

**A Grand Bargain:
Balancing the National Security, Economic, and
Immigration Interests of the U.S. and Mexico**

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Executive Summary

President George W. Bush and Mexican President Vicente Fox have a historic opportunity to strike a “grand bargain” on immigration and national security. Such a bargain would address the conflicting realities of the U.S.-Mexico relationship. Among them are the reality of millions of unauthorized Mexican immigrants who live and work in the United States and who have played an important role in the economic expansion of the last decade; the reality that demographic and economic conditions in Mexico and the worker needs of several U.S. economic sectors will continue to provide an environment for ongoing large scale migration for the next ten to fifteen years; the reality that both countries must take extreme care not to affect adversely (through thoughtless border controls) the nearly \$300 billion in vital commerce and trade across the southern U.S. border each year; and the reality that the irregular flow of drugs, unauthorized immigrants, and other contraband from the south, some of which may also pose threats to U.S. national security, must be controlled.

The grand bargain should be composed of three completely integrated programs:

1. A registration program for unauthorized immigrants living in the U.S. (a census of the undocumented) followed by an earned regularization (or legalization) program for those who register. The earned regularization program should include a “Mexicans-first” clause but make the option available to other nationalities in phases.
2. A broad U.S. temporary worker program for new Mexican workers.
3. A new border security arrangement, similar to, if initially more modest than, the Smart Borders agreement signed with Canada.

Two additional areas will also need addressing. First, the need to allow Mexican immigrants to reunify with their closest family members on an expedited basis, preferably by exempting the nationals of U.S. contiguous countries from the U.S. immigration formula’s numerical restrictions. Second, working with Mexico to target high out-migration areas for social infrastructure and economic development initiatives. Migrant remittances will inevitably also be an important part of that process.

This paper outlines the economic, political, and national security benefits that such a three-(plus two)-pronged approach would provide to the United States and the Bush Administration.

1. INTRODUCTION

On March 22, in Monterrey, Mexico, President Bush had the opportunity to demonstrate his post-September 11 leadership on a new front—one demanding a different sort of leadership than the campaign against terrorism. He had the chance to negotiate the outlines of a “grand bargain” on border security and migration with Mexico’s President Vicente Fox in which each side would get things of high value to it at a political price steep enough to focus the mind, but not so high as to wound either president seriously. In doing so, Mr. Bush could have kept his commitments to an increasingly crucial trade partner and friend by recasting the U.S.-Mexico migration relationship from one mired in problems and recriminations to one yielding important *and reciprocal* national security and economic dividends.

While ordinary Americans and Mexicans would have gained most from such a historic deal, the President also stood to position his own party to reap certain immediate and many more long-term political benefits. One aspect of the “grand bargain” in particular—a thoughtful program of earned legalization for undocumented workers—would also have been a giant step toward reversing the political damage dealt to relations with Latinos and other ethnic minorities by Republican excesses on immigration and welfare “reforms” in the mid-1990s.

The immediate benefits would have stemmed from the President’s ability to demonstrate that he had gained Mexico’s fullest cooperation on border security matters while safeguarding U.S. trade and commercial interests. Both issues resonate greatly both with the American public but especially with the Republican Party’s core constituencies.

The longer-term benefits are much more substantial and would have accrued gradually, as it became clear that the President had resolved two of the thorniest problems in U.S. governance and politics while addressing in a meaningful way our national security anxieties. In the first instance, by securing and bringing order to our southern border, Mr. Bush could have guaranteed the unimpeded—but regulated—flow of legitimate goods and people during a crucial period of economic recovery and beyond. Second, by restoring order to immigration from and through Mexico, the President would have had the chance to reclaim the migration process from the organized smuggling networks and black marketeers who currently operate with a low probability of being apprehended either here or in Mexico. Finally, by succeeding in two crucial areas where every single one of his predecessors for the last fifty years had failed, he would have gained the organic cooperation of the Mexican Government to pursue jointly and without equivocation a common security agenda for the North American space.

