

B E Y O N D

G R O W T H

THE ECONOMICS OF SUSTAINABLE DEVELOPMENT

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Chapter 10

Free Trade and Globalization vs. Environment and Community

Lawyers are the favorite butt of professional jokes, but economists are a close second. A favorite one-liner is, “If all economists were laid out end to end, they still wouldn’t reach a conclusion.” However, my problem with my fellow economists is not their frequent state of disagreement, but rather their near unanimous agreement in support of basic policies that are killing us. Instead of critical debates on vital issues, what resonates from academia is the unison snoring of supine economists in deep dogmatic slumber. Economists overwhelmingly agree that (1) economic growth, as measured by GNP, is a very good thing, and (2) that global economic integration via free trade is unarguable because it contributes to competition, cheaper products, world peace, and especially to growth in GNP. Policies based on these two conceptually immaculate—and interrelated—tenets of economic orthodoxy are reducing the capacity of the earth to support life, thereby literally killing the world.

In this chapter, I will first present a summary case against the overall policy of global economic integration by free trade and free capital mobility. Then I will consider the two most usual objections to the case, namely, (1) that economic growth induced by free trade is a huge benefit that outweighs whatever costs it entails, and (2) that the principle of comparative advantage from David Ricardo gives the blessing of economic theory to free trade and globalization as currently understood. Many arguments have already been given in this book against the first objection, but the present context demands a repetition and extension of one of these before moving to a consideration of the second. Refutation of these two most common objections is surprisingly easy—and even fun.

The Case against Globalization by Free Trade

Costs of Transport, Dependence, and Reduced Range of Occupational Choice For trade to be mutually beneficial assumes that the gains from international trade and specialization are not canceled by the immediate disadvantages: higher transport costs, increased dependence on distant supplies and markets, and a reduced range of choice of ways for citizens to make a living.

Transport costs are energy intensive, and if energy is subsidized, as it frequently is today, then so is trade. Charging full-cost energy prices would reduce the initial gains from long-distance trade, whether international or interregional, and would have the same effect as a tariff that was both efficient and protective.

The loss of independence resulting from specialization weakens a community's control over its livelihood. After specialization a country is no longer free *not* to trade, and if not careful about retaining some self-sufficiency in basics, can become vulnerable to hard bargains.

The reduced range of choice of occupations for a given population is seldom mentioned as a welfare cost, but it is important. Most people's enjoyment of life depends at least as much on how they earn their living as on how they spend their earnings. For example, a country like Uruguay, with a clear comparative advantage in cattle and sheep ranching, would afford a citizen the choice of being either a cowboy or a shepherd, if it adhered strictly to the rule of specialization and trade; however, to sustain a viable national community Uruguayans have felt that they need their own legal, financial, medical, insurance, and educational services, as well as basic agriculture and industry. Even if it entails some loss of efficiency, such diversity is necessary for community and nationhood. And from an individualistic perspective, the increased range of choice of occupation has to be counted as a welfare gain. Even for those who are cowboys and shepherds, surely their lives are enriched both by having other alternatives and by occasionally coming in contact with a compatriot who is not a *vaquero* or a *pastor*. Uruguayans consider that their community is enriched by having a symphony orchestra of their own, even though it would be cost-effective to import better symphony concerts in exchange for wool, mutton, beef, and leather. The point is that there is a community dimension to welfare that is absent completely in the one-dimensional argument that if free trade increases per capita availability of commodities, it must be good.

Standards-Lowering Competition to Externalize Costs The increased competition resulting from free trade does indeed promote cheaper products¹—but there are two ways of making products cheaper: by improving real efficiency, or by simply externalizing costs. Firms in a competitive environment all have an incentive to externalize costs—to the extent that they can get away with it.

Within nations there are laws and institutions that prohibit many cost externalizations. Internationally there are few such laws, and domestic laws, and their degree of enforcement, vary greatly among nations. Since lower standards mean lower costs and prices, international competition tends to be standards-lowering (i.e., cost-externalizing), and thereby destroys community life based on those higher standards. For example, a community whose standards include the avoidance of child labor will not be able to engage in free trade with a community that accepts child labor, unless it is willing to lower its standards regarding child labor or accept the bankruptcy of its businesses that have to compete with foreign child labor. Either of these alternatives is a severe disruption of its community life.

