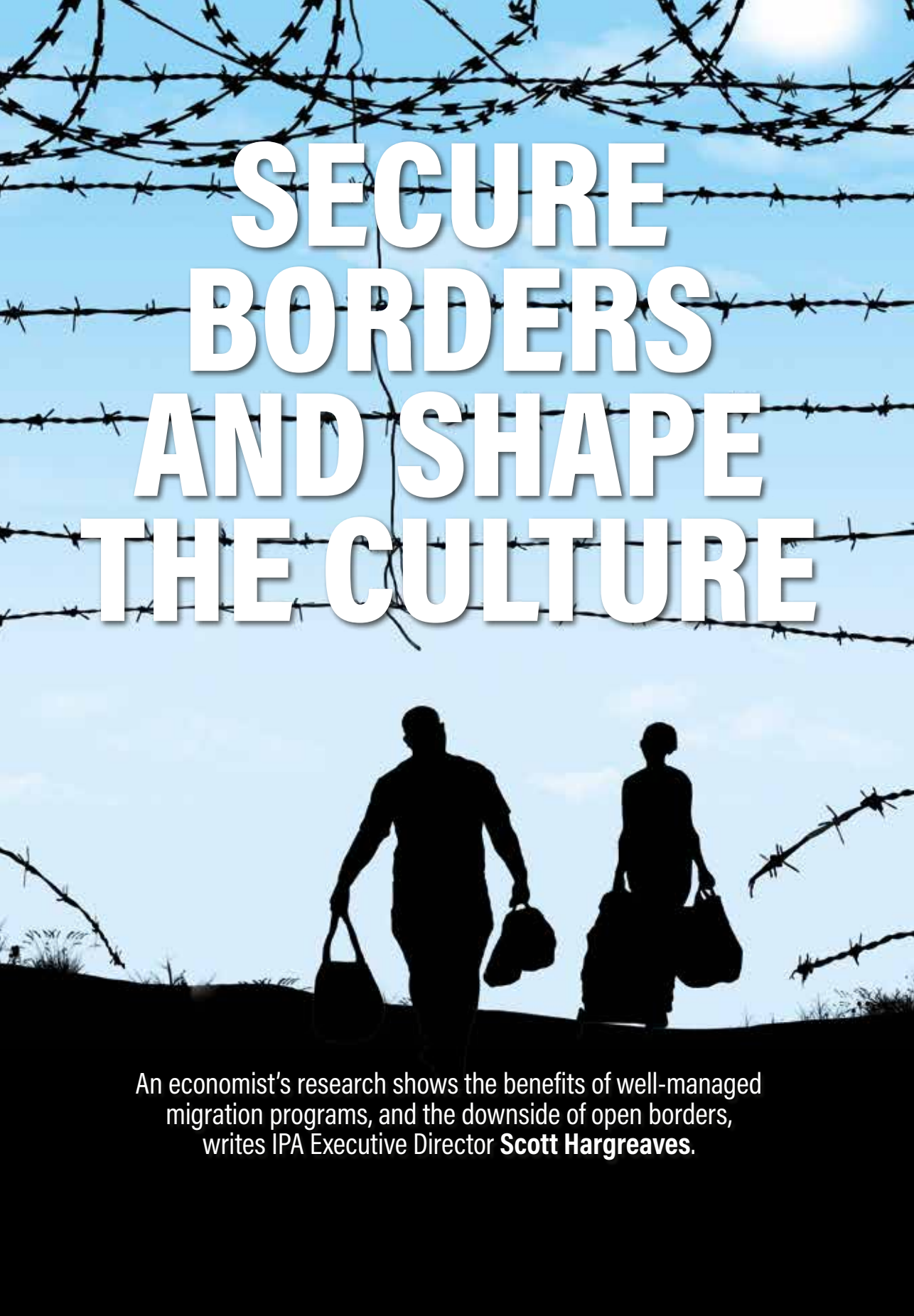




SECURE BORDERS AND SHAPE THE CULTURE

An economist's research shows the benefits of well-managed migration programs, and the downside of open borders, writes IPA Executive Director **Scott Hargreaves**.

This book is not specifically about Australian culture or our immigration policies, but should be compulsory reading for anyone concerned with either or both. Talking about immigration, or what kind of culture we have or want in Australia, can be fraught. Just stating that British colonialism left Australia with a set of remarkably effective institutions for a free and democratic society can get you into trouble. Discussions about integration, assimilation, or the benefits or otherwise of immigration can also lead to heated arguments.

