

## **NOVEMBER'S LESSONS**

### **An NPG Forum Paper**

**By Lindsey Grant**

On the surface, November's mid-term elections offered very little comfort to those of us who recognize that perpetual growth is not an available solution to the nation's problems.<sup>1</sup> Amid the furious partisanship that seems to have taken over the country, there was bipartisan agreement that the object of policy is to return to robust growth, and nobody questioned that assumption. Yet beneath the rhetoric, there were signs that Washington is beginning to feel the national malaise about whether we can indeed go back to our earlier model of growth. On the specific issue of mass immigration, the successes of the Tea Party and its allies – whatever one may think about some of the policies they propose – suggest that public anger is likely to lead to a less permissive government stance and therefore to slower population growth, even though population policy itself is not yet back on the table.

### **GROWTH MANIA**

Scientists have long recognized the population problem, and most of the world's national scientific societies have warned against continued growth. Our national leadership toyed briefly with those thoughts 40 years ago, but has since recoiled from them.<sup>2</sup> The rich love growth, and the economists who serve them think that they can continue to generate that growth, using Keynesian money management techniques. Growth is enshrined in U.S. policy.

There are a few "steady state" economists who warn that the Keynesian growth model operates within and is limited by the environment in which it operates, that the expanding circle of growth will stop when it reaches those limits, and that the world is at a critical point with the

arrival of Peak Oil, the prospect of declining energy, and the climate change bequeathed to us by the fossil fuel era.

The faith in growth is now pitted against that steady state paradigm but does not admit its legitimacy. Politicians of all stripes – and not just Americans – call for more growth to escape the present economic doldrums. (The group picture of the recent G20 meeting showed the leaders standing under a banner that said "Share Growth Beyond Crisis", and all but one of them appeared to be saluting.) It is the "happy days will be here again" syndrome.

The Republicans and Democrats offer different solutions to achieve that mythical goal. Republicans generally call for lower taxes to promote growth, but that will simply accelerate

the division of the country between the common people and the ultra-rich and further increase the power of money in politics.

Democrats recognize unemployment as the most serious part of the present economic scene, but they have addressed it indirectly by trying to stimulate business through a vast increase in the Federal debt. There are two problems with that “solution”. First, it was a questionable call. In the Great Depression of the 1930s, the stimulus programs were focused much more directly on unemployment, but even they did not restore employment. It took World War II to do that. Then, at least, there was room for growth. Now, there is very limited room, mostly in efforts to replace and deal with declining energy and mineral resources.

Second, we can't afford to try to create growth that way. The Federal government is spending \$3 for every \$2 that it receives. The unprecedented deficits generated for a decade by lower taxes, external misadventures, and debt-financed stimulus programs are likely, in the present circumstance, to generate inflation rather than real growth. The U.S. dollar hasn't gone through a runaway inflation yet, but it may do so with such Federal deficits. We have a fiat currency. The Federal Reserve can create as much money as it chooses, by buying up governmental and private debt; and it can facilitate the expansion of money (such as demand accounts) by the banks. It has created money at an unprecedented rate and it now plans a \$600 billion purchase of U.S. Treasury notes to step up the pace. The value of that paper money depends on how long people here and abroad trust it. That trust is being tested; right now our trading partners are warning of inflationary bubbles and stridently berating us for flooding the world with dollars. If the stimulus succeeds, the vast quantities of stimulus

“money” will compete for diminishing resources, and inflation will become serious. If it does not succeed, we will be awash in the equivalent of Confederate paper money. We must learn that the time has come when growth is not the solution.

## SMALL IS BEAUTIFUL

The economy has lost more than eight million jobs in three years, and unemployment menaces all but the elite. The Obama administration recognizes this as a major problem, but does not know how to solve it. We cannot simply increase public and private debt indefinitely to create growth. Hourly wages have been stagnant for over thirty years, and the “boom” was financed by rising private debt. The collapse of the mortgage market put an end to that. There is a new prudent mood visible in the electorate. People are refusing to go farther into debt to stimulate the economy.

This is where population comes in. We need to limit the demand for jobs, rather than chase the illusion of a solution by growing the economy. Long term, that means adopting population policies that will encourage us to have fewer babies and, twenty years later, fewer job seekers.