The scope of internalized costs within nations is enormous: workplace safety, minimum wage, welfare programs, social security, length of the working day, abolition of child labor, medical insurance, pollution control, liability for accidents, and so on. All of these social and environmental measures raise costs and cannot withstand the standards-lowering competition induced by free trade with countries that have lower standards. The consequence is that a greater share of total world production will move to those countries with the lowest standards—that is, those that do the poorest job of counting and internalizing costs will produce an increasing share of world output—hardly a move in the direction of global efficiency! In the quest for efficiency the most important rule is to count all costs.²

We therefore need a compensatory tariff to correct for differences in internalization of external costs among the nations. This is derided as “protectionism” by free traders. But protectionism traditionally has meant the protection of an inefficient domestic industry from competition with more efficient foreign firms. The compensatory tariff, by contrast, protects an efficient national policy of cost internalization against standards-lowering competition from countries that, for whatever reason, do not count all environmental and social costs. It is one thing to protect an inefficient industry—it is something else entirely to protect an efficient national policy of cost internalization! I advocate the latter, not the former.³

The motivation for compensatory tariffs is not to impose one country's moral standards and values on another country—rather it is to be true to one's own standards by not letting them be undercut by standards-lowering competition. To take an extreme case, even the General Agreement on Tariffs and Trade (GATT) concedes that it is too much to expect the working class in one country to freely compete with prison labor in another. But then what about child labor? Or sixteen-hour-per-day labor? Or uninsured risky labor? What about subsistence-wage labor in overpopulated countries? What about cheap goods subsidized by the uncounted divestment of natural capital?

National borders porous to the movement of goods and capital, and increasingly to labor as well, mean that nations lose control over their economic life and cease to be viable communities. Global community, a presumptive goal of free

trade, is an empty slogan, and in any case should be achieved through international federation of viable national communities, not through default to a cosmopolitan vacuum left by a world without borders, a vacuum soon filled by transnational corporations. Nations weakened by economic erasure of their borders are in a poor position to carry out domestic policies, including those policies they may have agreed to undertake in support of international environmental treaties that they have signed. Such treaties are a step toward true global community, but they are rendered meaningless if nations effectively give up their ability to comply by allowing their borders to be erased in the name of free trade.

Transnational corporations have escaped the national obligations of community by becoming international, and since there is as yet no international community, they have escaped from community obligations altogether. Globalism does not serve world community—it is just individualism writ large. We can either leave transnational capital free of community constraint, or create an international government capable of controlling it, or renationalize capital and put it back under control of the national community. I favor the last alternative. I know it is hard to imagine right now, but so are the others. It may be easier to imagine after an international market crash.

With national borders permeable to the free flow of both goods and capital, and increasingly of labor as well, there will be *one* global labor market, *one* capital market, *one* market for all goods and services, and consequently *one* world price for each commodity. A single country can no longer follow a separate wage policy, or a different interest rate policy, or its own full-cost pricing policy, or even its own population control policy—unless it can convince the rest of the world to follow the same policy. Instead of hundreds of separate national “laboratories” independently trying out different policies, some of which may work, we will have just one big global experiment, which, given the reality of standards-lowering competition, is almost designed to fail.

Consider two examples of how free trade makes it hard to solve national problems. First, the problem of getting U.S. citizens off of welfare and into jobs at which they can earn a living is made unsolvable if we insist on immediately throwing them into competition with the poor masses of the world. Expecting disadvantaged fellow citizens to go right off welfare into competition with all the cheap and able labor of an overpopulated world is a denial of community with them.

Second, in a parallel way, the problem of conversion of our military production capacity to peacetime uses is made excessively difficult if the new civilian enterprise must immediately face stiff foreign competition. Our military sector is as inefficient as any centrally planned socialist economy. It needs competition—but competition must be introduced slowly. It is better for our community to employ workers and companies who, although not now competitive by world stan-

dards, are nevertheless making some positive contribution to our nation, than to demand “global efficiency” at the expense of unemployment and associated social costs—crime, drug addiction, and irresponsible procreation.

Natural Capital As Limiting Factor As discussed in Part 2, many nations have grown to the point that the limiting factor in their further growth and development is no longer man-made capital but remaining natural capital. To cite again the clearest example, the fish catch is limited by the natural capital of remaining fish populations, not by the man-made capital of fishing boats, many of which are idle. Countries in which natural capital has become the limiting factor therefore seek to appropriate whatever natural capital remains in the international commons, and to trade for natural capital with those less developed countries still willing and able to supply it. Trade makes it possible for some countries to live beyond their geographic carrying capacity by importing that capacity—natural capital—from other countries. And this tendency in individual countries tends to push the world economy to grow beyond its optimal scale relative to the containing ecosystem. Since the initial introduction of trade eases environmental constraints relative to total economic self-sufficiency, or autarky, it creates the illusion that further trade will continue to ease those constraints. But the benefits of moving from no trade to some trade cannot be generalized to the proposition that more trade is better than less trade. And—of course—all countries cannot be net importers of natural capital.

