



# NEGATIVE POPULATION GROWTH

# THE NPG FORUM

## Free Trade and Cheap Labor: The President's Dilemma

by Lindsey Grant

*Foresight is the art of recognizing how changes in one sector may affect policies in another.<sup>1</sup> Lacking a systematic foresight process, our government is apt to be astonished by results it did not anticipate. The President's pursuit of hemispheric free trade is a dramatic and potentially tragic case in point. The demographics of Central and South America threaten to make a disaster of a policy that was envisaged as simply an economic and trade issue. This paper is an effort, by a writer on foresight and erstwhile Deputy Assistant Secretary of State for Environment and Population Affairs, to make those missing connections.*

The President has embarked upon a project to create a hemispheric free trade area, with Canada already aboard and negotiations with Mexico next on the agenda. Congress has tentatively acquiesced. It has given the President authority to negotiate an agreement with Mexico, reserving only the right to say yes or no to the entire package.

Organized labor has tried unsuccessfully to focus attention on the implications for American wages and employment, but nobody has really looked at the numbers, and the environmental movement has yet to address the demographic implications and what they mean for our future.

Congress and the President would do well to scrutinize the proposal more closely. There are theoretical and even real arguments for free trade, but there are land mines in the present project.

### The Dilemma Defined

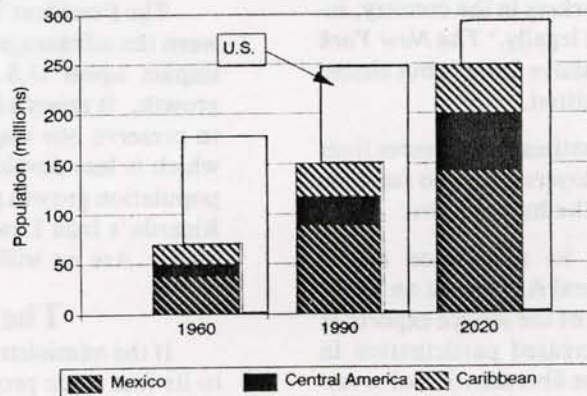
With the collapse of socialism as a means of organizing economies, the proponents of laissez-faire have been riding high. It is now very unpopular to argue with Adam Smith and the "invisible hand" of the unfettered market, or with the idea

of "comparative advantage". However, the classical economists never promised a good deal for the worker; that came later, with increased worker bargaining power. As John Cobb and Herman Daly have pointed out, "comparative advantage" was premised on the assumption that capital and technology would stay put and would not depart for the "backward regions" of the period.<sup>2</sup> It was a comfortable doctrine for Englishmen when England was on top of the heap.

Free trade, despite the textbook arguments in its favor, creates a basic problem: In a situation with free movement of goods and technology and capital — but not of labor — what happens? Employers tend either (a) to move toward the cheaper labor, or (b) to press for removal of impediments to importing cheap labor.

FIG. 1

### TOTAL POPULATION Change In A Lifetime



Choice (a) leads to the loss of jobs in the United States — as industries produce goods in Mexico for sale in the U.S. — and falling wages as a result. Choice (b) leads to similar, but not identical, results as the importation of cheaper labor drives the price of labor down.

The *maquiladora* factories along the U.S.-Mexican border, taking advantage of a limited free trade arrangement, are an existing example of strategy (a). Major U.S. companies such as AT&T, Chrysler, Ford, General Motors, General Electric, Electrolux and Zenith have moved in, and employment has risen to nearly 400,000 — at wages less than one-tenth of those in the U.S. Those jobs disappeared from the U.S.<sup>3</sup> Apologists argue that the U.S. would have lost the jobs, anyway, to cheap foreign labor; but this is not necessarily an argument for facilitating the process.

The process is far from instantaneous. There are reasons for hesitation: entrepreneurs' concern as to the prospects for economic and political stability; the lack of infrastructure such as good roads, reliable power, urban services, and banks; inertia. However, those factories demonstrate that the process does move.

The Immigration Reform & Control Act of 1986 (IRCA) provides a good example of strategy (b). Commercial farm interests, as their price for passage of the act, put in a provision making it very easy for farm laborers (or people who claimed to be farm laborers) to legalize their residence in the U.S. When the dust settled, 1.3 million people had applied, including 1.1 million Hispanics, one million of them Mexican. The problem is that the Bureau of Labor Statistics believes there were only 234,000 real Hispanic farm workers in the country, including U.S. citizens and those here legally.<sup>4</sup> *The New York Times* headlined it "Fraud On A Massive Scale", but almost all these "farmers" have been admitted.

This rather sordid example dramatizes the pressures from would-be immigrants and from employers willing to facilitate the flow of cheap labor, whatever the by-products.

The Mexican Government in its submission at the Uruguay Round of GATT (the General Agreement on Trade & Tariffs) said that "The expansion of the service exports of developing countries and their increased participation in world trade in services depends on the liberalization of cross-border movement of personnel, covering unskilled, semi-skilled and skilled labor,..." Take good note of that statement. They are forewarning us that we will not necessarily have free trade on our terms; they need to unload people as well as goods, and they want legal access to the market for services in the U.S., not just more manufacturing jobs in Mexico.