For more immediate relief, we need a new policy on immigration. As I pointed out last winter, stopping mass immigration is unique among the proposed solutions to the unemployment problem, because it is the only one that the nation can afford. A sound immigration policy would cost far less than the present stimulus policy, and it would directly attack unemployment by reducing the number of job seekers.

Immigration policy is thus central to employment policy. Unfortunately, the Obama administration does not seem to have made the

connection. It is focused on legalizing illegal immigrants already here, rather than on bringing total immigration into line with our economic needs.

Most U.S. population growth is generated by immigration and the descendants of recent immigrants. A sharply more restrictive policy on immigration would help us for the long term by turning population growth around to match the needs of the post-fossil energy world.

### THE PUBLIC GETS ANGRY

Unemployment was and remains the central problem for most people, whether they are older people who have lost their jobs, young people who can't find jobs, or those who still have jobs and are trying to help jobless relatives and friends. It is a mammoth problem.

And it is not likely to go away. The idea is beginning to spread that we are entering a period of scarcity of oil and other minerals, and that all fossil energy is expendable. The limits to growth are finally being recognized, even though it is a stumbling and incomplete awareness. Despite the endless academic debates, the people affected recognize the law of supply and demand. Other things being equal, the larger the supply of labor in the face of weak demand, the more unemployment and the lower the wages. That calculation is not the only one that creates opposition to immigration. The sense of crowding, and the fear or hostility generated by the influx of strangers with different customs and mores all play a role, but the competition is key, and it is the factor that has grown with mass immigration in the present hard times.

Within the electorate, there is a widespread and intense opposition to massive immigration. The politicians found that out at the grass roots

in 2007 – even before the current recession – and retreated from immigration “reform”. The George W. Bush of 2008, authorizing sweeps of factories to find illegal immigrants, is a very different man from the Bush of 2001, when in meetings with the Mexican President he came very close to advocating open borders. Even in 2008, however, he was temporizing; the loopholes that pervade our immigration policy were left in place.

### NO SAVIOR IN THE WINGS

The country needs the option of voting for somebody who recognizes that there are indeed limits to growth and who offers economic and immigration policies that do not depend on faith in the growth chimera. That *deus ex machina* is not yet in sight. Many Americans (probably including most readers of this paper) recognize that we are at a turning point, but the formulation of specific policies to deal with change requires leadership.

At least one journalist has written of a “revolution from the center.”<sup>3</sup> According to this thesis, there is a very large and presently unorganized group of people who are centrist in inclination and yet disillusioned with the failure of the established parties to deal with the nation's real issues. Those people are less and less willing to go along with politicians who offer invective and bromides instead of serious proposals. He thinks they may well get angry enough to create a new centrist party, perhaps as soon as 2012.

Maybe. Maybe not. Unfortunately, he describes the disillusionment but does not offer the solution. He thinks a new party may appear but does not say what it will advocate. Elsewhere, he treats immigration in terms of fairness to immigrants and the contributions that brilliant immigrants have made. He has yet to

come to grips with the problem of growth itself, or with the connection between immigration and growth. In this, he is in line with the *New York Times*, for which he writes. If a distinguished journalist cannot imagine what a new party would advocate, I very much doubt that one will appear any time soon. Third parties have not fared well in American history, partly because the major parties sacrifice ideology for pragmatic advantage and have absorbed new ideas and forces as they appear. It is not accidental that the Tea Party chose to stay within the Republican Party, even while it challenged its leadership. We will have to look at the present parties and players to guess what may happen. On that assumption, let me speculate about immigration and population policy in the next two years.

## THE CHANGING SCENE

The major parties did not respond to the public anger. However, some Republicans – usually considered right-wing – did call for better control of immigration. Most of them are associated with the Tea Party. On November 2<sup>nd</sup>, the Republicans took over the House, with 239 elected, 21 more than a majority. And they came close in the Senate. The victory is generally credited to the Tea Party and its allies and is seen as a shift to the right and a repudiation of the Party stalwarts. The Tea Party allies didn't all win, but many did, and the power balance in the Republican Party has changed.

The Tea Party is a loose grouping, and its priorities are not formally agreed. Its key themes have been lower taxes, less government and a balanced budget (which themselves are likely to be mutually inconsistent.). Immigration was not a central theme, but the Tea Partiers certainly reflect a visceral sense of the public attitude. They do not display any sense of the demographic issues. Witness their opposition to

abortion and to “women’s issues” that are usually thought to help lead to lower fertility. They will try to drive down U.S. aid to population programs overseas. They will try to reduce welfare in the name of fiscal prudence. If they stay true to their populist instincts, however, they will pull the Republican Party toward a more restrictionist position on immigration than it has had when the views of big business and the U.S. Chamber of Commerce have dominated the Party.

