

most people, even in Washington, and was academic for many voters since dividend payments to 401(k)s aren't taxed. But it passed, which it probably would not have done ten years before. The capital-gains tax cut passed with very little debate, as a previous, larger cut had passed in 1997 under a Democratic president.

'AN OWNERSHIP SOCIETY'

The White House believes that the investor class is for real. In his State of the Union address, President Bush renewed his call for Social Security reform. He has also revived an earlier proposal for "lifetime savings accounts" and "retirement savings accounts." Aides say he wants to build "an ownership society."

The new accounts would consolidate and massively expand existing savings vehicles such as IRAs and 401(k)s. Contributions to these accounts would be taxed—the administration wanted to avoid any immediate revenue impact—but withdrawals would not be. This policy may prove popular, based on past polling and congressional behavior. The Left is denouncing it for increasing the deficit, unfairly subsidizing the rich, etc. The most promising tactic for opponents will be to say that the new accounts might lead some employers to drop their 401(k)s. That critique is actually even true. Once the tax code allows workers to sock away savings tax-free independently from their employers, it will in some cases make more sense to raise wages and let workers save for themselves. But few people would lose out from that shift.

The savings accounts would not increase the number of investors as much as Social Security reform would—you have to have spare cash to save to use the accounts, whereas Social Security reform would involve investing taxes you already pay—but it might help prepare the ground for it. The president seems prepared to campaign for re-election on these ideas. If the House Republican leadership is reluctant to do so, too bad for them: The president is dragging them along.

Democrats still think they can run successfully against an investor-class politics. John Edwards, in particular, has been taking Bush's policies head-on. Bush, says Edwards, values "wealth" over "work." Republicans want to tax labor income, but not capital income. This theme, Edwards and other Democrats think, usefully highlights Bush's patrician background and "anti-worker" agenda. At the same time, the Democrats may try to come up with policies to help small investors. But what has always been true of the politics of income taxation in America—low-income voters don't want to punish the rich, they want to be the rich—may be even truer of the politics of wealth taxation. Can Democrats really appeal to small investors while also casting doubt on the moral and social worth of the enterprise in which they are engaged?

When Robert Samuelson wrote that investor politics had been a casualty of the bear market, he said that the proposal to cut dividend taxes was evidence that "expanded shareholding abets political activism, not restraint." There may be no inexorable economic laws of history. But my guess is that we are likely to see more such free-market "activism" in the future. The investor class is well on its way to becoming an investor nation.

NR

■ IMMIGRATION II

Tearing Up the Country

**Legalizing the illegals will kill jobs
and fray the social fabric**

JOHN O'SULLIVAN

ALMOST all the debates on President Bush's proposed immigration reforms have concentrated on their economic impact. Those who support the reforms tend to argue that they will help the U.S. economy to overcome a potential labor shortage; those who oppose them claim that they will displace low-paid Americans and depress wages. (I am firmly in the latter camp.) There has been very little discussion of the other ways—social, environmental, legal, racial, and political—in which the U.S. will be affected by what is an "open door" immigration policy in all but name. That would perhaps be understandable if the debate were confined to libertarians who tend to assume that "the market" can magically solve every problem from traffic congestion to chilblains, and to regard any preference for Americans over foreigners as "nativism." But conservatives are supposed to be concerned about such matters as the social fabric and to regard patriotism, loyalty, and national cohesion as important values sustaining a healthy society. And by almost every criterion you can cite, the Bush immigration reforms tear large rents in the social fabric of America.

TEARING THE FABRIC OF COMMUNITY

Let's start with those mixed "socio-economic" problems, such as poverty and unemployment, where statistics yield clear evidence.

Unemployment. There are roughly eight million registered unemployed; still others have given up trying to find work. The U.S. has 3.5 million fewer jobs than when President Bush entered office and the "Clinton recession" took effect. So there is no crying need for immigrant workers. Even in some months in which jobs are created—as 57,000 were, last September—the unemployment rate does not fall proportionately, because even more people are entering the labor force. Between 2000 and 2002, the working-age population expanded by 7.9 million people—of whom 48 percent were immigrants. As economist Edwin S. Rubenstein has shown, the immigrants crowd out both white and black Americans from the new jobs. These job losses, moreover, are occurring when legal immigration is restricted and there are at least some legal risks attached to hiring illegal aliens. Both the "guest worker" program and the amnesty for current illegals would increase the pool of cheap labor and

remove any taint of illegality. They are therefore certain to increase the unemployment rate.