The alternative of accelerated immigration is more threatening than the loss of manufacturing jobs. Only part of the manufacturing sector is mobile and can pick up and leave. If, as part of a free trade agreement, we accede to the Mexican demand for "liberalization of cross-border movement", we invite low-wage competition into services,

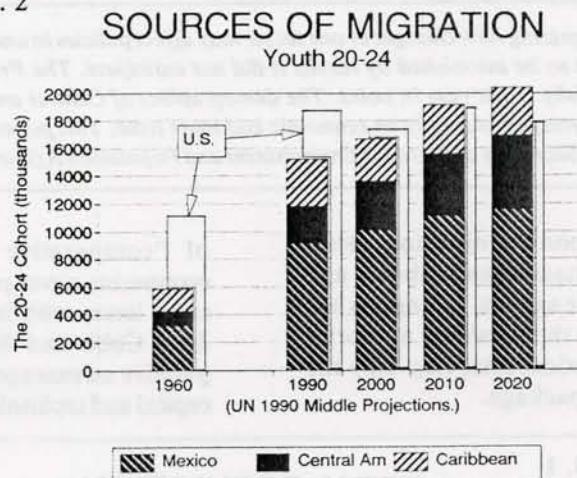
transportation, construction, agriculture — i.e. into the entire economy. More broadly, we accelerate U.S. population growth.

Why, in the face of the potential impacts, does the President seek a free trade agreement (FTA)? There are reasons. Cheap labor means cheaper consumer goods. A wider trading area offers economies of scale and benefits American business.<sup>5</sup> The prospect of investment, more employment and greater exports will help Mexico, and we have a stake in the well-being of our neighbor. Indeed, an impoverished Mexico generating streams of illegal migrants could generate massive problems for the U.S. and American labor.

With Europe moving toward economic union and the possibility of higher walls against U.S. trade, the U.S. may feel the need for a trading area of its "own". This may be necessary if the world continues its drift toward regional

trading arrangements. However, the comparison with the European Community is strained. The European Community does not incorporate the vast wage and fertility differentials that would characterize a Mexico-U.S. free trade zone. Moreover, there is no indication that Mexico expects to offer the U.S. a preferential status in investments. Without such a preference, a free trade agreement would facilitate European investment in Mexico, selling the products to the U.S. market.

FIG. 2



The President's dilemma, of course, is the conflict between the advantages offered by free trade and the potential impact upon U.S. wages, employment and population growth. It raises a fundamental question: Do we want to try to preserve our wage differential in a world four-fifths of which is less developed? In the third world, the engine of population growth generates so many potential workers that Ricardo's Iron Law drives wages down toward subsistence levels. Are we willing to let it happen here?

### The Dilemma Ignored

If the administration sees the dilemma as an impediment to its free trade proposals, it has not admitted it, and U.S. Trade Representative Carla Hills has called the proposed Mexican agreement "the first step toward President Bush's longer term goal of hemispheric free trade." An early target, presumably, will be the moribund Central American Free Trade Area.

Ms. Hills, questioned in Congress about the impact upon U.S. labor, said "Our studies show... businesses will not migrate to Mexico because of the poor infrastructure and because U.S. workers are more skilled and productive than Mexican workers."<sup>6</sup>

An MIT professor, supporting the proposed free trade agreement, says "American workers lack skills, not jobs."<sup>7</sup>

A journalist argues that "... every job lost by an American will go to a Mexican who is poorer and more desperate. ... Piously denying Mexicans such jobs does nothing to improve the alternatives (sic)."<sup>8</sup>