Free trade also introduces greater geographic separation between the production benefits and the environmental costs of throughput growth, making it more difficult to compare them and consequently easier to overshoot the optimal scale defined by their equality at the margin. Furthermore, as a result of the increased integration caused by trade, countries will face tightening environmental constraints more globally and simultaneously, and less nationally and sequentially, than they would with less trade and integration. Therefore there will be less opportunity to experiment on a smaller scale and to learn from other countries’ prior experience with controlling throughput.

In sum, by making supplies of resources and absorption capacities anywhere simultaneously available to demands everywhere, free trade will tend to increase throughput growth, and with it the rate of environmental degradation. It will greatly reduce the control that people in local communities have over their local environments and their livelihoods. The tendency of free trade to increase throughput growth is counted as a virtue in neoclassical growth economics. In sustainable or steady-state economics, however, any tendency for trade to push growth beyond the optimal scale is recognized as antieconomic.

Intra-Industry Trade and Intellectual Property Rights Roughly half of world trade is intra-industry trade—that is, simultaneously exporting and

importing basically the same commodity. For example, the United States imports Danish butter cookies, and the Danes import U.S. butter cookies. Somewhere on or above the North Atlantic the cookies pass each other. Surely the gains from trading such similar products cannot be large. But regardless of their size, could not these gains be had more efficiently simply by exchanging recipes?

In general, might not the free international flow of information be preferable to the flow of goods or capital? When you sell or give away information (as opposed to goods), you do not give it up—you still have it. What you give up is your monopoly, which is what gave the information its exchange value. But you still have the full use value. Once information exists, an argument can be made that its price should be zero for efficient allocation. But the cost of production of new knowledge is usually not zero, and so we reward inventors with a temporary monopoly. But might there not be a better way to reward creators of knowledge? Prizes? Grants? High salaries? Something that does not require that knowledge be kept artificially scarce?

Knowledge is so largely a social product in any case that it is quite arbitrary and unjust to give property rights for minor applications of basic knowledge but not for the discovery of basic knowledge itself. Do the genetic engineers, eager to patent new organisms, share their royalties with Watson and Crick? Or with the teachers who taught them about the double helix? Or with the heirs of Gregor Mendel?

The early Swiss economist Sismondi noted that inventions motivated by a desire to serve mankind are less likely to be socially destructive than inventions motivated by the desire for personal enrichment. Maybe he was right. Maybe the quality of the incentive is more important than the quantity. Maybe Thomas Jefferson was right in his statement, carved in stone at the University of Maryland's McKeldin Library: "The field of knowledge is the common property of mankind."

Yet free traders emphasize the importance of strengthening intellectual property rights and making knowledge less and less "the common property of mankind." Their argument is that unless new knowledge is kept expensive there will not be sufficient incentive to produce more of it. But even granting considerable force to that point, I am still inclined to favor the hypothesis that the benefit of rapid sharing of the knowledge we now have is greater than the cost of any consequent risk of slowing the creation of new knowledge. Following Schumpeter, one could argue that new knowledge has a natural but temporary monopoly by virtue of its novelty, and it is the loss of that novelty, as a result of sharing knowledge, that gives the incentive to discover ever newer knowledge. The use value of new knowledge gets imputed to the factors of production that put it into effect, as the exchange value of the knowledge is competed down to zero. Of all things, knowledge and information are what should flow most freely across national boundaries, and especially from North to South. Yet this is what today's free traders least want to be free.⁴

Refutation of Two Common Objections

Let us turn now to consider the two most common objections to the anti-free trade position. The first is that "growth will compensate." Some globalists will admit that the problems just outlined are real, but argue that whatever costs they entail are more than compensated for by the welfare increase from economic growth brought about by free trade and global integration. While it may be true that free trade increases economic growth, the other link in the chain of argument, that growth increases welfare, is devoid of empirical support in the case of the United States since 1947.

It is very likely that we have entered an era in which growth is increasing environmental and social costs faster than it is increasing production benefits. Growth that increases costs by more than it increases benefits is antieconomic growth, and should be so called.