Both the Republicans and Democrats were blind-sided by the rising anger about immigration, because the Democrats were focused on protecting their Hispanic votes and the Republicans on poaching them. The 2007 experience has kept immigration off the Congressional agenda since then, but President Obama, various Democratic politicians, and even some Republicans periodically promise to get to “immigration reform”, which to them means an augmented flow of legal immigrants and legitimation of illegal migrants already in the U.S. – and perhaps better border control.

Such promises may abruptly subside. They reflect the assumption that Hispanics vote as a bloc and are in favor of permissive immigration policies. Public polls for at least two decades suggest that that is not true. So do voting patterns. Susana Martinez, the new Governor-elect of New Mexico (my state) has Mexican grandparents, but she won handily on a platform of taking driver’s licenses away from illegal immigrants. In Nevada, Hispanic Republican Brian Sandoval opposed amnesty and supported Arizona’s immigration control law, and easily won the governorship from Democrat Rory Reid, son of Harry Reid.

The party leaders have been misled by self-proclaimed Hispanic leaders who press for liberal immigration policies. Other Hispanics don't

necessarily feel that way. Studies of “elite” and “nonelite” voters have shown that immigration is seen as a major problem by the common people, but not by the elite. Of course, Hispanic voters may change their attitudes as immigration becomes a public issue, if they feel they are being discriminated against. But not necessarily. Hispanics, too, are being hurt by the present state of unemployment, and to welcome more immigrants violates their own self-interest.

The November 2<sup>nd</sup> election results should warn the politicians that they woo their mythical Hispanic bloc at their peril, because they need to adjust to the general anger at immigration policy.

Political positions are not set in concrete. The Democrats a century or so ago responded to organized labor and opposed mass immigration. The Republican Party, under the influence of the “robber barons” seeking cheap labor, was more pro-immigration. That simplification has fluctuated over the years. The restrictive Immigration Act of 1924 was bipartisan and very popular. By the 1990s, the traditional unions were fading. The vibrant unions were those that recruited immigrants, many of them illegal, in the building and service trades. The AFL-CIO needed those unions and turned, in desperation, to a much more pro-immigration policy. The Democratic Party responded. Party policy is now driven by a complex of considerations: the need to keep its labor base; the courtship of Hispanics; the sense that it should be seen as favoring the poor, to keep its connection with liberals. It needs to change the weights it assigns to those sometimes conflicting policies.

The Republicans suffer from a serious dichotomy. The big business faction that promotes immigration is now in some disarray and deeply unpopular among many Americans. The traditional fiscally and socially conservative element of the party is embodied in the Tea

Party. The business faction still has billions of dollars to manipulate policy, and a Supreme Court that enables it do so. But it needs the Tea Party group. It needs them to compete with the Democrats. It needs a Party front to hide behind. It needs to become less visible, itself, to deal with the widespread popular revulsion against the role of money in politics. And to make those adjustments, it must accommodate the antiimmigration feelings. Much of it will be lip service, and cheap labor advocates will continue to exploit loopholes in the immigration laws, but I think a combination of factors will work to bring immigration down.

## THE NEXT TWO YEARS

It is not easy to predict where the newly-elected Republicans will go. Some of them have staked out some weird anti-Washington positions, such as abolishing the Federal Reserve and the IRS, that would blow up the system entirely. However, politicians’ rhetoric on the stump is usually cooled down by the assumption of power. The newly-elected players, by staying within the Republican Party, have opted to work within the system, but they will pull the Party their way. Since most of them are freshmen, they will not control Congressional committees for some time, and that will limit the changes they can introduce right away, but Newt Gingrich proved in 1994 that a determined phalanx of freshman Congressmen can have a powerful voice.

Perhaps the safest prediction is that the new complexion of Congress will torpedo the recurrent proposals for permissive immigration “reform”. It would be anathema to the new Republican members, and hardly a popular cause for the older Republican establishment. And the Democrats will ignore the populist feelings at their peril. President Obama has had something of a tin ear in assessing the popular mood, but

he will have more pressing battles to wage, and he will probably not select this particular battle.