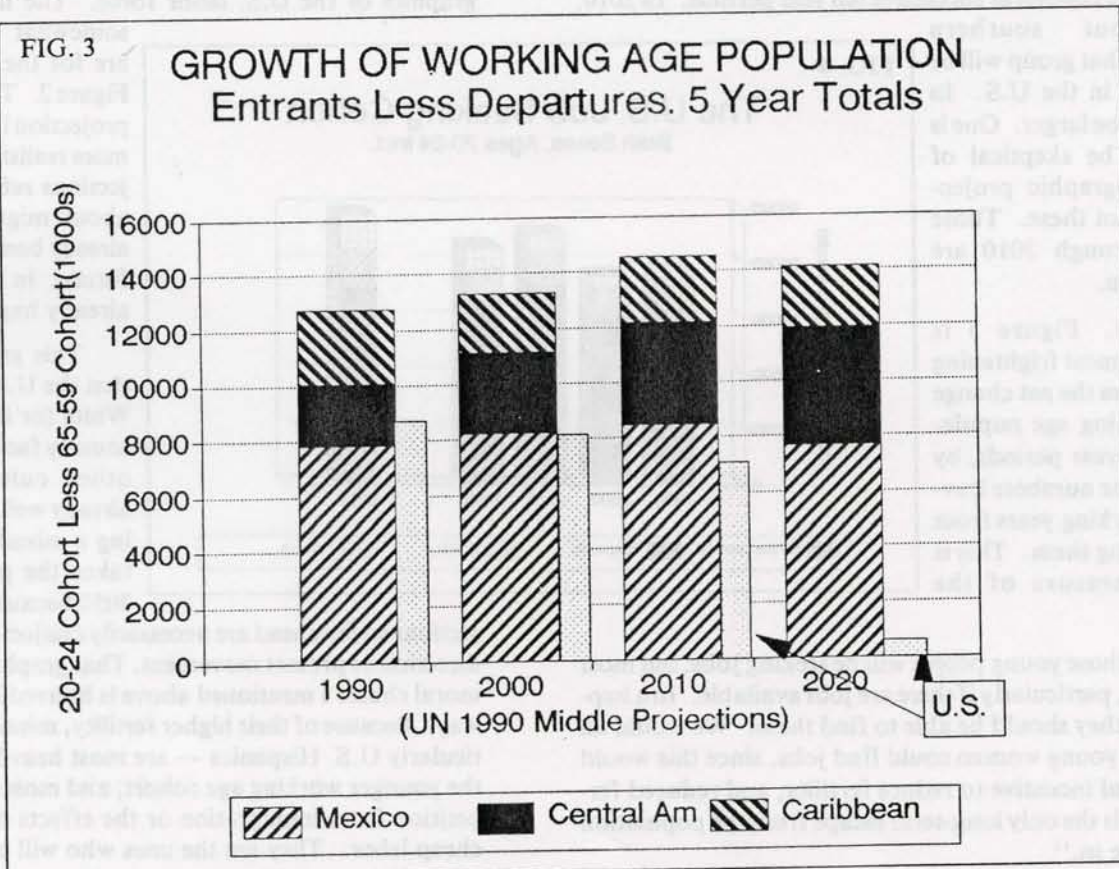
Those three proponents dismiss the issue in mutually contradictory ways, but they have one thing in common: none of them, apparently, gives a damn about U.S. labor. They share a ruthless and frightening vision of the nature of society. If it's good for business and promises to lower prices, it makes no difference what effect a policy may have on the poor.

Workers and the unemployed are people, too. Policy should not be a zero-sum game. The image of the nation as a chance collection of hostile interests is finally self-destructive. It offers little promise of preserving a society capable of acting for the common good, in economic policy, environmental protection or anything else. Eventually, we are

There are limits as to how much we can do for the world. As Americans, we have obligations to each other, and to our descendants.

The U.S. International Trade Commission (USITC) studied the probable impacts of a free trade agreement on the U.S. economy. It devoted just over one page (out of 74) to potential labor effects.

It concluded that there would probably be "little effect" on overall U.S. employment in times of full employment but more effect in times of less than full employment. This is a commonsense proposition. It should, I believe, be sending us a signal. Formal unemployment has risen to 6.8 per cent. Beyond that, discouraged workers are dropping out of the labor force and are no longer counted. For a better measure of the problem, look at the percentage of young (20-24 year



all hurt if we destroy the purchasing power of the working class.

There is, perhaps, a real conflict of moral goals involved in this blindness to one's fellow citizens. A generation raised on the idea of a shared planet, for whom the only "aliens" are from outer space, may find it hard to value a U.S. worker's prosperity higher than a foreigner's.

A firm moral position, tightly held, is a good way to blind oneself to the consequences of what one advocates. Those who take this position are generally not from the economic classes that are hurt, and they play into the hands of employers who are unconcerned about the well-being of either American or foreign labor.

old) people who are out of school but have not found full time jobs; they are the ones who bear the brunt of mass immigration. The proportion in 1990 was 50 per cent for Blacks (up from 48 per cent in 1989), 38 per cent for Hispanics (not all immigrants or their children find jobs, but the "safety net" is better here than in Mexico), and 30 per cent for Whites.<sup>9</sup>

The USITC report said that the wage gap between the two countries would narrow, and that unskilled U.S. workers would suffer, but it saw skilled U.S. labor as profiting from the growth of exports. It noted that differences in population growth rates might sustain migratory pressures into the U.S., affecting U.S. wages, but said that "this possibility was not examined separately."<sup>10</sup>

The USITC, like the nation, seems unwilling to come to grips with demographic change and the labor implications. This may result in part from a failure to recognize the size of the problem. During the entire debate, nobody has undertaken to bring this simple issue of scale into focus, and that is what I propose to do here.

We may perhaps still tend to think of Mexico, Central America and the Caribbean (or, for brevity, "meso-America") as "little countries to the south of us". In 1930, they were only one-fourth as populous as the U.S. Now look at Figure 1. The population of those countries has doubled since 1960 and will be approaching that of the United States by 2020.

This is just the tip of the issue. Because of the dynamics of population growth, the growth is even faster in the age groups that are just entering the labor market. Figure 2 shows the 20-24 age cohorts at successive ten year periods. In 2010, among our southern neighbors, that group will be as large as in the U.S. In 2020, it will be larger. One is entitled to be skeptical of most demographic projections, but not these. Those cohorts through 2010 are already born.