It is this essay’s thesis that Mr. Bush’s success in this quest required—and still requires—the complete commitment of the Mexican authorities. It is in this regard that Mr. Bush’s relationship with Mr. Fox is so pivotal. If the U.S.-Mexico relationship on borders, migration, and now, security, is to be recast, Mr. Fox must be strong enough domestically to make the hard choices and see through the necessary changes in policies and institutional practices. A “grand bargain” with the U.S. in Monterrey would have

provided Mr. Fox with precisely the right framework in which to flex his political muscles domestically to be able to deliver on Mexico's commitments.

However, the missed opportunity of March 22 is by no means the end of the road; more opportunities will become available down the road. If Mr. Bush succeeds in solving the U.S.-Mexico border, security, and illegal immigration conundrum, he will also pave the way for the smoother integration of a prosperous and secure North America. In the process, he will devise a new and cooperative paradigm on how to resolve the many similar predicaments facing most advanced industrial democracies—from Spain and Japan, to Germany, Greece, and Italy.

2. NATIONAL SECURITY

Post-September 11, and in the wake of Monterrey's missed opportunity, the national security argument in favor of a grand bargain on immigration remains the most compelling and straightforward. An agreement along the lines proposed here is necessary for the U.S. to address realistically and meaningfully two interrelated national security concerns: first, locating and identifying America's millions of unauthorized immigrants; and second, restoring order to and effectively regulating a common and notoriously porous border.

The U.S. Government cannot continue to refuse to come to terms with the fact that there are more than 8 million unauthorized foreigners in our midst for much longer. (A Republican Administration can afford to do so even less!) Whether one is concerned about the rule of law, human rights, labor protections, or the national security implications of the status quo, all would probably agree that we should take some sort of action. Ignoring the undocumented will not make them go away. And while *the overwhelming majority of them* are law-abiding and hard-working individuals, about three or so percent are indeed criminals or are otherwise in violation of a final deportation order. A handful of them may in fact be planning to cause our country harm.

To our credit, no one of consequence among law-and-order advocates is seriously proposing massive removal campaigns, both in recognition of the human and civil rights implications of such efforts, as well as of their disruptiveness to families and the economy. This is not to say that the status of the undocumented has not become more precarious since September 11, 2001. It might be sufficient to cite only two recent examples to demonstrate this point. Last month, the Supreme Court denied certain standard remedies to the undocumented when employers violate basic labor standards and the Justice Department is reported to have prepared a directive that opens the way for local police forces to enforce U.S. immigration laws—an extremely complex body of law and practice. Both initiatives marginalize much further an already marginal population.

Nor do responsible voices from the left deny that addressing national security concerns requires getting a better handle on who is in our midst. The best way of addressing both issues is through an initiative to *register* all unauthorized immigrants, a sort of a census of the undocumented. Registration has many other uses. It can be a

model for the design of, and a necessary step toward, the successful implementation of proposals for automated systems to track foreigners who are not permanent immigrants, as well as for the new temporary worker program discussed later. (Permanent immigrants already have a “secure” identification document, the so-called green card.)

However, registration (and the opportunity it creates for vetting registrants against national security criteria) will be an empty gesture, and will be treated as such by the undocumented community and civil society, *unless it is* accompanied by a reasonable “earned regularization” initiative. The concept was a centerpiece in the U.S.-Mexico dialogue prior to September 11, and nothing that has transpired since then indicates that achieving regularization is any less essential to a grand bargain.

Earned regularization is a process of moving from illegal, to legal, to permanent resident status by earning “credits” or “points” in each of a number of pre-agreed categories over a set time period, say, three years. (Access to U.S. citizenship is voluntary and available to all legal permanent residents who choose to pursue it and meet certain statutory requirements.) Among them might be abiding by the law (measured by having no criminal record), stability at the workplace, paying taxes, having family equities in the U.S., and certain benchmarks of “civic engagement”—an approximation of one’s integration into community life. A fee that is substantial enough to defray the costs of administering the regularization program *and* to underwrite the initial service costs to local communities would take the tax burden issue off the table and complete the process. To reinforce Mexico’s incentives to cooperate across the board with the U.S., this earned legalization program should include a “Mexicans-first” provision—a decision that also recognizes that migration through and from Mexico accounts for at least three-fifths of all net unauthorized immigration to the U.S.

