

## Comments on Miles Wolpin's "Permissive Immigration ..."

Dwight D. Murphey<sup>1</sup>

*Wichita State University, Kansas*

The author discusses Wolpin's arguments regarding the need to control immigration in order to protect the workers in the "Northern" or more advanced nations, and observes that this will be all the more important in the long term as technological advances reduce the demand for labor and increasingly demand new solutions to the problem of distributing wealth.

**Key Words:** Immigration, industrial technology, unemployment, labor utilization, shared market economy

The article by Miles Wolpin that precedes this Comment continues a growing literature that explores the plight of workers in the changing world economy. Its content should stimulate thoughtful debate on the question of immigration, but some further observations are necessary in respect of the status of labor in tomorrow's world. I would like to add to that discussion the following observations in the context of Wolpin's article:

### **The Fragmentation of Existing Ideologies**

As the article illustrates, both the traditional American "Left" and "Right" are by now clearly divided within themselves over many of the most fundamental economic and social issues.

Within American conservatism, there are those who see Free Trade and open immigration as essential parts of their long-standing support for a market economy, a cosmopolitan world outlook, and opposition to government intervention. At the same time, there are conservatives who believe just as strongly that borders open to trade and immigration will, under the circumstances of the world today, destroy the very foundations of "classical liberal" individualism in the United States. To this latter view, open borders will bring a

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<sup>1</sup> Dept. of Finance, Wichita State University, Wichita, Kansas, 67208-2595

displacement of millions of American workers and a loss of cultural identity – perhaps even national existence if separatist movements arise – as the existing population is inundated by waves of people coming in from the Third World.

Wolpin's article makes clear an equally sharp division within the Left. For almost two centuries, the central feature of the Left has been a profound alienation against the predominant commercial ("bourgeois") culture within the United States and Europe. The intellectual culture has sought allies of all kinds in its struggle against that culture. In its support for "multiculturalism," much of the Left has in recent years found the ideal allies for that process of destruction, since the potential for immigration from the Third World is limitless. If that influx continues, European and American societies will become unrecognizable within just a few years. It can hardly be surprising, however, that many people on the Left don't welcome this, since it undercuts so fatally the interests of the very workers in the United States and Europe that the Left has so traditionally championed. Those workers are threatened with an imminent reduction to Third World living standards as they are thrown into competition with billions of people from other continents who receive a pittance for their work. Not coincidentally, a defense of the living standards of American and European workers presupposes a defense of the economies and societies in which those workers have lived. This leads to the cultural conservatism that we see in Wolpin's article. Significantly, it leads also to this branch of the Left's standing in opposition to the elite, which includes many intellectuals, that is now leading the way toward globalism. This means a major division within the intellectual culture, which, despite all sorts of bitterly contested variations of viewpoint within itself, has so long served as the dynamic force behind the world Left.

It is going to be interesting in the years to come to see whether the corresponding branches of Left and Right on each side of this divide, branches that have so long been bitter enemies but which now have so much in common, will coalesce into common outlooks and a shared political and ideological future. Right now, it seems hard to believe that Pat Buchanan and a labor Democrat can be political, intellectual associates, much less friends. Only time will tell; the members of each corresponding branch will first have to get to know each other a lot better than they do now. For Wolpin favorably to

cite both Chomsky and Brimelow, suggests that they can.

### **The Need to Look Further "Along the Curve"**

What is missing from Wolpin's discussion is, however, a factor which may well be of critical importance. A glance at his references at the end of the article reveals that he has not brought Jeremy Rifkin's *The End of Work* into his thinking; nor has he included the ideas contained in my article "The 'Warp-Speed' Transformation of the World Economy: A Discussion of Ten (of the Many) Recent Books" in the Fall 1996 issue of this *Journal*.

These omissions suggest, and the content of his article confirms, that Wolpin is looking only at the devastating impact on employment of foreign imports, outsourcing and immigration; i.e., of competition to workers in the developed economies from workers in the low-pay countries. Thus, he is looking entirely at an *intermediate* phenomenon, not at what promises to be the overriding source of worker displacement, which is *non-labor-intensive technology* through robotics, biotechnology and computers. He has yet to include in his analysis the fact that, before long, even the low-pay workers of the Third World will be undercut by processes that render them non-competitive.

