

Why Business Will Change Sides

...and accept an immigration cut-off

BY PETER BRIMELOW

[VDARE.COM note: This is an abridged version of VDARE.COM editor Peter Brimelow's chapter in *Immigration and the American Future*, the "fact-crammed collection of 14 essays" published by *Chronicles* magazine that Steve Sailer reviewed for VDARE.COM on November 12, 2007—see "Elitist Economists, Immigration, and the American Future."]

They stood close and spoke intensely but quietly, obviously not eager to attract attention. But there were even more of them than usually gather round you at the podium after you've finished a contentious debate. And their message was the same: whatever the economics of mass immigration, they were really worried about its social consequences. And they wanted to tell me their cogent reasons.

It was the summer of 1995. The issue of immigration was enjoying one of its brief moments in the sun of public attention—now forgotten, but very similar to the moment it enjoyed more recently, when it was surfaced by the Bush Administration's fanatical and foolish determina-

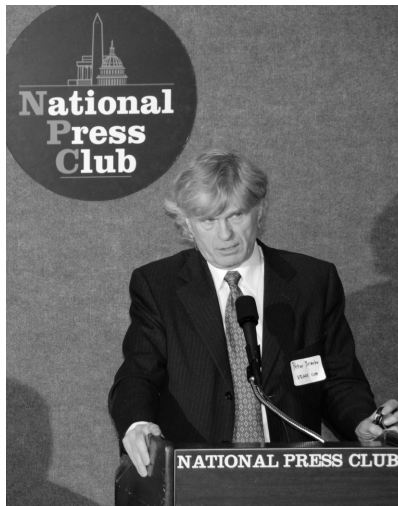
Peter Brimelow is editor of VDARE.COM and author of the much-denounced Alien Nation: Common Sense About America's Immigration Disaster (Random House - 1995) and The Worm in the Apple (HarperCollins - 2003).

tion to ram an illegal alien amnesty through Congress before the mid-term elections. Such moments are ultimately due to the relentless accumulation of foreigners in the U.S. that is occurring because of public policy, both of commission and omission, and the consequent inexorably mounting problems. But the story is not one that the Mainstream Media want to cover, and it takes something specific for them to break free of the news managers' control.

The earlier cause was the stunning victory in 1994 of California's Proposition 187, where a grassroots movement overcame the intense opposition of the state's entire political elite, liberal and "conservative," to vote restrictions on taxpayer-funded services to illegal aliens, followed by the reports (interim 1994, final 1997) of the U.S. Commission on Immigration headed by the black former Congresswoman Barbara Jordan (D-Texas), which recommended significant reductions in legal immigration. With this perfect cover, the newly Republican-controlled Congress had actually

embodied Jordan's recommendations in legislation, the Smith-Simpson bill, which it appeared posed to pass. (More recently, in sad contrast, American patriots were strictly playing defense—struggling to stop amnesty and other legislation that would have made America's epochal immigration disaster even worse.)

I was then a Senior Editor of *Forbes* magazine. I had just finished speaking at one of the magazine's CEO [Chief Executive Officer] Conferences. On the podium with me was George Gilder, famous as the author of the 1980 book *Wealth and Poverty*,



Peter Brimelow introduced VDARE contributor Ed Rubenstein during a press conference at the National Press Club on April 8, 2008.

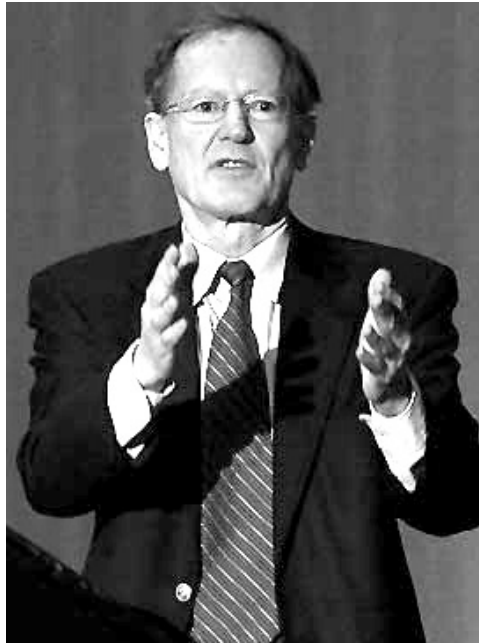
which had made the philosophical case for Ronald Reagan’s supply-side tax cuts. Gilder was then in the process of becoming even more famous—and wealthier, alas briefly—as the messianic guru of the high-tech investing boom that was to go bust so dramatically in 2000.

