

# Immigration Realists Need to Focus on Trade Policy

By ALAN TONELSON

When President Obama put his latest immigration policy initiative into effect — a temporary amnesty announced in early June for most U.S.-born children of illegal immigrants — he felt the need to circumvent Congress and, of course, the American people.

When President Obama wanted to put his latest trade policy initiative into effect — new deals with Korea, Colombia, and Panama — he submitted these agreements to Congress and won full passage last fall.

These sharply contrasting accounts speak volumes about the politics of major globalization-related issues in America nowadays. The polling data show that most Americans back the agendas of both opponents of uncontrolled immigration and wide open national borders, and opponents of uncontrolled trade and associated job and production losses. Yet the main political similarities abruptly stop there.

The immigration policy critics have bucked towering odds to gain the upper hand on these critical questions. The trade policy critics have faced comparable odds. They have managed to delay many trade liberalization moves and can point to significant legislative progress on combatting Chinese currency legislation. But overall, they can only envy the immigration activists' accomplishments to date.

The president's latest end run shows that the immigration realists' plate will remain dauntingly full. But they should strongly consider offering a helping hand to a trade realist community clearly needing assistance.

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The immigration control movement itself would benefit. And strengthening the trade policy critics would help reinvigorate a U.S. economy whose weakness plainly threatens all Americans' well-being.

The immigration realists' success has shaped the national political landscape for so long that it is all too easy to take for granted. It shouldn't be. Nor should the powerful interests they have frustrated be overlooked. Save for desperate gambits like Obama's new deportation policy end-run, the realists have not only blocked the Open Borders agenda for years. They have prevailed over an even stronger coalition than that faced by the trade realists.

Both groups of economic realists have been battling Big Business, Big Agriculture, Wall Street, and the mainstream media. But the immigration policy critics are also opposed by a union movement that stands with the trade realists, and by the leadership of the Democratic party. It's true that immigration realism is now endorsed — to varying degrees — by most Republican party kingpins. But this development is fairly recent. Previously, these Big Business-friendly politicians — including, of course, former President George W. Bush and 2008 Republican presidential nominee Sen. John McCain of Arizona — were active Open Borders advocates.

In fact the realists' triumph in Republican ranks has become so widespread that restrictionist positions became key litmus tests for Republican presidential contenders this year. Failing this test greatly weakened the candidacies even of party A-listers like Texas Governor Rick Perry and former House Speaker Newt Gingrich.

The trade policy critics unexpectedly have found an ally this year on China issues in presumptive GOP nominee Mitt Romney. Yet his primary opponents stuck determinedly to the entire trade policy status quo — and with no apparent ill effects. In fact, trade issues barely even came up in the Republican contests. On Capitol Hill, moreover, House Republican leaders are bottling up a bill to fight China's currency manipulation passed by the Senate and even endorsed by more than 50 members of their caucus.

Trade realism obviously is stronger among Democrats, thanks overwhelmingly to the influence of organized labor. But it has never been a make-or-break issue for Democratic voters nationally or even in many trade-connected states or Congressional districts (e.g., manufacturing centers). Therefore, many Congressional Democrats are passive allies of the trade realists at best, the leadership is largely indifferent, and President Obama has made himself part of the problem, not part of the solution.

In fairness, the immigration policy critics have benefitted from some advantages not enjoyed by their trade policy counterparts. The Open Borders forces have embraced the kind of lawless behavior that clearly offends most Americans in general and conservatives in particular. Trade policy entails certain legal issues as well, but their nature is much more specialized and technical and therefore their profile is much lower. Indeed, most Americans probably have never even heard of the century-old U.S. trade law system.



Moreover, the trade policy enthusiasts have never handed the critics the kind of PR bonanza created by the mass protests by illegal immigrants in 2006. Even many Open Borders supporters admit that a powerful and even decisive backlash was created by throngs of unabashed lawbreakers waving Mexican flags and insisting “We Built America.”