Finally. Figure 3 is perhaps the most frightening of all. It gives the net change in the working age population in five-year periods, by deducting the numbers leaving their working years from those entering them. This is the real measure of the problem.

Not all those young people will be seeking jobs, but most of them will, particularly if there are jobs available. In a happier world, they should be able to find them. We would all profit if the young women could find jobs, since this would be a powerful incentive to reduce fertility, and reduced fertility in turn is the only long-term escape from the population trap they are in.<sup>11</sup>

In the real world, their numbers limit their opportunities and keep wages down, and the young people try to escape.

The common wisdom (more a guess than an estimate) is that half the labor force in the region is already unemployed or under-employed. Just to keep things from getting worse, those societies must create jobs faster than the United States did in the 1970s and 1980s, in economies that, altogether, are about 1/17th as large as the U.S. economy.<sup>12</sup>

It would require an investment of perhaps \$50-\$200 billion per year (at a very rough guess) to enable those meso-American cohorts to find jobs.<sup>13</sup> That is a substantial share of their entire GNP. Are Mexico and its neighbors likely to accomplish their Herculean task? With the best will in the world — or a level of foreign investment that would pauperize the sending country — one must conclude: "almost certainly

not." As a result, the pressures will mount to migrate to the only accessible place where there are jobs: the United States. I can sympathize. If I were courageous, and young, and in their shoes, I would do the same.

By contrast, the United States during the next generation may *hope* to see its job market come into better balance, with a slowdown in the rate of growth and, potentially, a reduction in the present oversupply of unskilled labor. (I underscore the word "hope." We will shortly see why.)

This raises again the question: Where do our responsibilities lie? and the President's? The Constitution obligates him to "promote the general welfare" of the U.S., not of foreigners who may be victims of a demographic imbalance that got out of control, even though they may be deserving, and in need of work.

Let us turn (Figure 4) to a closer look at the demographics of the U.S. labor force. The numbers here are somewhat larger than they are for the same cohorts in Figure 2. That is because the projection is more recent and more realistic.<sup>14</sup> The UN projections reflect assumptions about migration that have already been overtaken. The future, in other words, is already happening.

This graph makes clear that the U.S. is not simply a White (or Black and White) country facing infiltration by other cultures. We are already well on the way to being a mixed society. I have taken the projection out to 2050 because, although pro-

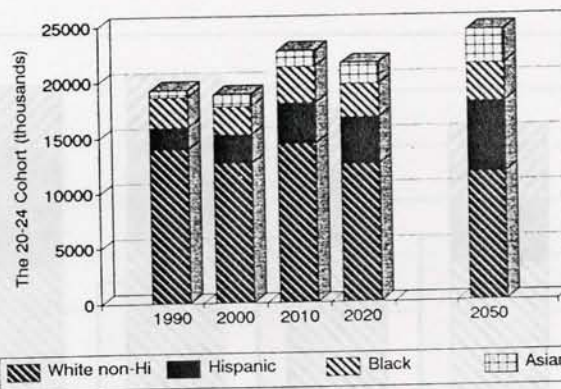
jections so far ahead are necessarily conjectural, it shows the direction of present movement. That graph suggests that the moral choice I mentioned above is blurred in an unexpected way. Because of their higher fertility, minorities — and particularly U.S. Hispanics — are most heavily represented in the younger working age cohort, and most exposed to competition from immigration or the effects of free trade and cheap labor. They are the ones who will be hurt.

Elsewhere in the NPG FORUM series, Vernon Briggs has made an impassioned case for less rather than more immigration, and for efforts to persuade the less educated to bring their fertility down toward that of the educated, as steps toward helping them escape the cycle of poverty.<sup>15</sup> The U.S. labor market needs skills, not numbers. It cannot absorb the current supply of unskilled people. The last thing we need is an increase in mass migration.

To sum it up: The demographic problems of our southern neighbors are so huge that they are already spilling over into the United States, and they threaten to do so on a much larger scale in the next few decades. This will happen whatever we do about free trade, but a free trade agreement — particularly one negotiated by an administration that seems to be unaware of the demographic realities — will worsen the impact upon U.S. labor.

FIG. 4

### The U.S. Job Seeking Cohort Both Sexes, Ages 20-24 incl.



## Rationalizing The Problem Away

Several lines of argument are used to dismiss concerns about the labor impact of free trade.

One argument is that, since average tariffs into the U.S. are only about 4 per cent and into Mexico 11 per cent, a free trade agreement will not really have all that much impact.

One's initial response is: 'then why bother?' In fact, however, Carla Hills has told Congress that improving the investment climate is on our list of things to negotiate. That will make a difference, because it will encourage capital to go there and thus to transfer job opportunities out of the U.S.

Another free trade argument is that the best way of controlling migration is to make Mexico so prosperous that Mexicans will feel no need to migrate. The numbers I have cited should dispose of that argument.