Garrett Jones is an economics professor at George Mason University (GMU) in Virginia. He sidesteps ideological argument by applying the Big Data approach to social analysis, made possible by the enormous increase in computing power over the last three decades. The studies he quotes from often involve massive cross-country comparisons across multiple variables and long time periods. (One seminal paper from 1997 is titled 'I Just Ran Four Million Regressions'.) That said, the prose is straightforward and you do not have to be an expert to follow the gist.

His findings are likely to upset those on both sides of most arguments. His central premise is that the level of socio-economic development in countries around the world is overwhelmingly determined by the cultures of the people who make up the population. It is not the level of natural resources, or proximity to the equator (an idea from the 19th century), or the presence of essential institutions of governance. In any given country, historical levels of State capacity and technological advancement are the great predictors of current performance, *after* they are adjusted for immigration. In Canada, say, the level of State capacity and technological advancement as at 1500 was effectively zero, but when we adjust for the levels displayed in the countries that were the source of its migrants (particularly the UK and France), the indicators are quite high, as is current economic performance.

Allied to this is the finding established across multiple studies that culture persists



Book Review

The Culture Transplant: How Migrants Make the Economies They Move To a Lot Like the Ones They Left

Garrett Jones
Stanford University Press,
2022,
pp228

across generations, even down to the fourth generation. This is culture measured by attitudes on key indicators such as the role of the family, trust towards outsiders, hope for social mobility, fatalism, and so on. The idea of the 'melting pot' was invented (he points out) by a newspaper editor in the US, and is a statement of aspiration rather than reality (Jones' first chapter is titled 'The Assimilation Myth'). In academic literature, the theory of cultural persistence driving economic outcomes is known as Deep Roots.

The author's findings will upset both sides of debate.

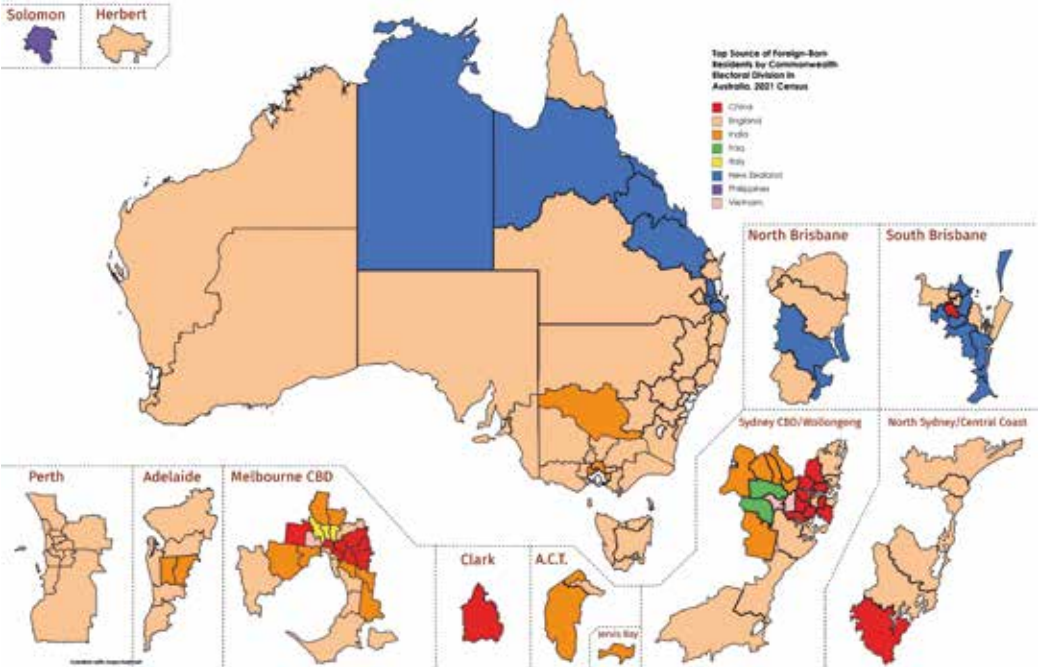
This is the basis of his finding, which forms the book's subtitle: *How Migrants Make the Economies They Move To a Lot Like the Ones They Left*. Thus we have the examples of what he terms 'neo-European' societies—Canada, the US, Australia, and New Zealand—where culture aligns not with the level of development in the regions in 1500, but

the level of development of cultures who through immigration are preponderant in those societies.