Another major and unique boost for immigration realism has been provided by 9-11, which exposed the dangers of lax border security in an unusually horrific manner. Trade policy failures can result in national security threats, too — e.g., the recent discovery that millions of counterfeit Chinese-made electronics parts apparently permeate American military systems. But both media and Congressional apathy have so far prevented popular outrage over this finding and related evidence

of worrisome U.S. military dependence on foreign components. And trade realists have made only sporadic efforts to spotlight the problem.

At the same time, the trade policy critics have been squandering the kind of golden economic opportunity the immigration realists have not yet received — the ongoing economic and financial crisis. The U.S. and world economies’ debt-fueled near meltdowns should have been the kiss of death for any policies that enable binge spending and borrowing by Americans. Trade agreements that indiscriminately opened America’s markets to all manner of mercantilist countries that won’t reciprocate, and therefore inevitably generated huge deficits, undoubtedly qualify.

Similarly, a crisis triggered by the fake wealth creators of Wall Street should have thoroughly discredited the idea that real wealth-creating sectors like manufacturing can be safely offshored. This production migration has been powerfully encouraged by trade deals that have guaranteed access to U.S. markets for American output transferred to super low-cost, largely unregulated foreign production sites like China and Mexico. Yet most trade policy critics have ignored or soft-pedaled these vital connections.

Trade realists, moreover, have never faced the kind of usually decisive purely political arguments that keep bombarding the immigration restrictionists. The former are of course constantly accused of supporting policies that will raise consumer prices, and therefore take money out of American consumers’ pockets as surely as tax increases. But these claims simply pale against the conventional wisdom that America’s changing demographics, and particularly the explosive growth of both the legal and illegal Hispanic population, are sure to produce an Open Borders victory before long — and that this bandwagon will steamroll any politicians and parties that fail to hop aboard. To date, however, most GOP leaders are acting like either (a) they don’t believe this; (b) they don’t care; or (c) they’re more worried about keeping their own base happy.

It should be apparent, then, that the immigration realists have found some keys to political success that their trade counterparts could badly use. Nonetheless, helping the trade realists would significantly benefit the immigration realists, too — for the following reasons.

First, immigration realism will be much stronger for much longer if it does not remain a major U.S. economic policy outlier. Immigration issues might be different enough from other international economic issues to continue receiving substantially different treatment for the foreseeable future. But it is also distinctly pos-

sible that, the more established the idea of global or even regional economic integration — the end goal of trade deals — the more difficult it will be to maintain immigration policy as an exception.

In other words, if American majorities become supportive enough of (or sufficiently resigned to) free global flows of goods, capital, and technology, mightn't their resistance begin eroding to equally free flows of people and labor? On what substantive basis would immigration realists maintain that human beings should not be a mobile factor of production? How could they logically challenge the idea that a universal right to offer and seek jobs across national borders unimpeded is as central a pillar of economic freedom as the right to do any business across national borders unimpeded? In this vein, it is no accident that American free trade agreements typically contain provisions that expand visa allotments in order to facilitate cross-border business, and that the international General Agreement on Trade in Services signed by the United States commits Washington to sizable annual H-1B quotas.

In fact, the close links between free trade and free immigration have just been emphasized recently in the influential on-line magazine *The Globalist* by a senior World Bank economist: <http://www.theglobalist.com/storyid.aspx?storyid=9644>. Expect much more such arguments in the coming years. How much more easily they could be refuted if Washington began managing the rest of America's international economic relations explicitly to serve American interests.

Second, as must be glaringly obvious from America's experience with NAFTA and Mexico in particular, free trade deals can be powerful engines of illegal immigration. Not that the Mexico case doesn't have distinctive elements — chiefly, geographic proximity, long decades of economic underdevelopment, and consequently high poverty levels. Still, Washington's economic integration plans are by no means limited to Mexico. Similar trade deals already exist with nearby Central America and many Caribbean countries, and U.S. leaders in both parties have long eyed a hemisphere-wide arrangement called the Free Trade Agreement of the Americas.

Given how many Central Americans have immigrated illegally into the United States through Mexico, and given how trade expansion inevitably creates many economic losers in low- and high-income countries alike, it is easy to see how more trade deals would boost the flow of illegals even to a slow-growing U.S. economy. It is just as easy to see how even more extensive, indeed hemisphere-wide, human trafficking networks would proliferate.