Another argument, from a respected economist, is that prosperity in Mexico will generate demand for imports from the U.S., thereby generating enough jobs to make up for those lost in the initial transaction.<sup>16</sup> Sort of "pay now; play later." This kind of generalization is easy to make, but U.S. experience in the past twenty years suggests that it should be recognized for what it is: an unproven and uncertain hypothesis.

The same economist, in the same article, made two other arguments: first, investment will go somewhere else if it does not go to Mexico, and we have an interest in seeing it go to Mexico. Second, "There is no practical way for us to close our border." In other words, we have to make the best of it and try to help Mexico's economy grow faster than its labor force. He did not get into the numbers, and the statistics I have already cited would suggest that this is simply wishful thinking.

I am not sure I would go to an economist for advice as to whether we can effectively patrol our border, but one commonly hears that it is "impossible" — a convenient way of dismissing any proposal to try it. I wonder if our economist sought the advice of experts. Starting perhaps with the Immigration & Naturalization Service, which has views on the matter.

If no effort is made to control the anticipated movement — which is not necessarily the same thing as "closing our border" — we will, in effect, be making the decision to go with the tide and give up any effort to preserve the wage structure the U.S. has enjoyed.

## Foreclosing The Future

At this dispiriting thought, readers may wonder whether we should not indeed let it happen and accept the prospect of sharing the wage levels of an increasingly crowded world.

The costs go much beyond the wage and employment issue. Let me identify the other issues, even if space does not permit a fuller treatment of them.

**Population.** I said earlier that the consequences of exporting jobs are similar but not identical to those of importing labor. One difference of course is population growth. At current fertility and immigration levels, the country will pass the 400 million mark some time around 2050.<sup>17</sup> (It is now about 250 million.) A change of a half million in annual net immigration would represent a change of about 50 million in the 2050 population, and more, of course, in subsequent years.

**Environment.** Paul and Anne Ehrlich have pointed out that the U.S. is the world's leading source of pollution, because of the combination of large population and high consumption.<sup>18</sup> Any policy that serves to increase immigration worsens that problem. The Ehrlichs argue that our policies should be leading to a falling rather than a rising population.

The same potential migrants, if they stay in meso-America, will intensify the rapid forest destruction and soil erosion that now characterize the area. They will probably not contribute so much to acid precipitation and the greenhouse effect, but that is a very tentative "probably". It depends on the rate of industrialization in the area, success or failure in imposing environmental controls on the new factories, and how the closure of emigration options affects fertility.

This suggests, tentatively, that option "a" (exporting jobs) is less damaging to the U.S. than importing workers (option "b").

**Resources.** Similar reasoning applies to resources. David and Marcia Pimentel argue that the present pattern of U.S. agriculture — high energy inputs and monocultures — is unsustainable not just because of prospective rising energy costs, but because it is vulnerable, increasingly subject to loss from pests, and leading to impoverishment of our soil, groundwater and wetland resources.<sup>19</sup> Like the Ehrlichs, they advocate a smaller U.S. population. Particularly if population growth drives up domestic demand, we face a daunting prospect: that the United States may eventually stop being a grain exporter. Grain importing nations would suffer immediately. U.S. consumers would eventually feel the pinch, since there are no potential residual grain exporters to replace us.

Something of the same calculus applies to forests. Our per capita supply of standing timber has been declining for decades. We have been able to maintain production through timber farms and the destruction of old growth, but the environmental benefits of timber plantations do not begin to compare with natural stands.

A turnaround in population growth would help deal with these issues; growth through immigration would intensify them.

Option "a" is the lesser evil. If it leads to Mexican prosperity, it may intensify the pressure on U.S. resources in a free trade situation, but it does not directly contribute to U.S. population growth.

**Energy.** This is a special sub-case of the resource issue. Population growth, particularly in the high-consumption U.S., intensifies the problem as we approach the end of the oil era. With U.S. resources equivalent to about 15 years' consumption,<sup>20</sup> conservation and the limitation of demand become critically important. We already import half our petroleum, and we cannot afford the foreign exchange to import more. Perhaps the central strategic issue before the country is managing the transition from oil dependence. A smaller population — or slower growth — makes the problem easier. (The Ehrlichs have pointed out that we could do without coal and imported oil, if our population were what it was two generations ago.<sup>21</sup>) There is also a capital crunch coming as we try to pay for the transition to renewable and environmentally benign energy sources. We may need that capital at home rather than trying, as Carla Hills promises, to facilitate its movement to Mexico.

The Government and Congress have not made the population connection. With U.S. population already heading toward a growth this decade of about ten per cent, they passed the Immigration Act of 1990, which will raise immigration rates by perhaps one-half, which generates more consumption. It is this kind of tunnel vision that justifies an observer's skepticism as they approach a free trade negotiation.

One argument for the free trade agreement is, in fact, the need to assure access to Mexican oil. This is legitimate, but it is a Band-Aid rather than a solution. Mexican oil resources are thought to be only two-thirds of the United States',<sup>22</sup> which would add about a decade of U.S. consumption — even if they obligingly sold it all to us, which they have made clear they are not about ready to do. They want to support an indigenous petrochemicals industry. The President has yet to learn that he cannot solve fundamental issues with temporization. Let us hope that he does not trade off a permanent demographic liability for that much oil.