I had never been allowed to write about immigration in *Forbes* (more about this later) and it had been clear to me that I was not to mention it at the conference. But I had just published a book, *Alien Nation: Common Sense About America’s Immigration Disaster*, which had benefited from the issue’s moment in the sun—“one of the most widely discussed books of the year,” according to *Newsweek*’s Jerry Adler. In fact, I had loyally come off the promotion circuit at the magazine’s command to appear at the conference. And George Gilder, always something of an innocent in the context of *Forbes*’ internal politics and bursting with simplistic messianic enthusiasm for Silicon Valley and all of its works, could not restrain himself at the thought of anything that would get in the way of people like his heroes (Intel’s Andy Grove, Oracle’s Larry Ellison) and their desire to import more computer programmers.

So Gilder attacked me on immigration anyway. The audience of CEOs immediately erupted, as invariably happens when Americans realize they are going to be allowed a brief holiday from political correctness in which to discuss this most incorrect of issues.

(Gilder’s enthusiasm for Silicon Valley is widely shared in Congress—or possibly the enthusiasm is for campaign contributions. An entire immigrant category, the H(1)(b) “temporary worker” visa, has been created to allow the importation of software engineers because of an alleged “shortage” of programmers. Since 1995, some over one million

have been imported with their families; most, of course, stay. Naturally, “shortages” are now being loudly descried by opportunistic employers of other unfortunate American professionals, notably nurses and teachers. Of course, economists, unlike businessmen, don’t believe in “shortages”: they think it’s just a question of setting a price—raising wages—that will call forth supply or redirect demand. Typically, this subtlety was lost on Gilder. When I pointed out that many U.S. software engineers are actually unemployed or have been driven out of the field by immigrant competition, he yelled: “*Because they’re no good!*”)



Author and immigration enthusiast George Gilder

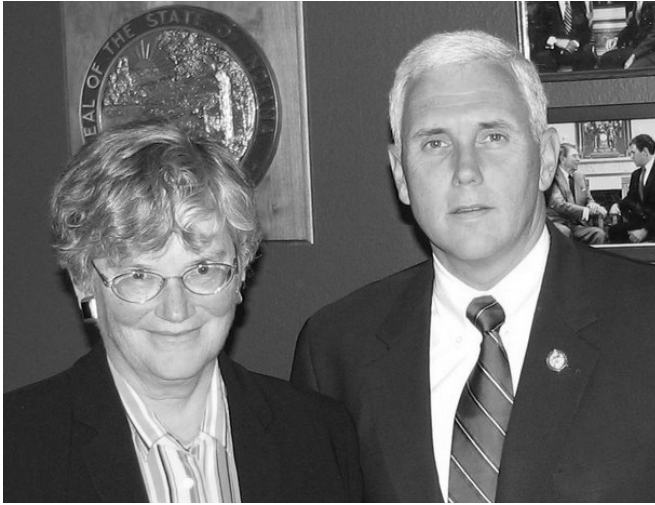
I don’t remember that the CEOs who came up to me afterward had raised their concerns from the floor. I do remember saying something rueful about our joint failure to stay away from immigration to Kip Forbes, one of the numerous sons of Malcolm swanning about with some grand but obscure function at the magazine. He responded

with ominous bad grace. But my CEOs’ arguments were telling. One told me he owned a ranch in Florida. The work used to be done by African Americans, he said. But now the workers were all Hispanics and the African Americans were on welfare. Another was on the board of a big city school. The influx of immigrants was overwhelming its resources and making it impossible to maintain standards for the native-born. Where, they wondered, would it all end?

