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"Government Expenditure and a Decision to Emigrate"

Amidst President Joe Biden's recent efforts to pass social and infrastructure spending with support mainly from Democrats in the US Congress, Black Americans are left with an important question: What will we gain?

Those following Congressional Legislation over the past 10 months can pinpoint a handful of areas where Black Americans have benefited, and are likely to benefit, at the margin. But relative to White Americans and relative to our outsized role in swinging the 2020 Presidential Election in favor of the Democrats, Black Americans have not gained, and will not gain, proportionately—certainly not as much as expected.

Simultaneously, as immigrants (Latinos, Afro-Caribbeans, Afghanis, and others) flow into the US, we know that they are coming because the country appears to offer better outcomes than those expected in their home countries.

Should not Black Americans ponder a related question? Would Black Americans be better off in another country? Should Black Americans emigrate from the US?

The latter questions serve as an umbrella for a myriad of related questions. For example, can we obtain visas easily to relocate to other countries? How would we support ourselves economically in another country? Would racism and discrimination be more or less pronounced in another country compared to the US? Answers to these questions are beyond the scope of this essay. However, there is one question that we can answer: Based merely on government spending, do other countries offer better conditions?

We formulated the latter question because, theoretically, more government spending, when not diffused by corruption and/or X-inefficiency, implies better government goods and services. All else equal, higher quality government goods and services imply a better quality of life for residents. This appears to be a reasonable assumption, so we collected and analyzed data to assess it.

Table 1 (next page) shows: (1) Total expenditure (TE) by general governments for 2017 for 13 countries with at least a $1 trillion gross domestic product (GDP);[1] (2) populations (POP) for these countries during

[1] These are TE by Function (COFOG, Classifications of the Functions of Government) statistics from the International Monetary Fund; https://data.imf.org/?sk=a0867067-d23c-4ebc-ad23-d3b015045405&sId=1544448210372 (Ret. 100421). The data represent general government (central, state/provincial, and municipal/local). Although India, South Korea, and Mexico represent trillion-dollar economies, general government TE data were not available for these economies for 2017.

2017;[2] (3) purchasing power parity (PPP) values for General Government Final Consumption Expenditure (GGFCE) for 2017;[3] (4) Inequality Adjusted Human Development Indexes (IHDI) for the countries for 2017;[4] and (5) Adjusted Government Total Expenditure (AGTE) per capita for the countries that reflect adjustments for PPPs and IHIs that are normalized to the United States.[5] One shortcoming of the AGTEs is that they do not reflect an adjustment for variation in the surface areas that comprise these countries.

Table 1.—Adjusted Government Total Expenditure Per Capita for 2017

Line No.	Countries	2017 Government Total Expenditure (millions of national currency)	2017 Population (millions)	2017 GGFCE PPP (USD)	2017 UNDP IHDI	2017 Adjusted Total Government Expenditure Per Capita (US dollars)
1	Australia	647,600	24.6	1.260	0.861	22,570.75
2	Brazil	3,170,690	207.4	1.817	0.578	6,101.82
3	Canada	783,380	35.6	1.008	0.852	23,336.90
4	China, Mainland	25,011,760	1,380.0	3.699	0.643	3,953.06
5	France	1,297,870	62.8	0.624	0.808	33,576.85
6	Germany	1,438,800	80.6	0.627	0.861	30,756.91
7	Indonesia	2,252,230,000	264.7	3,062.760	0.563	1,962.44
8	Italy	846,720	62.1	0.622	0.771	21,205.76
9	Japan	209,582,900	126.5	79.983	0.876	22,767.40
10	Russian Federation	33,645,540	142.3	12.161	0.738	18,003.27
11	Spain	471,250	49.0	0.532	0.754	17,102.38
12	United Kingdom	853,320	65.6	0.577	0.835	23,618.94
13	United States	7,414,720	326.6	1.000	0.797	**22,702.76**

Sources: Various; see footnotes 1-5.

[2] The 2017 POP data are from the *2018 World Fact Book* from the CIA; https://www.cia.gov/the-world-factbook/about/cover-gallery/2018-cover/ (Ret. 100421).

[3] PPP estimates, which account for exchange rate and price level differences relative to the United States, are 2017 Benchmark Estimates from the World Bank's International Comparison Program; https://www.worldbank.org/en/programs/icp#5 (Ret. 100421). The GGFCE PPPs are used instead of the GDP PPPs. Notably, the GGFCE PPPs include government Individual and Collective Consumption, but exclude government Gross Fixed Capital Formation. PPPs for all three components of total government expenditure were not available. GDP PPPs were viewed as too broad. Importantly, Benchmark year PPPs are viewed as being of the highest available quality.

[4] The IHDIs are from the United Nations Development Program's *Human Development Indices and Indicators 2018 Statistical Update*; http://hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf (Ret. 100421). The IHDIs reflect countries' human development (a composite of life expectancy at birth, expected years of schooling, mean years of schooling, and gross national income per capita) all adjusted for countries' inequality in life expectancy, education, and income.

[5] The formula for computing AGTE per capita for the ith country is simply: $AGTE_i = [(TE_i/POP_i)/PPP_i] * [IHDI_i/IHDI_{US}]$. **BlackEconomics.org** computed these values.

Simply put, the far-right column of Table 1 shows that ATGE per capita estimates for five countries (Canada, France, Germany, Japan, and the United Kingdom) exceed US ATGE per capita for 2017. In other words, it seems reasonable that conditions, particularly in France and Germany, that are influenced by government spending could be an improvement over conditions in the US. As already noted, however, a multitude of additional factors should be considered beyond government spending before deciding to relocate to these countries. On the other hand, due to government spending and other factors, France already has a history of attracting Black American expatriates.

It is noteworthy that, while the US does not publish emigration statistics formally, the United Nations prepares estimates of US emigrants and reports the following statistics on the number of Americans who are living abroad over the years 1990-2020 (see Table 2).[6]

Table 2.—Total US Emigrants Living Abroad (Including in Africa): 1990–2020

Line No.	Category	1990	1995	2000	2005	2010	2015	2020
1	Total Emigrants	1,726,213	1,827,431	1,979,327	2,296,999	2,670,652	2,717,761	2,996,223
2	Emigrants in Africa	52,040	40,804	32,900	36,749	36,526	35,526	40,539

Source: United Nations

Table 2 shows that US emigration has increased at an almost 2.0 percent average annual rate over 1990-2020. However, US emigrants residing in Africa declined over the period at about an 0.8 percent average annual rate. We believe that total US emigration, including to Africa, may accelerate somewhat in the future as the US becomes increasingly fragmented along ethnic and racial lines.

At least now you have a statistical framework to explore should you ever consider relocating to another country. A key factor in your decision-making process should certainly be the level of government spending. Keep in mind that the flip side of that increased government spending is the likelihood of higher tax obligations.

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10/15/21

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[6] The Table 2 estimates of Total US Emigrant are from the United Nations' Department of Economic and Social Affairs (UNDESA), International Migrant Stock 2020: Table 1: International Migrant Stock at Mid-Year by Sex and Region, Country or Area of Origin, 1990-2020; https://www.un.org/development/desa/pd/content/international-migrant-stock (Ret. 101321). The estimates of US Emigrants in Africa are from the UNDESA's Population Division.