Poverty. Immigration worsens U.S. poverty in two ways. First, immigrants add directly to the population of the poor. Rubenstein points out that about 16 percent of America's poor are immigrants. But this figure rises to 36 percent when the minor children of current immigrants and the descendants of post-1965 immigrants are added to the mix. A new underclass is being created. Second, immigration adds to poverty indirectly by driving down the income and employment rates of poorer Americans through economic competition. In 2002, poverty rates for black Americans rose and their median household income fell. Many black Americans are being pushed into the underclass by immigration—yet we are proposing to increase the importation of workers. Another effect of this is likely to be pressure for more redistributive and interventionist “anti-poverty” programs and, of course, higher taxes.

So much for the impact on people. What about the impact of people? Immigration accounts directly and indirectly for approximately two-thirds of current U.S. population growth; and this process is picking up speed. The Census Bureau had predicted (in its 1990 Middle Series projections) that between now and 2050, the population would grow to 328 million without immigration and to 404 million on present immigration trends—a difference of 76 million people. As Steve Camarota

they are also the justification for significant expenditures on bilingual teaching and other services. Yet under the Bush proposals, “guest workers” will be allowed to bring in their wives and families during the (indefinitely renewable) three-year work periods of their contracts. So the costs of immigration to the U.S. education system are likely to grow in line with the size of the guest-worker community.

Immigration is also a major component of the health-care problem. Take merely one statistic from a recent CIS study: Almost half (46 percent) of persons in immigrant households either have no insurance or have it provided to them at taxpayer expense. Nor is that the only cost immigration imposes on the health-care system. The *New York Times*, in an unguarded moment last year, wrote as follows: “The American Hospital Association estimated that in 2000 the 24 southernmost counties from Texas to California accrued \$832 million in unpaid medical care, a quarter of which was directly attributable to illegal immigrants. Now, the financial pressures are spreading north into larger cities, pushing the overall unpaid bills well into the billions of dollars and straining a health-care system already stretched thin . . .” Yet, as we noted above in regard to education, the first effect of the Bush reforms will be to allow low-income workers from all over the world to bring their families into America and into the free emergency medical services that are already strained beyond reason.

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of the Center for Immigration Studies (CIS) has shown, however, those projections already look like underestimates in the light of more recent 2000 Census figures. These show that inward migration is higher than previously estimated, by about 100,000 people a year, and that fewer immigrants return home annually. By 2050 we are likely to see an immigration-driven increase of the U.S. population to more than 404 million people *even before the impact of President Bush's liberalization of the law is taken into account.*

What will that mean? Let's consider, first, the environmental impact. Even the lower 1990 projections suggest that 30 million new houses will be needed to accommodate the extra families. That will mean loss of open spaces, urban congestion, and increased sprawl—and all the political costs of more intrusive regulation and higher taxation as local governments seek to provide water, sewage, and other public services. Take education. In recent years it has been consuming much more in tax revenue—but education standards remain stubbornly low compared to past performance and to foreign schools. Could the reason be that—as the 2000 Current Population Survey discovered—there were eight million children of post-1970 immigrants in public schools? This is equal to the entire increase in public-school enrollment over the last twenty years. Not only are those children adding significantly to the financial strains on schools, but

A CRISIS OF IDENTITY

When the costs of these various services used by immigrants are added up, they amount to a very severe net cost to the taxpayer. The cost varies from state to state, but it rises to more than \$2,000 annually in California. The higher taxes do not produce better public services, because of the extra demands made upon them. Furthermore, an argument heard from supporters of the Bush reforms—that the taxes paid by formerly illegal workers will help finance public services and “save” Social Security—holds no water. For the large additional costs imposed by the much larger numbers of immigrants and their families will more than overwhelm the modest additional revenues that they are likely to contribute as low-paid workers.

But declining public services are not the worst consequence of effectively uncontrolled immigration. That label must be reserved for the sharpening of ethnic tensions that it will set in motion. These tensions used to be the reason American elites supported assimilation: They wanted to mitigate the ethnic conflicts that mass immigration was likely to produce. Eventually, in the 1920s, they decided that an end to mass immigration was necessary if assimilation itself was to succeed in shaping a united America. Modern elites, however, are spoiled by America's past success; they treat national unity as a given and encourage “diversity” from a guilty fear that assimilation amounts to cul-

tural suppression. This multiculturalism promotes ethnic egotism and hostility, in ways as various as segregated university dorms and racial preferences. So “diversity” aggravates the ethnic tensions inherent in mass immigration rather than restraining them. For instance, it is not hard to forecast that ethnic hostility is likely to be encouraged if growing numbers of newly arrived immigrants, who happen to fall into the “protected classes” of affirmative action, are given preference in employment and promotion over white and Asian Americans. Yet that is what happens—and what will happen more frequently under the Bush reforms.