Needless to say, I am sure that George Gilder had supporters gathered around him too. And I know, from long experience, what they would be saying: some variant of “There’s never been any real basis for opposing immigration but racism, in one form or another.”

That’s actually what Michael A. Leven, CEO of U.S. Franchise Systems Inc., a franchiser of

hotels and motels, told Sanford Ungar, according to Ungar’s 1995 book *Fresh Blood: The New American Immigrants*. Ungar apparently did not know that the Indian immigrant businessmen whom Leven has profitably helped invade the U.S. innkeeping niche—a process sometimes described as “hotels, motels, and Patels”—are heavy users of cheap affirmative-action finance, courtesy of the federal Small Business Administration (and hence, of course, the American taxpayer).



Helen Kriebler and U.S. Rep. Mike Pence (R-Ind.)

In other words, there is in fact a very “real basis” for opposing immigration: it is helping Leven enrich himself at public expense—while displacing American motel owners. Leven, of course, must have known this, even if he did not tell Ungar.

At least, you would think so. But very few people are conscious hypocrites. My observation is that the beneficiaries of privilege, both private and public, are remarkably good at rationalizing their good fortune. It is just possible that Leven simply had not thought through the ways in which he was doing well by doing (as he no doubt saw it) good.

A classic example of this occurred in the summer of 2006. Congressman Mike Pence (R-Indiana) was somehow persuaded to break with the House Immigration Reform Caucus and to espouse a modified version of President Bush’s amnesty plan—“amnesty with a trip home tacked on,” as Immigration Reform Caucus leader Tom Tancredo (R-Colo- rado) aptly described it. Pence’s plan was obviously a clumsy trick. But what was interesting was that

Pence felt comfortable heaping public praise on the plan’s supposed originator, Loctite heiress and Colorado horse farm owner Helen Kriebler. For Kriebler had been astoundingly explicit about her motives.

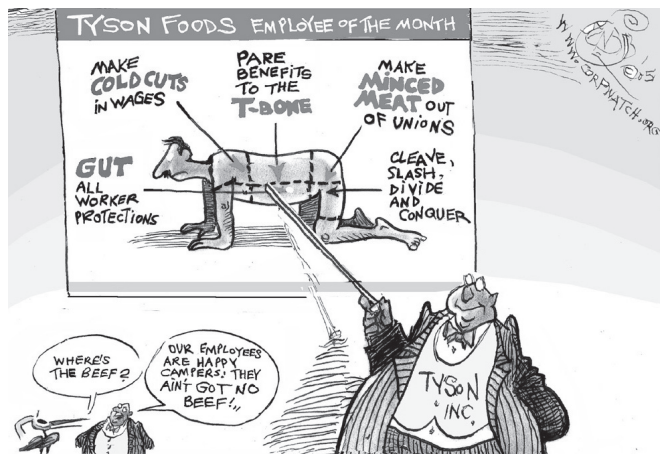
“I think I’m one of the few people involved in the immigration, public policy issue who actually has hired guest workers,” she said, describing the bureaucratic nightmare the horse farm faces when it tries to get seasonal work visas. Kriebler said farmers, ranchers and businesspeople around the country are unable to find American workers for certain jobs, even when they raise wages. She believes some are faced with a difficult choice: go out of business if they can’t find affordable, legal workers or hire illegal immigrants. “To criminalize those people—both the worker and the employer—for doing what’s necessary in each of their lives without providing any legal way for it to work is immoral in my view,” she said.