Although economists did not devise GNP to be a direct measure of welfare, nevertheless welfare is assumed to be highly correlated with GNP. Therefore, if free trade promotes growth in GNP, it is assumed that it also promotes growth in welfare. But the link between GNP and welfare has become very questionable, and with it the argument for unregulated trade, and indeed for all other growth-promoting policies.

Evidence for doubting the correlation between GNP and welfare in the United States is taken from two sources.

First, Nordhaus and Tobin (1972) asked whether growth is obsolete as a measure of welfare and hence as a proper guiding objective of policy.⁵ To answer their question they developed a direct index of welfare, called Measured Economic Welfare (MEW) and tested its correlation with GNP over the period 1929–1965. They found that for the period as a whole, GNP and MEW were indeed positively correlated—for every six units of increase in GNP there was, on average, a four-unit increase in MEW. Economists breathed a sigh of relief, forgot about MEW, and concentrated on GNP.

Some twenty years later, John Cobb, Clifford Cobb, and I (1989) revisited the issue and began our development of an Index of Sustainable Economic Welfare (ISEW) with a review of the Nordhaus and Tobin MEW. We discovered that if one takes only the latter half of their time series (the eighteen years from 1947 to 1965), the correlation between GNP and MEW *falls* dramatically. In this most recent period—surely the more relevant for projections into the future—a six-unit increase in GNP yielded on average only a one-unit increase in MEW. This suggests that GNP growth at this stage of U.S. history may be a quite inefficient way of improving economic welfare—certainly less efficient than in the past.

The ISEW was developed to replace the MEW, since the latter omitted any correction for environmental costs, did not correct for distributional

changes, and included leisure, which both dominated the MEW and introduced many arbitrary valuation decisions. The ISEW, like the MEW, though less so, was correlated with GNP up to a point, beyond which the correlation turned slightly negative.⁶

Measures of welfare are difficult and subject to many arbitrary judgments, so sweeping conclusions should be resisted. However, it seems fair to say that for the United States since 1947 the empirical evidence that GNP growth has increased welfare is *very* weak. Consequently, any impact on welfare via free trade's contribution to GNP growth would also be very weak. In other words, the great benefit, for which we are urged to sacrifice national community and industrial peace, turns out on closer inspection not to exist.

The second common objection to the case against free trade is that "comparative advantage supports global integration." I am an economist, and really do admire and revere David Ricardo, the great champion of classical free trade and formulator of the principle of comparative advantage. But I argue that if Ricardo were alive now he would *not* support a policy of free trade and global integration as these are understood today.

Ricardo showed how free trade could be mutually beneficial for countries even where there were dramatic one-sided differences in how expensive it would be to produce the same goods in each country. Consider his example of England and Portugal in the eighteenth century. It was cheaper to produce both wine and cloth in Portugal, in absolute terms, than in England. But it was also true that England's cloth industry was—relative to its wine industry—significantly more efficient. England's disadvantage relative to Portugal in cloth production was less than its disadvantage relative to Portugal in wine production. England had a comparative advantage in cloth, Portugal a comparative advantage in wine. Ricardo showed that each country would be better off specializing in the product in which it had a comparative advantage and trading for the other, regardless of absolute advantage. Free trade between the countries, and competition within each country, would lead to this mutually beneficial result.

Economists have been giving Ricardo a standing ovation for this demonstration ever since 1817, as well they should.⁷ But in their enthusiasm for the conclusion, modern economists seem to have forgotten one of the premises. Ricardo was very careful to base his comparative advantage argument for free trade on the explicit premise that capital was immobile between national communities. Capital, as well as labor, stayed at home, only goods were traded internationally. It was the fact that capital could not, in this model, cross national boundaries that directly led to replacement of absolute advantage by comparative advantage. Capital follows absolute advantage as far as it can within national boundaries. But since by assumption it cannot pursue absolute advantage across national boundaries, it has recourse to the next best strategy, which is to reallocate itself within the nation according to the principle of comparative advantage.⁸

For example, if Portugal produces both wine and cloth absolutely more cheaply than does England, then capital would love to leave England and follow absolute advantage to Portugal, where it would produce both wine and cloth more cheaply. But, by assumption—quite reasonable in the eighteenth century—it cannot. The next best thing is to specialize domestically in the production of English cloth and trade it for Portuguese wine.