Third, many immigration activists rightly worry about how burgeoning international institutions can endanger U.S. national sovereignty. Many appear especially concerned about plans for a North American Union that plainly are being hatched at closed-door meetings of Washington policy and political elites, and about the so-called NAFTA Superhighway (which has apparently morphed into the Trans-Texas Corridor in the Lone Star State) that was allegedly crucial to its implementation.

What they seem unaware of is that a major actual threat exists to U.S. sovereignty right now, that it is profoundly influencing crucial government policies, and that it was created by U.S. trade policy. This threat is the World Trade Organization. Since its 1995 founding, the WTO has repeatedly struck down American legislation and Executive Branch policy moves that allegedly clash with the body of world trade law it is charged with overseeing and enforcing.

Just as important, the mere prospect of a challenge from other WTO members has sufficed to deter Congress and the Executive from acting to promote or defend American interests. The most prominent recent example concerns proposals to broaden and deepen the various Buy American regulations that govern federal procurement policy. Requiring more U.S. tax dollars than at present to be spent on products and services made in the USA would greatly quicken the pace of the nation's sluggish growth and job-creation performance. In 2009, Washington took some baby steps towards this goal.

But in the process, it watered down proposals capable of making a real difference for fear of violating WTO commitments to keep federal government markets wide open to most major U.S. trade partners — and exposing America to foreign retaliation. Revealingly, these WTO fears carried the day even though, by all accounts, shielded countries like Japan and Korea continue shutting U.S.-generated products and services out of their own public procurement markets. (China is not yet part of this WTO arrangement).

WTO-related concerns have also inhibited U.S. leaders from retaliating effectively against currency manipulation by China and other major trade competitors, and from jumpstarting domestic recovery by imposing even wider ranging tariffs on imports. In other words, possibly hundreds of billions of dollars' worth of American growth, and millions of jobs, remain missing from the U.S. economy because the views of WTO bureaucrats and the organization's majority of highly protectionist member states matter more to Presidents, and to

most Senators, and Congressmen, than the interests of the American people.

So if immigration realists really want to strike a major blow for American national sovereignty that would reduce a clear and present, not hypothetical, danger, they will support trade realists' efforts to either pull the United States out of the WTO, or at least suspend America's WTO obligations until the present economic emergency passes.

Fourth, as suggested by the previous point, immigration realists should offer help to their trade counterparts because cumulative and ongoing trade policy failures deserve significant blame for the crisis still crippling the entire economy. The inflation and then disastrous bursting of America's early twenty-first century economic bubble is usually portrayed as an exclusively financial phenomenon. But its roots lay in the real economy. Two main culprits are the aforementioned offshoring of manufacturing, and the massive trade deficits thereby created.

The hollowing out of domestic manufacturing inflicted a double whammy on the economy. It denied too many Americans the opportunity to support first world living standards through their earnings, and forced them to depend too heavily on borrowing. It also denied the financial sector too many opportunities at home to invest in genuinely productive businesses, and therefore encouraged too much speculation in crackpot financial products.

Meanwhile, the mercantilist or bargain-basement competitors to which America so enthusiastically and asymmetrically opened its markets became so dependent on growing by exporting to the United States that they massively financed U.S. importing — and overconsumption. The resulting unprecedented flood of cheap credit — lent to Americans despite minimal and even zero rates of return — supercharged the nation's indebtedness.

No one can doubt that the ongoing crisis also reflects serious domestic policy failures, and that equally serious domestic policy reforms are needed in response. But the most powerful and relentless engines of debt creation will keep working overtime as long as the nation's trade policy keeps providing so many incentives for both U.S. and foreign companies to supply America from abroad, and such inadequate export opportunities for domestic companies and businesses. Immigration realists won't escape the consequences.

I personally am not sure what particular innate strengths have produced the immigration policy critics' successes. But whether it is messaging, lobbying, grassroots activity, organization, fundraising, or (as is likely) some combination of these, their movements apparently have considerable strategic and tactical wisdom to offer to trade policy critics. For all of our sakes, I hope they're in a giving mood — and that their trade policy counterparts are wise enough to listen. ■