N.b. “affordable, legal workers”...my emphasis. Notwithstanding this, according to the *Rocky Mountain News*, Pence actually called his patron “the Harriet Beecher Stowe of this issue”:

The reference is to the 19th century author of *Uncle Tom’s Cabin*, whose writings exposing the evils of slavery helped set the stage for the Civil War. It’s rumored that when President Abraham Lincoln met Stowe, he famously quipped: “So this is the little lady who made this big war.” “Pence said that Kriebler smiled when he told her she stirred the immigration fight the same way because her part-time home in Connecticut is not far from Stowe’s historic residence. [“Coloradan rides into immigration fray,” by M.E. Spren- gelmeyer, *Rocky Mountain News*, July 3, 2006]

It might seem crass enough for Pence to trivialize the historic plight of America’s slaves by comparing it with illegal immigration—especially when African Americans today are clearly among the

principal victims of displacement caused by the current alien influx. (African American unemployment has actually risen during the post-2002 economic recovery.) But it shows a truly sublime innocence to raise the specter of slavery, when, from an economic standpoint, Mrs. Kriebel is the exact analytical equivalent of the ante-bellum slaveholders: self-righteously and blindly insisting on the employer's right to import labor in total disregard of the political and social consequences.



What the market is telling Mrs. Kriebel, of course, is that her horse farm is too expensive. She should either scale it back, subsidize it herself (she might have to give up that second home in Connecticut), or figure out some imaginative way of making working on it more attractive. Perhaps she could work some part-time deal with a local college, simultaneously solving her problem and the parallel problem of students graduating with crushing debt. But, in any event, this is hardly the end of the world. Her farm is, after all, a hobby.

Even if her farm were not a hobby, there is constant change in the pattern of American economic activity. The great strength of the American economy is that business owners generally do adapt—but they certainly will not do so if they can find some pliant politician offering to fix public policy to subsidize them. Immigration policy is such a subsidy. (And, incidentally, because immigration policy is currently so lax, American students are not merely ignored by employers like Kriebel but are now being driven out of even traditional seasonal work, for example in the summer colonies of Nan-

tucket and Martha's Vineyard.)

So I have begun this story at the end: the monolithic support of the business class for mass immigration, legal and illegal, is not quite so monolithic as it appears. Businessmen live in the U.S.—even if, notoriously, they are retreating to gated residential communities. In the end, they will start to be alarmed by a policy that is destroying the country in which they live, and in which they hope their children and grandchildren will live.

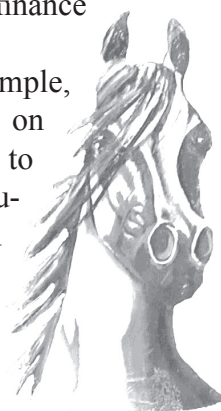
Moreover, as the cases of Mrs. Kriebel and the hotel franchiser Michael Leven illustrate, the business supporters of immigration are in a state of prelapsarian innocence about their activities. This is not to say they will behave differently when their eyes are opened. But they will have to take the trouble to hide their activities.

Flagrantly, both Leven and Kriebel are being subsidized by public policy. And this does not merely just take the implicit form of importing “willing workers” from other countries. It has tangible, pecuniary form.

In Leven's case, for example, he benefits from taxpayer-underwritten finance of small businesses owned by “minorities”—a category which, because of the paradoxical interaction of Third World immigration and affirmative action, includes immigrant foreigners who qualify for a finance break.

In Kriebel's case, for example, taxpayers are making working on her horse farm more attractive to immigrants by paying for the education of their children—and per pupil spending in the public schools now averages \$9,000 a year. She also benefits from federal law mandating that hospitals provide emergency room and other care to the indigent without payment. This means the hospitals have to pass on the cost to Americans who do have health insurance, driving up their premiums.

Indeed, there is an unimaginable cornucopia of government subsidies to immigrants, even illegal immigrants, and thereby to their employers. A case



study: the Federal National Mortgage Association, colloquially known as Fannie Mae, has boasted on its foundation’s website of a “financial literacy education” program in Rogers, Arkansas, that enabled Tyson Foods Inc. to stabilize turnover in its poultry processing plant, where the workforce is described as “largely immigrant,” some 500 families to purchase homes, and a local bank, First National Bank and Trust Company, to take in \$5 million in deposits and more than \$20 million in loans.

Naturally, this is very nice for the immigrants, First National Bank, and Fannie Mae. But it is not at all nice for the American taxpayer, who in effect gets to guarantee the mortgage. And this guarantee is a serious risk: there is widespread speculation on Wall Street that both Fannie Mae and also the competing Federal Home Loan Mortgage Corporation (“Freddie Mac”) are financially troubled and will ultimately require a taxpayer bailout perhaps even bigger than the 1980s savings and loan disaster.