Some of my population policy allies fear that in the lame duck session the President will try to push through the Dream Act (which grants amnesty to illegal alien high school graduates who were brought to this country by their parents before age 16, if they attend college or serve in the military. It could lead to chain migration and millions of new immigrants.) I doubt it. That would be a thumb in the eye of November's voters. The lame duck session is already under way. He does not have much time, and he has other urgent priorities.

Lamar Smith of Texas is in line to become chair of the House Judiciary Committee, which oversees immigration issues. Representative Steve King of Iowa will presumably head that Committee's Subcommittee on Immigration. Although they are not Tea Party members, both are restrictionists on immigration. Both won by landslides on November 2<sup>nd</sup>. They will add a very practical pressure for a more restrictive immigration policy. If they can push a reluctant White House into real enforcement of the existing laws, that alone will do much to improve the present situation.

Republican gains at the state level will probably generate pressure on Washington to take illegal immigration more seriously, or alternatively they may go the route Arizona did, and take a more active role themselves in enforcing the law. If the security situation in Mexico continues to deteriorate, somebody is going to have to deal with the spillover into the United States.

Is fundamental and real immigration reform – reduced immigration and better enforcement – a possibility? Probably not before 2012. In the present state of affairs in Washington, we will be lucky to have agreement on the basic

legislation needed to keep the government going. The divisions on immigration are dramatic, and the prospects for meaningful action on such a controversial topic seem remote. And there would be a Presidential veto unless the President fundamentally changes his program. Perhaps we can draw some cold comfort from the evidence that immigration has declined and is likely to stay low in a poor labor market, as it did in the 1930s.

### **A NEW NATIONAL MOOD?**

There may be more action after 2012. Evidence is accumulating that the nation has gone around a corner into a new era where material growth is constrained or reversed, and that the change in our economic prospects is seeping into the national consciousness. More columnists seem to be critical of the widening disparity in income and wealth between the rich and the poor. If the populace at large is growing aware of the growing disparities, it will be increasingly restless at the whole role of big money in politics, which was widely publicized before the November elections. Big business will have to walk very cautiously. There is reason to think that any return to growth is going to be very patchy and brief (see note 1), and it won't offer much to wage earners. In that context, the landscape is changing. Not for the better, economically. And not necessarily for the better, politically. If the faith in capitalism has lost its shine, the alternative will be sharpened class antagonisms and perhaps an even more difficult future in terms of pursuing agreed national goals.

That may foretell a time when decisions become even more difficult, but people will be seeking new answers, questioning the addiction to growth that only benefits the rich, and demanding change. That, along with the changed complexion of the Republican Party, will make the Party more receptive to new policies. The

urge to woo Hispanic “leaders” will be much less compelling, because Hispanics will be feeling the heat, too. So will the Democrats. A continuation of their present policy would be political suicide.

In short, the two major parties will be under pressure to move before long to accommodate the manifest public will to limit immigration. As I have said, the new players are not doctrinally interested in population limitation, but they had better be interested in jobs for the unemployed.

And in itself, a brake on immigration from higher-fertility societies will depress U.S. fertility. The continuation of high unemployment and difficult economic times will do the same. Not a pleasant prospect, but a useful by-product as we move into a more restricted future. And the U.S. is already less of a magnet than it used to be, because of the job market. That seems likely to continue for the indefinite future.

You never can tell where good things may come from.



## NOTES

1. Detailed arguments in support of this view have been made in my various NPG FORUM papers, available in [www.npg.org](http://www.npg.org) under Publications, and in my books, the most recent of which are *Too Many People* (2000), *The Collapsing Bubble* (2005), and *Valedictory: The Age of Overshoot* (2008).
2. NPG FORUM paper "The Great Silence: U.S. Population Policy", February 2010.
3. See Op-Ed Columnist Thomas L. Friedman, "Third Party Rising", *New York Times* 10-2-10.

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**About the author:** Lindsey Grant is a writer and former Deputy Assistant Secretary of State of Population and Environment.

His books include: *VALEDICTORY: The Age Of Overshoot*, *The Collapsing Bubble: Growth and Fossil Energy*, *The Case for Fewer People: The NPG Forum Papers (editor)*, *Too Many People: The Case for Reversing Growth*, *Juggernaut: Growth on a Finite Planet*, *How Many Americans?*, *Elephants in the Volkswagen*, and *Foresight and National Decisions: the Horseman and the Bureaucrat*.

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