His other great example is the Chinese diaspora. China was the site of one of the earliest civilisations built on settled agriculture, and by 1500 had a sophisticated State apparatus and high levels of technological development. Consistent with Jones’s theory, we see Chinese-dominant societies such as Singapore, Taiwan, and Hong Kong do extremely well. Until the study of culture came to the fore in economics in the early 2000s, the focus was on institutions. The story of Hong Kong would have focussed on the rule of law, State capacity (efficient, mostly clean administration), low taxation, and strong property rights. But the British gave those institutions to other countries, who did not fare so well (IPA Research Fellow Kevin You, in his article ‘Colombo Picked The Wrong Plan’ in the Spring 2022 edition of the *IPA Review*, chronicled the sad decline of

Sri Lanka over the last few decades). As Jones says, the *underperformance* of mainland China is what needs to be explained, and I would say we could *then* have recourse to the institutional arguments and the importance of the British and European elements outlined in the previous paragraph. Jones just refers to the ravages of civil war and then the pernicious effects of Maoism. He goes so far as to observe that had the Nationalists prevailed, the economic take-off could have occurred decades before it was finally initiated under Deng Xiaoping.

Jones does not digress into the factors behind why some States continue to develop and some do not. A more sophisticated version can be found in Daron Acemoglu and James Robinson’s *The Narrow Corridor: States, Societies, and the Fate of Liberty* (Penguin, 2019), reviewed in *IPA Review* (Winter 2020) by Paul Monk. But, being data driven, he does not need to. State development at 1500 is only just behind



Top Source of Foreign-Born Residents by Commonwealth Electoral Division, 2021 Census.

Source: Siddharth Khurana/Twitter via Garrett Jones

the level of technological development as a predictor of current economic development.

Still on Chinese culture—renowned for its levels of thrift, hard work, commitment to education, and facility with trade and commerce—he looks at the ASEAN countries to demonstrate a relationship between the proportion of Chinese in the population and income per capita. Malaysia, for example, does better than Indonesia. In 2019 the proportion of the population of Chinese descent in Malaysia was 33 per cent, and the average income per person was \$30,000, whereas in Indonesia the proportion is 4 per cent and the income per person \$12,000. The relationship holds across other countries such as the Philippines, only weakening in countries where there is more integration and inter-marriage, particularly Thailand.

Persistence of culture trumps assimilation.

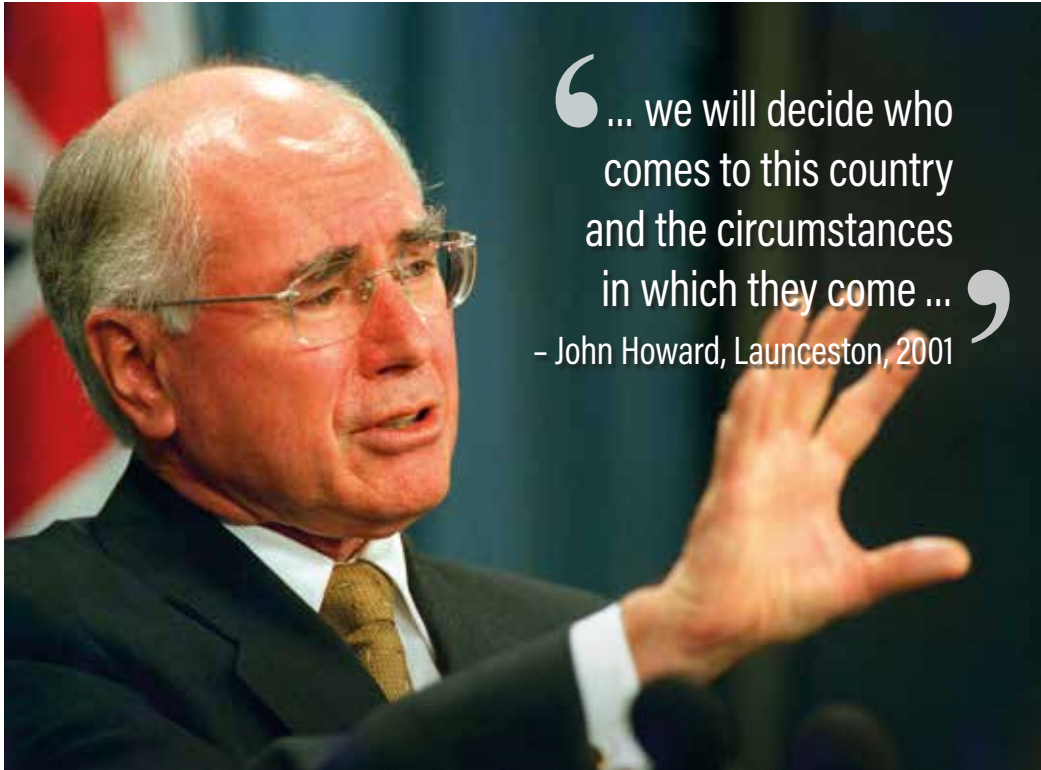
Importantly, Jones understands that ultimately the prosperity the Chinese help develop comes because of the mercantile and free market culture they foster. The greater the influence of Chinese culture across south-east Asia countries, then the higher the ranking in the Cato Institute's Index of Economic Freedom. This leads to one of Jones' more bracing recommendations, that the best thing less-developed countries could do would be to encourage immigration from China, to establish market-oriented communities to develop commerce, trade and other key economic institutions (and provide a constituency to support the development of State capacity and economic reform). He does not mention the Belt and Road agenda of the CCP, which unfortunately puts a geopolitical overlay on the potentially beneficial