**Cities and the Quality of Life.** The second alternative — allowing more migration — is clearly the worse one from the cities' point of view. Faced with deteriorating infrastructures, economies that cannot provide employment for the growing ranks of semi-literate and unskilled youth, with problems of urban violence, drugs and crime, the major cities do not need in-migration of unassimilated poor Hispanics. They need the respite of slower growth of the troubled 20-24 cohort, which Figure 4 suggests may happen in a generation. Yet those cities are precisely where the immigrants go.<sup>23</sup>

Alternative "a" is less destructive, but hardly desirable. We need the capital at home, if we can find ways of making it productive here.

As to the nation at large: though the amenities provided by uncrowded space are hard to quantify, we are ill served by a trade policy that promotes or accedes to higher immigration rates.

Trade policy should be linked with a national vision of where we want to be heading, in terms of wages, employment, social problems, the environment, resources and a sustainable society. The government has not made those connections, and it resists the suggestion that it begin to do so through an environmental impact statement. Ms. Hills, in response to a question, told a Congressional subcommittee the Government does not plan to do an environmental impact statement (EIS) on the proposed trade negotiations, though they may do some less formal environmental analysis. This is precisely the kind of governmental action that, by law, requires an EIS. Environmental groups have started a lawsuit to require that she go through the EIS process.<sup>24</sup> That would at least be a beginning at cross-sectoral foresight.

## Toward Compromise

From the demographic aspect, the conclusion seems clear: the proposed free trade agreement threatens a trade-off of long-term structural change in the U.S. economy and society in exchange for immediate benefits that have been oversold.

We have been a high-wage economy for a long time, and it has fostered technological change and "the American dream" of prosperity in exchange for hard work. It is not a change we should make lightly.

We have every reason to talk with the Mexicans about trade arrangements that will benefit us both, but perhaps we had better look at our own interests, broadly defined, and at our bargaining position. Is an FTA really in the U.S. interest?

The proposal is one-sided. It is justified by "access to a larger market", yet I have pointed out that the meso-American economies together are only six per cent as large as ours. On the other hand, the increase in the labor force, which Mexico wants us to help absorb, is much larger than ours, and the disparity is growing.

Mexico needs capital more than American capital needs Mexico.

The putative Mexican energy bonus is evanescent; the U.S. uses a quarter of world production of fossil fuels, and we are going to have to face the energy transition with solutions much more fundamental than a deal with Mexico. The U.S. will need a lot of capital to finance that transition, and a more foresighted President might be less eager to facilitate the export of U.S. capital.

The administration's free-traders are pushing regionalism with excessive zeal. After all, to the free trade faithful, regionalism is a poor second to worldwide free trade. Despite the problems of GATT, is there not still room for a worldwide approach? If we seek to protect U.S. wages, a "wage differential tariff" (analogous to developing countries' "infant industry" tariffs) would provide some protection. It could be set at a level that would enable third world countries to sell us goods with a high labor component, in which they would be most competitive. It might even be a vehicle to enable the U.S. to phase out some objectionable practices such as "voluntary" trade quotas. Tariff policy is a complex area, and I hesitate to tread further, but we seem to be on the way to dismantling the post-World War II trade system in return for a very dubious alternative.

If the Bush administration is determined to push ahead with the proposed regional approach, certain approaches would mitigate the damage:

First, we should not allow "free trade" to be a cover for increased migration. If anything, we should call for closer cooperation to stop illegal immigration. The President of Mexico has been telling American audiences that, if there is no free trade agreement, we will be swamped by illegal Mexican migration.<sup>25</sup> This is very close to blackmail. We do not need to accede to the threat.

We can do much more than we have done to control the border.<sup>26</sup> We could even consider using the Army. It has been used to help control drug smuggling along the border. It could be used for the intimately related problem of illicit movement of people. Border security is one of the most ancient functions of armies.

It is not a prospect that we would gladly embrace. We would be happier if we could preserve relative freedom of movement into and out of the country. If we can find and deport the illegal resident within the country, it becomes much less important to stop would-be illegal entrants at the borders. To achieve that condition, we would need improved ways of identifying people (perhaps by moving to fraud-proof social security cards and a nationally integrated system of birth and death certificates), and we would have to enforce employer sanctions and the rest of our existing immigration laws.<sup>27</sup> All

of this, hard-nosed as it may seem, is part of the trade-off we may need to make in an increasingly crowded world, unless we simply decide to go with the flow.

The Mexican President uses the threat of illegal migration only because he is well aware that there are subtle and powerful resistances within the U.S. to any serious effort to stop it. The INS was quietly dissuaded when it proposed the simple expedient of putting up a better fence in the worst smuggling area at Tijuana. Perhaps President Salinas would pull back a bit if he thought we were serious about stopping the traffic.