The extraordinary and dangerous extent to which such ideas have now infected both social life and official policy is outlined in a brave, powerful, and well-documented article in *City Journal* by Heather Mac Donald. Her article should be read in its entirety, but here are its four essential points: 1) Illegal aliens are responsible for a high proportion of serious crimes in the areas where they live. 2) The political and law-enforcement authorities turn a blind eye to all but the most serious of these crimes. 3) Even when they have a criminal alien in custody, they refuse to hand him over to the INS for deportation or to enforce immigration law in general. 4) These failures of law enforcement arise from pressure by immigration-advocacy groups and ethnic lobbies, and also from fear of alienating the large illegal-alien community in cities like Los Angeles.

Two of Mac Donald’s statistics will illustrate the argument. In Los Angeles, 95 percent of all outstanding warrants for homicide target illegal aliens, and up to two-thirds of all fugitive felony warrants are for illegal aliens. Many of these warrants are for repeat offenders who have been in custody for earlier offenses and are thus liable to deportation. But they were released without reference to the INS. As several police chiefs told Mac Donald, they would face a “firestorm of criticism” if they either referred to the extent of crime by illegal aliens or suggested enforcing immigration laws against them. These timid calculations are, of course, the direct result of permitting the growth of culturally separate enclaves of illegal aliens.

Failing to enforce immigration law is the “broken windows” theory of crime prevention writ large; it tells people that the government is either afraid or unwilling to enforce the law in general. As a result, more and more crimes unrelated to immigration are committed. Second, the sense of ethnic separateness that mass immigration fosters itself encourages a social atmosphere in which ethnic loyalty trumps civic responsibility even among political leaders. Thus, it becomes acceptable to tolerate even serious crimes by ethnic gangs rather than to insult the community by removing them from the country. And the existence of such cultural enclaves—ones that have established a semi-independence from the rest of the U.S.—tends to attract more people from outside, some to work legally or illegally, others to live outside the law in a more general sense. Yet such enclaves will be strengthened by both the amnesty and guest-worker provisions of the Bush reforms. Indeed, the hidden assumption of the reforms is that since nothing can be done about these enclaves of illegality, they had best be legalized as far as possible. Acting further on that assumption would break America’s windows, on a truly massive scale.

NR

■ SCIENCE

The Organic Myth

A food movement makes a pest of itself

JOHN J. MILLER

SOMEWHERE in the cornfields of Britain, a hungry insect settled on a tall green stalk and decided to have a feast. It chewed into a single kernel of corn, filled its little belly, and buzzed off—leaving behind a tiny hole that was big enough to invite a slow decay. The agent of the decomposition was a fungus known to biologists as *Fusarium*. Farmers have a much simpler name for it: corn ear rot.

As the mold spread inside the corn, it left behind a cancer-causing residue called fumonisin. This sequence repeated itself thousands and thousands of times until the infested corn was harvested and sold last year as Fresh and Wild Organic Maize Meal, Infinity Foods Organic Maize Meal, and several other products.

Consuming trace amounts of fumonisin is harmless, but large doses can be deadly. Last fall, the United Kingdom’s Food Standards Agency detected alarming concentrations of the toxin in all six brands of organic corn meal subjected to testing—for a failure rate of 100 percent. The average level of contamination was almost 20 times higher than the safety threshold Europeans have set for fumonisin. The tainted products were immediately recalled from the food chain. In contrast, inspectors determined that 20 of the 24 non-organic corn meal products they examined were unquestionably safe to eat.

Despite this, millions of people continue to assume that organic foods are healthier than non-organic ones, presumably because they grow in pristine settings free from icky chemicals and creepy biotechnology. This has given birth to an energetic political movement. In 2002, activists in Oregon sponsored a ballot initiative that essentially would have required the state to slap biohazard labels on anything that wasn’t produced in ways deemed fit by anti-biotech agitators. Voters rejected it, but the cause continues to percolate. Hawaiian legislators are giving serious thought to banning biotech crop tests in their state. In March, California’s Mendocino County may outlaw biotech plantings altogether.

Beneath it all lurks the belief that organic food is somehow better for us. In one poll, two-thirds of Americans said that organic food is healthier. But they’re wrong: It’s no more nutritious than food fueled by industrial fertilizers, sprayed with synthetic pesticides, and genetically altered in science labs. And the

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