This technological displacement is coming upon us rapidly, though its impact has been disguised by the recent boom. No doubt there is need to be actively concerned about what happens to people between now and the culmination of the technological revolution, but the social solutions adopted for the intermediate stage should be informed by what will be necessary in the soon-to-arrive "longer run." Millions of people will be out of work (or, what is most likely in the advanced economies, marginalized into nonremunerative work in a system of highly polarized wealth).

This is not to say that the protection of domestic workers and businesses from lowly-paid foreign labor, and the protection of national identity and of domestic workers and businesses from a massive influx of Third World immigrants, won't be vitally important as immediate policies within the United States and Europe. It simply points to the fact, highly important in itself, that a halt to immigration won't be sufficient to solve the ultimate problem of worker displacement. Nor will tariffs do more than soften or block the intermediate impact of foreign competition. Neither of these will be

a solution for massive technological displacement that is just in its incipient stages.

No, what is needed is a vision that takes into account *both* the intermediate and the long terms. A vision of that sort is possible, and draws upon both socialist and classical liberal free market roots. Suggestions include the idea of a "shared market economy" in which everyone in the society owns shares in index mutual funds (i.e., funds that hold stock broadly across the entire economy) and draws an income from them. This is a form of "guaranteed annual wage," but with the aspect that the market economy continues vigorously, probably on a global basis, with its rapid innovation and its drive for low-cost production. The idea involves a mixture of redistributionism with free-market economics, but in a way that does not impede business firms in their quest for profits or in their on-going innovation. (As shares are purchased to distribute among the population, capital will have been pumped into the firms whose shares are being purchased. The firms will later pay dividends on those shares just as they do now.) This is an idea that requires much more elaboration, of course, than we can give in a short comment.

The "shared market economy" concept will necessarily involve restricting immigration, not only to preserve the already-existing culture and national identity, but also because the sharing of ownership of the firms in a nation's economy becomes virtually useless as a source of income-support for the nation's people if tens of millions of additional people are added to those who are sharing the ownership. The countries with advanced economies will need to be "self-regarding" in their own self-preservation. The welfare of the billions of people within the less developed nations will not be best served by "swamping out" Europe and America, but rather by the continued improvement of science and technology which will allow a sharing of incredible new means of production with those peoples.

In the coming world of technological displacement, an emphasis on work as the source of peoples' livelihood won't hold up. If that is so, we see how deeply we are going to have to rethink almost everything we have taken for granted, either as members of the Left or the Right – even to including a reconsideration of what will constitute a definition of "Left" and "Right" in the world of the future.

## The Real Cost of Immigration

Peter Brimelow

Author, *Alien Nation: Common Sense about America's Immigration Disaster* (Harper Collins)

The author comments on Joseph L. Daleiden's article entitled "Is Immigration the Answer to a Labor Shortage?", which appeared in the Summer 1998 issue of this journal, and points out that the National Research Council (NRC) 1997 Report, cited by Daleiden, has been widely misreported in respect of the cost of immigration. Prevailing media reports tend to conceal the fact that the NRC report clearly revealed the high economic cost to native-born U.S. residents of the current influx of immigrants into the U.S., and the essentially non-existent aggregate benefit.

**Key Words:** Immigration, the Jordan Commission, National Research Council, Senator Spencer Abrahams, 1995 Smith-Simpson Immigration Reforms, John Huang

Joseph L. Daleiden is of course right on point when he argues that there is no long-run case for alleviating labor shortages by increasing immigration (*JSPES* Summer 1998). It has always struck me as paradoxical that the economist most identified with uncritical immigration enthusiasm, the late Julian L. Simon of the University of Maryland, was also famous for arguing that there would never be shortages of raw materials, essentially because the economy effectively rations through pricing. For some reason, he never applied this insight to labor.

However, I think Daleiden was somewhat unfair to the National Research Council of the National Academy of Science, which he accuses of being "disingenuous" in its May 1997 report, "The New Americans." In fact, the NRC report, a review of current thinking among academic economists that had been commissioned by the U.S. Commission on Immigration Reform (the "Jordan Commission"), was devastating to the claims of the immigration enthusiasts. That this devastation was not reported in the press – the *New York Times*' May 18 headline read "ACADEMY'S REPORT SAYS IMMIGRATION BENEFITS THE U.S.— NO HUGE COSTS ARE CITED," the exact opposite of the truth – was a triumph of the spin-doctor's art. It traces right back to

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