Whatever the case in Ricardo's time, in our day it would be hard to imagine anything more contrary to fact than the assumption that capital is immobile internationally. It is today vastly more mobile than goods. Transnational corporations seeking cheap labor and resources can easily set up factories in Mexico (or Portugal), capitalizing on the absolute advantage of cheap production, with absolutely no penalty in terms of access to the markets of the countries they have just left. In today's world, linked by twentieth-century transport, communication, technologies, and financial institutions, capital will flow rapidly to the countries with absolute advantage.

The argument for globalization based on comparative advantage is therefore embarrassed by a false premise. When starting from a false premise, one would have a better chance of hitting a correct conclusion if one's logic were also faulty! But Ricardo's logic is not faulty. Therefore I conclude that he would not be arguing for free trade—at least not on the basis of comparative advantage which requires such a wildly counterfactual assumption. Unlike some of today's economists and politicians, Ricardo would *never* argue that because comparative advantage shows that free trade in goods is beneficial, one can simply extend the argument to show that free trade in capital must yield even more benefits!! To appeal to a principle that is premised on capital *immobility* in order to support an argument in favor of capital *mobility* is too illogical for words. How does one say something that is too illogical for words? Usually by burying it in the assumptions of a lot of intimidating, but half-baked mathematics.⁹

Classical Versus Neoclassical Views of Free Trade Regardless of what Ricardo would say if he were alive, some modern neoclassical economists might still want to argue for free trade on the basis of absolute rather than comparative advantage. They could still show that total world product would increase as a result of specialization and trade according to absolute advantage, but not that *each* nation would necessarily be better off. That is the rub. Since the classical economists were nationalists, they were simply not interested in global integration for its own sake, or in trade that did not benefit their own nations. I think their position was wise. To the extent that global integration takes place, the very idea of "each nation" loses its economic meaning. But the neoclassicals do not mind that because they are individualists, not nationalists.

The reason capital stayed at home in the classical model was its adherence to national community. In Ricardo's words:

Experience, however, shows, that the fancied or real insecurity of capital, when not under the immediate control of its owner, together with the natural disinclination which every man has to quit the country of his birth and connections, and entrust himself with all his habits fixed, to a strange government and new laws, check the emigration of capital. These feelings, which I should be sorry to see weakened, induce most men of property to be satisfied with a low rate of profits in their own country, rather than seek more advantageous employment for their wealth in foreign nations.¹⁰

For Ricardo it is the capitalist's attachment to his national community that keeps capital at home. Adam Smith held the same view, and, interestingly, it is in the context of his discussion of the international immobility of capital that the famous "invisible hand" passage occurs. As Smith put it:

By preferring the support of domestic to that of foreign industry, he (the capitalist) intends only his own security; and by directing that industry in such a manner as its produce may be the greatest value, he intends only his own gain, and he is in this, as in many other cases led by an invisible hand to promote an end which was no part of his intention.¹¹

Of course Smith's capitalist is acting in his own self-interest, but, like Ricardo's capitalist, he feels secure within the country of his birth and connections, and insecure abroad. The capitalist's very self-identity is defined with reference to his relations in community. When the self is constituted by internal relations in community it is not so surprising that pursuit of self-interest should promote the community welfare. Note that Smith takes it for granted that keeping capital at home is in the community's interest. His only problem is to explain why it is also in the capitalist's self-interest. The reason is that the self in which the capitalist is so vitally interested is largely constituted by his relations in community.¹²

Ricardo emphasized that he would be sorry to see these feelings of community weakened. But of course they have in fact been greatly weakened, in no small part by the globalist ideology ironically justified by misunderstandings of Ricardo's own comparative advantage argument.

In the classical nineteenth-century vision of free trade, held by Ricardo, the national community embraced both national labor and national capital, and these classes cooperated, albeit with conflict, to produce national goods which then competed in international markets against the goods of other nations, produced by other national capital / labor teams.

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Nowadays, in the twentieth century's globally integrated view of free trade, it no longer makes sense to think of national teams of labor and capital—both become global. Formerly national capitalists in the United States now communicate with their former domestic workers by mobile telephone in the manner of the following conversation:

Sorry, old Union Joe Six-Pack, but we live in a global economy—I can buy labor abroad at one-tenth the wage your union wants, and with lower environmental and social taxes, and still sell my product in this market or any other. Your severance check is in the mail. Good luck. . . . What do you mean, “bonds of national community”? I just told you that we live in a global economy, and have abandoned all that nationalistic stuff that caused two world wars. Factor mobility is necessary for maximum efficiency, and without maximum efficiency we will lose out in global competition. . . . Yes, Joe, of course there will be a tendency to equalize wages worldwide, but profits will also equalize. . . . Well, yes, of course wages will be equalized downward and profits equalized upward. What else would you expect in a global economy that reflects world supply and demand? Don't you want the Chinese and Mexican workers to be as rich as you are? You're not a racist, are you, Joe? Furthermore, economists have proved that free trade benefits everyone. So be grateful. . . . Now that you have some extra time, Joe, sign up for Economics 101 at your local community college. You'll learn about comparative advantage. It'll help you feel better.