It is because of this cross-subsidization, endemic in the modern mixed economy, that Milton Friedman, Nobel Laureate and clearly the outstanding economist of the twentieth century, told me in one of our interviews in *Forbes* magazine: “It’s just obvious that you can’t have free immigration and a welfare state.” [*Forbes*, December 29, 1997] Friedman, of course, did not simply mean welfare—handouts to the poor—but transfer payments of all sorts.

Another example of the state of utter naiveté about immigration politics in which much of the business elite still operates—and its dangerous consequences—came in the summer of 2005. A story in the *Los Angeles Times* reported, wide-eyed, the “broad coalition of business groups and immigrant



**Nobel Economist
Milton Friedman**

advocates” (a.k.a. economic and ethnic special interests) that the Bush White House was mobilizing to support the amnesty drive that it unleashed the next year. According to the *Los Angeles Times*:

“Those courted include Microsoft Corp., Wal-Mart Stores Inc. and groups representing academic institutions, restaurants, hotels, landscaping firms, hospitals and nurses. Organizers say this is the first time an effort has been made to bring these disparate groups together to focus on immigration issues. *Admission into the new coalition costs between \$50,000 and \$250,000...*” [my emphasis][“Immigration Rising on Bush’s To-Do List,” by Peter Wallsten and Nicole Gaouette, *Los Angeles Times*, July 24, 2005]

This extraordinarily frank admission of business self-interest, and the role of opportunistic Washington lobbying firms in catering to it, explains a great deal about the mechanics of the Bush Administration. But it could not possibly have been made in a climate where there was elementary media awareness of the essential venality of this motive. It is simply too vulnerable to riposte.

“ It’s just obvious that you can’t have free immigration and a welfare state. ”
—Milton Friedman

In fact, this is exactly what happened to one member of the coalition. Craig Regelbrugge, a lobbyist for the American Nursery & Landscape Association, passed from frankness to open arrogance, saying

You’re never going to please them all [Republican supporters] ... That’s the difficult thing for the White House on this. They don’t want to anger anyone. But the

party's going to have to choose between the closed-minded restrictionists and the business base...Who's really the base of the base? Farmers and businesspeople, or the others?

"Others," in this context, means voters. And apparently enough of them called to educate Regelbrugge on this point that, a few days later, his office reportedly fended off yet another critic with the threat that the FBI had been alerted. Of course, it is typical of the prelapsarian political state that any criticism is assumed to be illegal. But it is doubtful that Craig Regelbrugge will be quite so unguarded again.

None of which is to minimize the powerful economic nexus underlying the business community's support for immigration. Its outline has been clear in the labor economics technical literature for at least fifteen years, since the change in U.S immigration policy following the 1965 Immigration Act began to show up in the data. It was confirmed by *The New*



Craig Regelbrugge

Americans, the 1997 technical appendix to the Jordan Commission report prepared by the National Research Council of the National Academy of Sciences. (For an update summary, see my interview in this issue with Harvard's George Borjas, the leading economist in the field, also in *Immigration and the American Future*.)

In summary: the post-1965 immigrant influx has brought essentially no net aggregate benefit to native-born Americans. In fact, if the effect of government transfer payments are factored in, there is a small but significant net loss—Americans are paying to transform themselves. On the other hand, immigration causes a very substantial redistribution of income within the native-born community. For example, Borjas has estimated that about two percent of Gross Domestic Product is transferred from labor to the owners of capital because of the impact of immigrants on wage rates. (Similarly, immigra-

tion causes further redistribution within the native-born community because of its impact on transfer payments, which are ultimately funded by taxes). The stark fact is that current immigration policy lends itself to explanation in the crudest Marxist terms. Quite simply, it is a savage attack by the American rich on the American poor (and middle class), by American capitalists on the living standards of the American working class.