Properly explained and implemented, such phased regularization will likely garner at least grudging acceptance among the general public. States and localities, where the rubber meets the road on migration matters, will likely also welcome such a program. Finally, such a plan will receive enthusiastic support from most advocates of human and immigrant rights, as well as the labor movement, for whom full legalization is priority one. Of course, those unauthorized immigrants who choose not to register will not only forego the possibility of earning legal status, but will also likely expose themselves to more concerted enforcement and removal campaigns.

While this first response to our post-September 11 national security concerns focuses on registering and regularizing the status of the unauthorized foreigners in our midst, the second component focuses on restoring order to the U.S.-Mexico border and controlling the illegal cross-border traffic of goods and people. But it does not stop there. Enhanced national security requires us also to achieve a host of “smart border” and “perimeter defense” initiatives. *These U.S. policy priorities cannot be accomplished anywhere near the required level without the seamless cooperation of the Mexican authorities.* For Mexico, such cooperation, *if it is to be meaningful*, will be politically costly for Mr. Fox’s Government. In this light, the earned legalization program becomes

the initial down payment for securing Mexico's active collaboration on border and North American perimeter security.

Most senior U.S. officials seem to grasp this linkage completely. Mr. Ridge's comments during his visit to Mexico City in early March 2002, as well as those of Mr. Ziglar, the U.S. Immigration and Naturalization Commissioner, make that clear. Secretary of State Powell has also been clear both about the value of the bilateral relationship and about the necessary trade-offs from the beginning of the bilateral discussions in February, 2001. Beyond and below these levels, however, there seems to be far less appreciation that getting what we need most in a way that motivates the Mexicans to deliver on both the letter and spirit of any agreement requires giving them a good deal of what *they* need. Many White House bureaucrats, and not surprisingly, the most ideological and inattentive segments of our political classes—both in Congress and among opinion leaders—seem to be particularly tone-deaf in this regard. These latter groups are also the ones that systematically attempt to under-estimate Mexico's cooperation thus far, which has been significant by many objective measures, *while overestimating our ability to accomplish our national security objectives unilaterally and/or to get **full** Mexican cooperation without giving much in terms of what matters to Mexico most: the migration relationship.* If these attitudes prevail, the “dialogue of the deaf” character of earlier U.S.-Mexico negotiations will surely resurface.

Achieving U.S. national security *and* law and order objectives along our southern border cannot be accomplished anywhere near the degree required without the unswerving and comprehensive cooperation of the Mexican authorities. Some who disagree with this conclusion cite, *inter alia*, considerations of sovereignty (both ours and Mexico's) and their belief that Mexico is and will continue to be an unreliable partner. Part of that position refers to capacity issues, which are legitimate and will require generous amounts of technology and equipment transfers to Mexico. Concerns about capacity issues will also require that we exercise whatever amount of due diligence is necessary.

In matters other than capacity, however, this entire paper—and the grand bargain itself—is about addressing the reservations of legitimate skeptics. The analysis might begin with considering the following points:

1. Should we continue to pay the full cost of pursuing our border control objectives unilaterally— both in terms of actual expenditures and of the opportunity costs associated with such enormous budgetary allocations—if pursuing them jointly with Mexico could be much more cost-effective?
2. Considering that nearly a decade of massive and ever-increasing expenditures for controls along the U.S.-Mexico border has been met with meager success in terms of the policy's twin objectives of stemming the unauthorized traffic of goods and people, shouldn't we be experimenting with alternative avenues for reaching our national security and law-and-order goals without shooting ourselves in the foot—economically speaking?

