose by 5 percentage between 2008 and 2012, in comparison to a 3 percentage increase amongst natives. And the level of long-term unemployment amongst immigrants is alarming. In Europe, for instance, almost one in every two unemployed migrants has been seeking employment for more than a year, exposing them to serious risk of marginalisation. This is a more pressing concern in some countries, like Southern Europe, where unemployment rates are as high as 50% for certain groups, than in others. In, Australia, Canada and Germany, for example, immigrants fare relatively well.

Discrimination is a second challenge facing migrants. Discrimination tends to be much more prevalent than commonly thought. Discrimination hinders labour market integration and limits opportunities to fully contribute to the economic and social progress of the host country. It is not just immigrants themselves that suffer, but the wider economy and society as a whole. And because discrimination is often caused by unfounded stereotypes about immigrants, it is up to governments and individuals to tackle these stereotypes generalities by putting the facts on the table and by maintaining a balanced discourse on migration issues.

Migrants, in most countries, contribute more in taxes and social contributions than they receive in individual benefits. The fiscal impact of migrants of migration is mostly neutral and in some cases, even positive. Immigrants contribute less to the public purse than the native-born because of their lower average incomes, but they do not receive more in terms of benefits. This is in contrast to widespread stereotypes.

While these findings relate to all immigrants, including humanitarian and family

migrants, there is one group that contributes consistently and positively to the fiscal balance: young, well qualified, labour migrants. But for harnessing these benefits, it is crucial to promote access to employment for migrants. However, these benefits are lost if migrants remain unemployed. Getting immigrants into jobs is therefore the single most important goal in ensuring that they contribute positively to the public purse.

Broadly speaking, in a neo liberalized era, immigration is fiscally neutral and can, at least in part, help countries to tackle ageing-related labour shortages. In those countries facing fiscal challenges, it is therefore imperative to avoid cutting back disproportionately systematically on integration programmes. Instead, efforts should be focused on measures that provide the largest pay off, notably language and professional training and on the most vulnerable groups, such as young migrants.

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