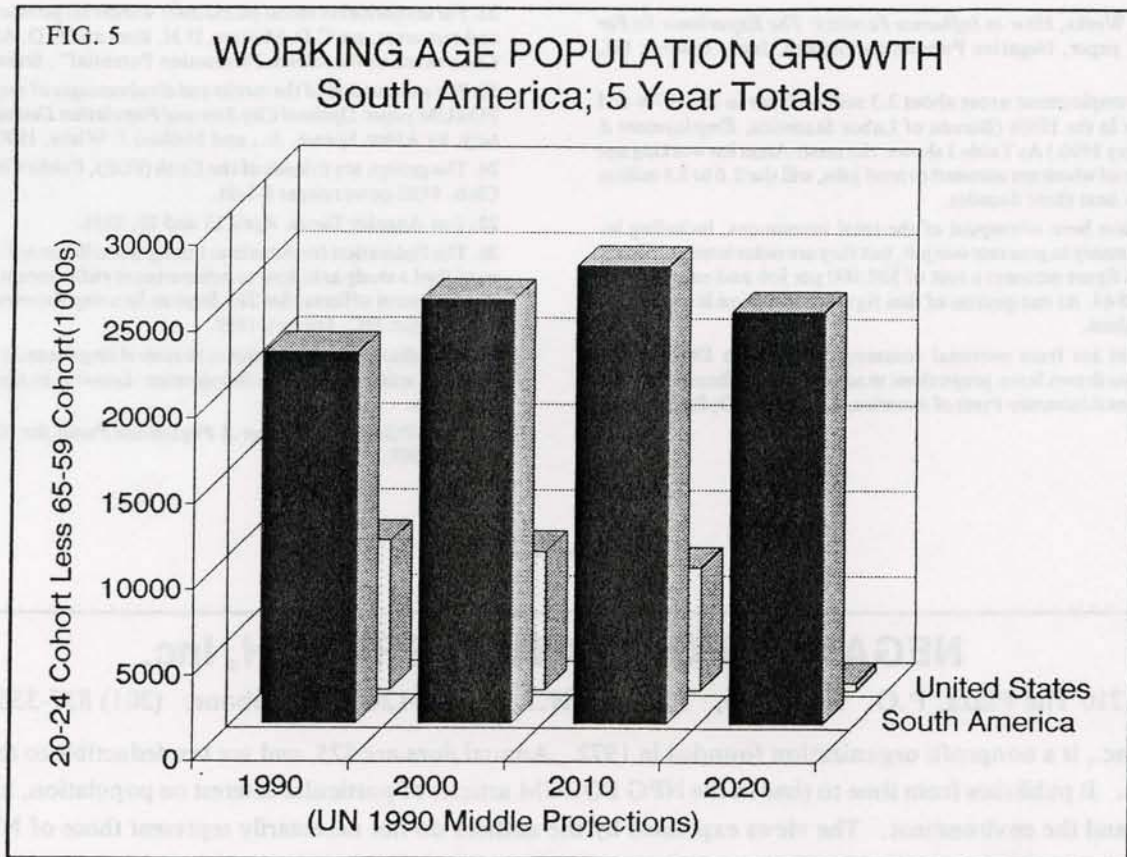
Second, Mexico already has huge pollution problems, and new uncontrolled factories would add to regional and worldwide pollution. If Mexico is to get more U.S. investment, everybody but the miscreant entrepreneur would gain if we insisted that some way be found to improve and enforce Mexico's pollution laws. We should perhaps call for some form of joint or international factory inspection, with a provision banning exports to the U.S. from non-complying factories.

Finally, the problem is a demographic one, and it should be approached on its own terms. The objections to a free

trade zone that I have described would diminish or vanish if our neighbors could control the problems of meso-American population growth and if the United States could reduce the vulnerability that results from its surplus of unemployed, unskilled (and presently untrainable) young people. Population aid is a niggardly 2 per cent of our foreign aid budget. It should have top priority and be available to any country that needs and wants and can use it.<sup>28</sup> Domestically, it is hard to envisage a priority higher than bringing our alienated or undisciplined young people into productive roles in society. As part of that effort, we need to turn from the endless battles about abortion to the real task of helping the young control their pregnancies. An unwed, unemployed, untrained young mother does not have much of a future, nor do her children.

### Coda

If the advocates of hemispheric free trade believe the demographic problems will be less serious once we start negotiating with the countries south of the Isthmus, let me close with a graph depicting the coming growth of the working age population in South America.