3. Should those of us living in the U.S. Southwest, where most of the nearly \$300 billion annual U.S.-Mexico trade and commerce relationship is centered, continue to bear the cost of the economic disruptions associated with acting unilaterally to secure our border with Mexico when reasonable alternatives might be available?

The most compelling conclusion to this exercise is the following: that although Mexican cooperation will not guarantee full and immediate success in all our objectives, the failure to enlist Mexico's *fullest* cooperation will make progress toward meeting those objectives much more expensive, much more difficult, and far less certain.

Advocates of continuing to do things by ourselves are wrong in another regard. In many ways, the age of unilateralism in border controls may be over. Economic interdependence ("globalization") makes the cost of border inspection delays prohibitive; the costs of responding to the ever higher levels of technological sophistication on the part of increasingly determined and well-heeled international criminal networks increases these costs further. Spreading these costs among like-minded states with shared interests creates significant efficiencies while strengthening the alliance against illegality and reducing the space in which it can grow and prosper. Where is the downside?

We have tried most alternatives. The enormous build-up of unilateral border controls since 1994 has had uncertain results, *at best*. In fact, net annual unauthorized immigration may have nearly doubled in the second half of the 1990s, just as massive new resources and the associated southern border control paradigm was becoming fully operational. More pointedly, perhaps, the effort has had a myriad of perverse side effects. These have included hundreds of deaths of would-be immigrants each year (a stain on both our self-perception and our image abroad); adverse effects on the "life" and the economies of border communities; and the transformation of back-and-forth migration, which traditionally rose and fell with U.S. labor market demand, into permanent immigration.

3. ECONOMIC AND PROGRAM ADMINISTRATION ISSUES

While the law and order angle has always been key to shaping the U.S. perspective on its relationship with Mexico, September 11 has added a national security dimension to it and has made both more compelling. What is still under-appreciated is that both economic and political circumstances are also aligned properly for the success of a grand bargain on immigration, borders, and national security. Outlined below are some of the economic, good public policy, and programmatic rationales for the mutually reinforcing aspects of a comprehensive agreement. All three components discussed in this essay—registration/earned regularization, law-and-order/border security, and a temporary worker program—are needed to achieve a "win" for all sides.

Economic factors point to the urgency of acting now along all three fronts—although "now" is a relative term, since the politics of the issue and the complexity of the public administration aspects of a serious initiative require a lead-time of a minimum of

eighteen months before actual programs can become operational. Last year's economic downturn seems to have bottomed out and most indicators point to a recovery. The downturn seems to have been aided disproportionately, but apparently temporarily, by the economic and labor market effects of the September 11 attacks on the travel, food, hospitality, and similar low value-added service sectors. These also happen to be the sectors in which legal and unauthorized immigrants from Mexico (and Central America) are over-represented. If indeed the recovery is real, it will not be long before these sectors, and their associated labor markets, begin humming again. Immigrants, regardless of legal status, will again pace these markets' expansion—just as they have done repeatedly in the past.

The recent economic downturn and the extraordinary focus required of our leaders in launching the attack on terrorism clearly and appropriately sidelined the U.S.-Mexico conversation. It did not, however, make any of the three pre-September 11 bilateral negotiating priorities—earned regularization, border security, and a temporary worker program—obsolete, *nor did it change the indivisibility of the grand bargain's main elements*. In fact, except for boosting the importance of border security—then, as now, the anchor of what the U.S. needs most from Mexico—the importance of each of the grand bargain's components to the successful completion of the overall negotiations has remained unchanged.

As noted, the first component, earned regularization, is the linchpin for addressing the facts on the grounds: the reality of more than eight million people residing and working in the U.S. illegally, as well as our need to know who and where these people are. Regularization is also the carrot that employers, organized labor, and the civil society sector—from ethnic, minority, and rights communities to immigrant advocates—require in order to mobilize their constituencies and persuade undocumented immigrants to come forward to a degree that satisfies our national security requirements. Furthermore, earned regularization is an unequivocal demand of the Democratic leadership in the Congress, without whose active support no immigration deal is possible. Finally, regularization is the *sine qua non* for the non-opposition to (and possibly even *sotto voce* support for) a “progressive” temporary worker program by all the groups mentioned above.