This divide is confirmed very dramatically in opinion polls. Thus the Chicago Council on Foreign Relations, which has a long tradition of polling to find differences between the public and opinion leaders, conducted a survey in the summer of 2002 which was summarized in this dramatic way:

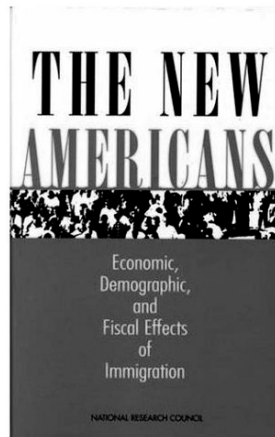
The results of the survey indicate that the gap between the opinions of the American people on immigration and those of their leaders is enormous. The poll found that 60 percent of the public regards the present level of immigration to be a "critical threat to the vital interests of the United States," compared to only 14 percent of the nation's leadership—a 46 percentage point gap...

The poll results indicate that there is no other foreign policy-related issue on which the American people and their leaders disagreed more profoundly than immigration. Even on such divisive issues as globalization or strengthening the United Nations, the public and the elite are much closer together than they are on immigration...

When asked a specific question about whether legal immigration should be reduced, kept the same, or increased, 55 percent of the public said it should be reduced, and 27 percent said it should remain the same. In contrast, only 18 percent of opinion leaders said it should be reduced and 60 percent said it should remain the same. There was no other issue-specific question on which the public and elites differed more widely.

The enormous difference between elite and public opinion can also be seen on the issue of illegal immigration. The survey found that 70 percent of the public said that reducing illegal immigration should be a “very important” foreign-policy goal of the United States, compared to only 22 percent of elites.

Also with respect to illegal immigration, when the public was asked to rank the biggest foreign policy problems, the public ranked illegal immigration sixth, while elites ranked it 26th. [*Elite vs. Public Opinion: An Examination of Divergent Views on Immigration*, by Roy Beck and Steven A. Camarota, Center for Immigration Studies, December 2002]

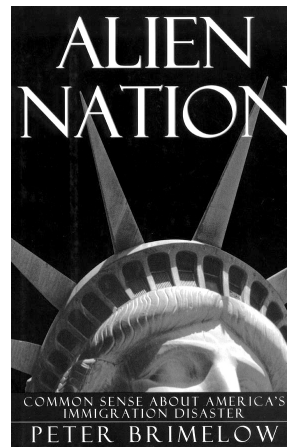


Of course, not all of these “opinion leaders” are capitalists and corporate executives, although it is obvious from this description that many are:

Included in the survey of leaders were: top executives of the Fortune 1000 corporations; presidents of the largest labor unions; TV and radio news directors, network newscasters, newspaper editors and columnists; leaders of all religious faiths, chosen proportionate to the number of Americans who worship in each; presidents of large special interest groups and think tanks with an emphasis on foreign policy matters; presidents and faculty of universities; members of the U.S. House and Senate; and assistant secretaries and other senior staff in the Administration.

This remains the central reality that confronts immigration critics when talking to the business elite today. Thus a year or so after *Alien Nation* was published, George Borjas and I were invited to address a meeting of major Republican donors on

the opposite coast. My late wife took a dim view of weekends away from the family and, having ascertained that the organization was prepared to pay only expenses (cheapskates!), vetoed the trip. Borjas, however, being an educator and possibly of a more charitable disposition, went. When he came back, he called to give me the news: “We’ve lost!”



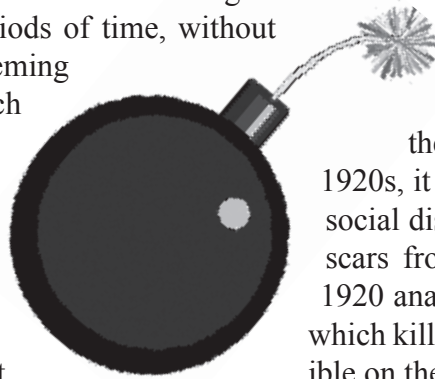
Apparently, the assembled fatcats had been appalled at Borjas’ demonstration that there was no economic rationale, on net, for the current policy of mass immigration. They had fiercely resisted his message.