contribution individual Chinese migrants could make around the world.

He fully acknowledges that increasing the proportion of Chinese in less-developed societies would likely lead to an increase in ethnic tensions, and is well aware of the history of periodic anti-Chinese riots in South-East Asia. He shows he knows too that such patterns sadly lead to ethnic conflict across human history, but in the classic approach of an economist believes such societies would be better off in the long run. In a longer book he might have looked at the influence of the Indian diaspora, facilitated by the British Empire, which I suspect would tell a similar story (when Idi Amin and other post-independence leaders in Africa forced the Indian community to leave, it was an economic disaster). Or we might give the examples of Frederick the Great making Prussia a refuge for the industrious Huguenots, or the beneficial influence of Jewish business and mercantile leaders as Europe emerged from the Dark Ages.

In this book he imagines what it would be like if less-developed countries invited immigration from China, and paints it as a vastly superior option to that of 'open borders'. He explicitly (if politely) rebukes the efforts by fellow GMU economist, Bryan Caplan, and also the libertarian Cato Institute, to argue that any form of immigration from anywhere is beneficial. Caplan had argued that: "If people have a generic tendency to prefer what already exists, admitting them to a more libertarian society effectively makes them more libertarian". But Jones quotes a study of fourth-generation migrants to the US that shows they do *not* conform to the average Americans' attitude to government. Persistence of culture trumps assimilation.

Open borders is superficially attractive as a moral argument because those from countries suffering crushing poverty could migrate to countries and have their lives improved. But Jones explicitly draws upon the fable of the Goose That Laid the Golden Egg. This strategy would over time drag those countries down to the level of the countries



“... we will decide who comes to this country and the circumstances in which they come ...”
 – John Howard, Launceston, 2001

who were the source of the migration. Jones had earlier established that certain countries are overwhelmingly responsible for progress through R&D and invention.

Based on patent and other data, the seven most important countries are China, France, Germany, Japan, South Korea, the UK, and the US, and then we observe that innovations developed in those countries spread to the rest of the world over periods from four to 20 years. It is therefore doubly important to Jones that those countries maintain their coherence, because they serve as the engine rooms of innovations that ultimately benefit all mankind (as we know, a mere patent is not enough to stop reverse engineering, another means by which benefits spread).

Although Australia is not one of those countries, we still benefit through the diffusion of new products and technologies, and make our own contributions in areas in which we have some specialisation and advantage. The idea, which is found not

only on the left, that through Government interventions we can project ourselves into the big league of industrial leadership is a dangerous delusion.

In telling the tale of the Goose and the Golden Egg, Jones explicitly rejects the idea that when it comes to immigration, diversity is inherently good and the level of immigration is more important than composition. He explicitly differentiates between a group of countries which enable ethnically diverse immigration but with accompanying requirement of being highly skilled (Hong Kong until recently, Australia, New Zealand, and Canada), and those such as the US, France, Italy, and the UK “that have apparently built their immigration policies around the outdated, unscientific cliché that our ethnic diversity, in and of itself, is our strength”.

Jones’ perspective is a very useful way to frame Brexit and the faltering attempts of the Conservative Government to shift to an

Australian-style points-based immigration system, and indeed to implement the equivalent of a ‘Pacific Solution’ (repatriating asylum seekers to Rwanda). In the UK as in Australia, only globalists and open borders supporters snippily assume the host populations are nativist and necessarily opposed to all immigration—whereas in both countries support for immigration grows once there are secure borders and a sovereign right, to quote John Howard, “to decide who comes to this country and the circumstances in which they come”. Or as Tony Abbott said on his way to election victory, “Stop the Boats”.

Immigrants can import new ideologies.

I should note Jones acknowledges admitting a stream of refugees on a purely humanitarian basis is reasonable and coherent—so long as (a) it does not rely on false claims about the benefits of “diversity” for its own sake, and (b) we understand it does not necessarily scale (that Goose again).