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## Notes

1. See Lindsey Grant, *Foresight and National Decisions: The Horseman and the Bureaucrat*, University Press of America, Lanham, MD, 1988.)
2. John B. Cobb, Jr. and Herman E. Daly, "Free Trade vs. Community: Social and Environmental Consequences of Free Trade in a World with Capital Mobility and Overpopulated Regions", *Population & Environment*, Vol.11, No.3, Spring 1990. Aside from Adam Smith and Ricardo, they quote an interesting passage from John M. Keynes: "... let goods be homespun whenever it is reasonably and conveniently possible; and, above all, let finance be primarily national."
3. The *Wall Street Journal* (9-22-89) gave the total as 389,245 in 1988, and the average wage as the equivalent of US\$0.81. The General Accounting Office (GAO) gives the figure as \$1.39 in 1989 (GAO/NSIAS-91-220 U.S.-Mexico Trade).
4. Data from Immigration & Naturalization Service Public Affairs Office, Jerry Ficklin, February 2-33-90, *U.S. Statistical Abstract 1989*, Table 642, and *New York Times* 11-12-89.
5. Quoted by Thomas R. Donahue, Secretary-Treasurer, AFL-CIO, in testimony 2-6-91 before the Committee on Finance, U.S. Senate.
6. Testimony before the Subcommittee on Trade, House Committee on Ways and Means, 2-20-91.
7. Prof. Rudiger Dornbusch, quoted in the *Wall Street Journal*, 4-11-91.
8. Michael Kingsley in the *Washington Post*, 3-14-91.
9. Bureau of Labor Statistics, *Employment & Earnings* January 1991, p.170. The data are for civilians not enrolled in school.
10. "The Likely Impact on the United States of a Free Trade Agreement with Mexico". U.S. International Trade Commission, Washington, February 1991, p. 2-5.
11. See John R. Weeks, *How to Influence Fertility: The Experience So Far* (NPG FORUM paper, Negative Population Growth, Inc., Teaneck NJ, 1990.)
12. In the U.S., employment arose about 2.3 million/year in the 1970s and 2.0 million/year in the 1980s (Bureau of Labor Statistics, *Employment & Earnings*, January 1990.) As Table 3 shows, the meso-America working age population, most of whom are assumed to need jobs, will rise 2.6 to 2.8 million annually for the next three decades.
13. Estimates have been attempted of the total investment, including infrastructure, necessary to generate one job, but they are notoriously difficult. The \$200 billion figure assumes a cost of \$80,000 per job and employment for everybody 20-64. At one quarter of that figure, \$50 billion is a very conservative guess indeed.
14. Figure 4 data are from personal communication from Dr. Leon F. Bouvier. They are drawn from projections made for his forthcoming book *Peaceful Invasions* (University Press of America, Lanham, MD; forthcoming late 1991.) Unlike available UN and U.S. Census Bureau projections, they reflect current fertility and migration levels.
15. See NPG FORUM paper by Vernon M. Briggs, Jr., *Political Confrontation with Economic Reality: Mass Immigration in the Post-Industrial Age* (Negative Population Growth, Inc., Teaneck NJ, 1990.) See also Lindsey Grant, *The Kingdom of the Deaf* from the same publisher, 1991.
16. Robert J. Samuelson, "Mexico's Initiative", in the *Washington Post*, June 20, 1991.
17. For alternative projections of the demographic results of fertility levels at 1.8, 2.0 and 2.2, and of net immigration levels from zero to 2 million, see Leon F. Bouvier, *The Impact of Immigration on U.S. Population Size*, Population Reference Bureau, Washington DC, 1981. NPG FORUM essay *Sustainable Immigration: Learning to Say No* by David M. Simcox, discusses immigration and population, though the fertility assumptions have been overtaken.
18. NPG FORUM article *The Most Overpopulated Nation*. January 1991.
19. NPG FORUM paper *Land, Energy and Water: The Constraints Governing Ideal U.S. Population Size*, 1989.
20. U.S. Geological Survey, *Estimates of Undiscovered Conventional Oil and Gas Resource in the United States—A Part of the Nation's Energy Endowment*, U.S. Government Printing Office, 1989.
21. See NPG FORUM paper *The Most Overpopulated Nation*. Extensive discussions of the implications of the energy transition are contained in NPG FORUM papers *Land, Energy and Water (op cit)*, *Balancing Humans in the Biosphere: Escaping the Overpopulation Trap*, by Robert Costanza, and *Energy and Population: Transitional Issues and Eventual Limits*, by Paul J. Werbos.
22. For authoritative recent estimates of worldwide petroleum and gas reserves and resources, see C.D. Masters, D.H. Root and E.D. Attanasi, "Resource Constraints in Petroleum Production Potential". *Science* 7-12-91.
23. For a discussion of the merits and disadvantages of megalopolis, see NPG FORUM paper *Optimal City Size and Population Density for the 21st Century*, by Alden Speare, Jr., and Michael J. White. 1990.
24. The groups are Friends of the Earth (FOE), Public Citizen and the Sierra Club. FOE news release 8-1-91.
25. *Los Angeles Times*, April 13 and 22, 1991.
26. The Federation for American Immigration Reform (FAIR), for instance, published a study as to how to achieve better enforcement, advised by retired Border Patrol officers. See *Ten Steps to Securing America's Borders*, FAIR, Washington DC, January 1989.
27. For a discussion of techniques to control illegal immigration, see the NPG FORUM article *Sustainable Immigration: Learning to say No*, by David Simcox, 1991.
28. See NPG FORUM Paper *A Population Focus for U.S. Aid* by Lindsey Grant, 1987.

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