At this stage in the dialogue there's not much community left. We have here the abrogation of a basic social agreement between labor and capital over how to divide up the value that they jointly add to raw materials. That agreement has been reached not through economic theory, but through generations of national debate, elections, strikes, lockouts, court decisions, and violent conflicts—that agreement, on which national community and industrial peace depend, is being repudiated in the interests of global integration. That is a very poor trade, even if one calls it “free” trade.

Globalization and Immigration The sundering of national community is carried even further now in the United States, where illegal immigration, as well as the world's most generous legal immigration and refugee policies, have the effect of bringing in poor foreign workers to domestic jobs, in addition to free trade's consequence of exporting domestic jobs to poor foreign workers by capital migration.¹³ Working-class citizens by now accustomed to seeing their real wages

competed down,¹⁴ must also get used to seeing their taxes increase to provide public welfare benefits to illegal and legal immigrants, as well as loan guarantees to protect foreign currencies and the Wall Street interests that have investments denominated in these currencies.¹⁵ Underclass citizens on welfare see their chances of getting a job diminish because the illegal immigrants are tough competition. Our government, ever sensitive to the interests of the employer class, has done little to control the border, and has even suggested that illegal immigrants are a public benefit because they pay more in taxes than they get in social welfare and public goods. This claim is quite doubtful, but in any case it is beside the point because in the absence of the illegal immigrant the job or entrepreneurial opportunity taken by the illegal immigrant would have presumably been available to a citizen previously on public welfare, who would then have become a taxpayer in addition to getting off the dole.¹⁶

The logic of free trade, once it is erroneously extended to free capital mobility, is by consistency also extended to free labor mobility, that is, free immigration. If we are truly in a global economy, why not? If neither capital nor the governments that serve it have any greater obligation to citizens than to foreigners, then certainly migration should be free. Free movement of goods, of capital, and of labor is the logical consequence of global economic integration. It is certainly *not* what Ricardo or Smith had in mind when speaking of free trade, but is the implicit or explicit program of today's free-trading globalists. It does not serve national community, it destroys it. And it does not create international community either.

A former Texas commissioner of agriculture, Jim Hightower, made the following suggestion: "Let's keep our factories and jobs here and move our corporate headquarters to Mexico, Korea, or wherever else we can get some reasonably priced chief executives." Or maybe we could allow free immigration of cheap chief executives along with cheap labor. Not likely. More likely is that we will witness a further writing off of the laboring class in this country, an increasing disdain toward uneducated and rural people by the corporate and university elite, and an increasing devotion by the former to the one thing about themselves that at least vaguely concerns the latter—their growing arsenal of guns.

It is considered impolite to talk about the political interest in cheap labor in this country, or about the use by the employer class of free trade and unenforced immigration laws as instruments for promoting lower wages and higher profits. Liberal intellectuals, who one might have hoped would see through the mystification, instead have advocated free trade and easy immigration as a way of being generous at someone else's expense, and of proving to themselves once again that they are not racists or even nationalists. And the economists assure them that economic growth will eventually make everyone better off, so whatever temporary cost may fall on our laboring class is a small price for "us" to pay for the gratifying illusion that we are helping starving people across the sea.

Conclusions

Free trade, specialization, and global integration mean that nations are no longer free *not* to trade. Yet freedom not to trade is surely necessary if trade is to remain mutually beneficial. National production for the national market should be the dog, and international trade its tail. But the globalist free traders want to tie the dogs' tails together so tightly that the international knot will wag the national dogs. The globalists envision this as a harmoniously choreographed canine ballet. More likely it will result in a multilateral dog fight, along with serious class conflicts within nations.

High-consuming countries, whether their high consumption results from many people or from high consumption per capita, will, in a finite and increasingly integrated world, more and more be at each other's throats. To avoid war, nations must both consume less and become more self-sufficient. But free traders say we should become less self-sufficient and more globally integrated as part of the overriding quest to consume ever more. That is the worst advice I can think of.