The book is 228 pages and there is much more that Jones could have pursued. For example, when activists decry the British colonisation of Australia it is not uncommon for defenders of our way of life to say, well, it could have been worse: it could have been the French, or the Spanish. I may have said this myself from time to time, fully in the knowledge that it is by no means a complete response to the many harms, tragedies and crimes of our colonial period. But the whole point of the scholarly work by Margaret Cameron-Ash, *Beating France to Botany Bay: The Race to Found Australia* (Quadrant Books, 2021), is that unless the First Fleet had sailed it *would* have been

the French.

Now Jones does not delve deeply into the French experience, but he does quote the studies that show that there is indeed a *negative* correlation between level of economic development and Spanish colonisation—the Philippines being an example from our region.

There is also a glancing reference to Australia, one which suggests that persistence of culture across generations is less than that for the US. This could perhaps be related to the nature of our immigration, where ethnic diversity can sometimes mask an underlying alignment around core values such as thrift, education, markets, the role of government, and the family unit (something Jones explains later in the book).

There was also a conscious effort for a long time to ensure that the push for multiculturalism was balanced with a commitment to a shared Australian culture, symbolised by the often very moving ceremonies of citizenship conducted on Australia Day. I was reminded of this when I read a thoughtful and positive article on what it means to be Australian published in 2022 by Victorian ALP Senator Raff Ciccone. He quoted a speech made during Australia’s Bicentenary by the then ALP Prime Minister, Bob Hawke, who said:

In Australia, there is no hierarchy of descents. There must be no privilege of origin ... the commitment to Australia is the one thing needful to be a true Australian.

Senator Ciccone went on to say:

Hawke told the crowd it was our common purpose of freedom, fairness, justice and peace that would bind together Indigenous Australians and all those born in the more than 190 countries from which our nation is drawn... He put multiculturalism at the heart of our nation, celebrated the



Eva Peron waves to supporters in Buenos Aires in October 1951.

Photo: Archivo Clarin/AP

richness of our diversity and made a profound call to collective national commitment. Now, more than three decades later, we still must hark back to Hawke's words.

There is the nod to diversity, but also a call to be a 'true Australian' and the shared 'national commitment'.

Another example of interest to Australia described by Jones is that of Argentina. A story well known to those Australians who care about such things (like those of us at the IPA!) is that at the end of the nineteenth century Australia and Argentina were among the richest countries in the world on a per capita basis, if not the richest.

They were market-oriented economies enmeshed in world trade, with strong institutions of government, the rule of law, and an outward orientation. Then, over the course of the 20th century, Argentina declined. It turned towards protectionism,

State interventionism, left-populism, and Strongman rule, with catastrophic results for per capita income. During our last period of economic stagnation it became a cautionary tale for Australians (Duncan and Fogarty, 1984, *Australia and Argentina: On Parallel Paths*), one even quoted by then Opposition Leader and later Premier of Victoria, Jeff Kennett.

The story remains true, but the institutional explanation does not really address the question of *why*. Yes, the institutions degraded, but why? The evidence that Jones deploys highlights the importance of the culture of those migrating to Argentina from Spain in the early 1900s, who essentially were economic and political refugees from a failing Spain:

The immigrants, or at least a large, politically organized subset of them, bring ideas from their homelands, ideas that weren't selling back there. Socialism, anarchism, strong labour

unions, strands of Marxism—they import these ideas and more to their new home, ideas that were barely on the map beforehand. Immigrants import a new economic ideology.

The rot set in when the middle class wavered:

They had started off as supporters of the traditional market-friendly system. But the socialists promise lots of good-paying government jobs, jobs with stability, and that has a lot of appeal. And the socialists promised a strong social safety net as well ... (then) a fusionist leader rises to power—blending the substance of the Left with some of the trapping of the Right. He pushes for high taxes on elite, he increases government regulation over the economy, and he pushes for higher government spending.

Jones tells this story of what became Peronism to indicate the influence of culture and the importance of understanding which particular migrants from which particular countries went where. It also illustrates the importance of bad ideas, like socialism.

Kevin You's account of Sri Lanka—as mentioned earlier—tracks the impact on that country of a globalist culture focussed on a deformed version of sustainability and messianic ideas of State-sponsored innovation, which had disastrous results. Culture carries both good and bad ideas, and trumps institutions and natural resources as explanations of societal outcomes. That is why we must pay attention to it, if Australia is to continue to thrive as a free, independent, and prosperous nation-state.



Garrett Jones, ISF Podcast E36 20 Dec 2022.

Source: YouTube screenshots

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