But the specific term Borjas used stuck in my memory: “They were *dismayed*,” he said—my emphasis. This goes to my earlier point about prelapsarian immigration enthusiasts. Even fatcats don’t want to face the fact that the policy they prefer has no noble justification—that they are really just profiting at the expense of their fellow Americans. For one thing, they know that, in a democracy, it’s going to be a very hard sell. Nevertheless, the business barrier to ending America’s immigration disaster is far from unbreachable. Class politics are actually relatively rare in American history. Sectional rivalries, and above all ethnicity, have usually determined political allegiances. Jews, for example, are significantly more likely to favor immigration than other Americans. (And, among the capitalists quoted above, Grove, Ellison, and Leven are all Jewish.) There will be divisions within the business elite along these lines and between the business elite and other groups of “opinion formers” along other lines. The national argument about immigration will eventually play into these divisions.

It is a general truth that *no one really has the faintest idea what is politically possible*. Least of all the professional politicians. They appear to have been designed by evolution to snuffle along like blind shrews, following their exqui-

sitely sensitive snouts for one day to the next, reacting savagely if asked about next week—let alone year—and thus able to perform 180-degree turns without rupturing their consciences. Or even noticing. On innumerable issues—wage and price controls, welfare policy, the efficacy of military intervention overseas—the American conventional wisdom had changed out of all recognition over relatively short periods of time, without the conventionally wise seeming to feel much need to reproach themselves for being wrong.

Equally, the business elite is surprisingly flexible over time. Thus it is unlikely that any corporate executive fifty years ago could have imagined that his modern successors must constantly mouth platitudes about “diversity,” nor that they now feel compelled to employ whole departments of bureaucrats devoted to “affirmative action” that is, discrimination against white men. The business elite is simply not into stands on principle. It just wants to be left alone. So it sometimes responds very quickly to friendly hints dropped by politicians.

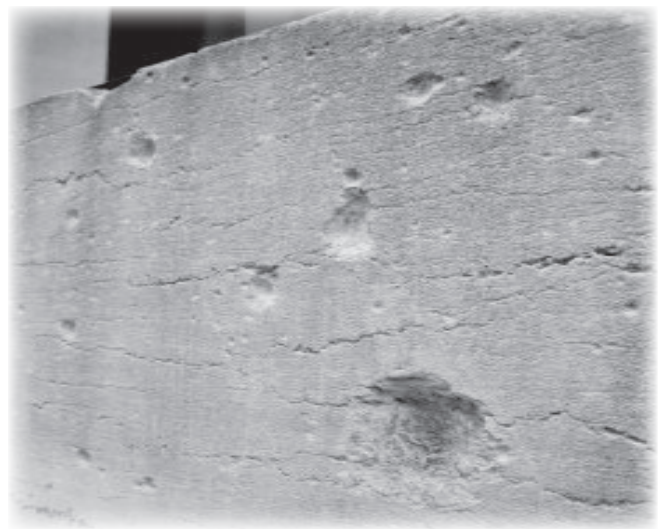


Similarly, if offered a carrot like a true guest-worker program—that is, not an amnesty for illegal aliens already here and coupled with reform of the Fourteenth Amendment’s “citizen-child clause” so that the American-born children of guest workers are not automatically citizens—the business elite would almost certainly ditch the rest of its “opinion-former” allies without a qualm.

Bottom line (to use an appropriate term): In the thirty-year struggle that culminated in the legislated cut-off of the last Great Wave of immigration in the 1920s, it was the business elite’s fear of mounting social disorder that caused it to change sides. The scars from the little-remembered September 16, 1920 anarchist bombing outside J.P. Morgan Inc., which killed 33 people and injured 400, are still visible on the façade of 23 Wall Street. The crime was never solved, possibly because the immigrant chief suspect returned to his native land.

All this can happen again. ■

VDARE.COM - December 18, 2007
http://www.vdare.com/pb/071218_business.htm



Anarchists bomb Wall Street on September 16, 1920 (above left) killing 33 people and injuring 400. The scars remain visible on the façade of the J. P. Morgan building (above right).