Considering that a temporary worker program is something most Republicans and their allies in the employer community consider a critical element in any bargain, the ingredients for a negotiated deal among competing U.S. interests are all there. What probably seals the bargain is the fact that from the perspective of how best to enlist Mexico in a joint effort to control new unauthorized migration through *and* from its territory, a large scale temporary worker program that treats participants properly is the most critical aspect of the overall bargain. In fact, it may be fair to argue that President Fox's interest in a large-scale temporary worker program is preeminent—while his advocacy in favor of legalization stems from a combination of aspirational and pragmatic considerations, rather than from some well-considered calculation about the *direct* interests of Mexico. Mr. Fox clearly aspires to be the president of all Mexicans, he is interested in crafting a strong and stable relationship with the Mexican-American

community, and he has a number of concerns regarding the treatment of Mexican nationals in the U.S. that relate to domestic Mexican politics.

The preeminence of a temporary worker program stems from the need to address the crucial issue of future pressures for migration from Mexico by legalizing and regulating Mexican entries for work purposes—*a reality anchored as much in Mexican economic necessity as in the needs of U.S. employers*. The grand bargain must thus also include a substantial temporary worker program *for new Mexican workers*, one large enough to substitute legal employees for most of the Mexican workers who now risk everything to enter the United States illegally, are subject to exploitation by unscrupulous employers, work in violation of U.S. employment rules and, in many instances, undermine U.S. labor standards by their very vulnerability.

A large-scale and properly constructed temporary worker program that treats participants with dignity and safeguards their worker rights would thus regulate future immigration from Mexico by honestly addressing both the U.S. labor market's demand for Mexican workers and Mexico's need for a continuing market for some of its nationals for the foreseeable future. These have been two interrelated realities that policy debates and legislative reforms during the last two decades have ignored assiduously, a mostly conscious *political* decision that goes to the very heart of our illegal immigration predicament.

Thinking through analytically, properly designing, and *successfully implementing* a temporary worker program will challenge all concerned. This realization is a strong argument for starting technical conversations now, in order to come to terms with design issues and develop the careful analysis that must underpin them. Moving now also means that we stand a chance to be ready when labor market conditions say “go.” Furthermore, working hard and smart now may reassure legitimate skeptics that such a program, properly configured and administered, can indeed be a classic “win-win-win” situation—for Mexico, for the temporary workers themselves, and for U.S. economic and other public policy priorities.

There are many additional straightforward economic arguments in favor of the three prongs (registration/earned regularization, law-and-order/border security, and a temporary worker program) of the bargain advocated here. For instance, working as one with Mexico on border management and security issues will gradually require fewer economic investments on our part on border control activities while improving our security. Furthermore, the Federal Reserve is already reporting strong signs of economic recovery—which makes a conversation about bringing in new workers more politically feasible. In fact, even a modestly robust economic recovery will make the importance of new Mexican workers obvious again by returning them to the status of “essential workers” who helped sustain our most recent economic boom. President Bush, Federal Reserve Chairman Alan Greenspan, several leading conservative Republican lawmakers (such as Senator Phil Gramm of Texas), and the AFL/CIO have openly acknowledged the contributions of these workers. Even in hotly contested political debates, a group should not fall so rapidly from near “hero” (President Fox's designation) to scapegoat. Finally,

although the registration and earned regularization proposal has little to do with the day-to-day ups and downs of the economy (since these programs are about workers who are already here) making the undocumented immigrants legal will free up their employers from the threat of sanctions, the workers themselves from the stigma of illegality, and their co-workers from the accompanying undercutting of their labor market rights.

4. POLITICAL AND PRACTICAL CONSIDERATIONS

The U.S. political argument in favor of the registration/earned regularization initiative, perhaps the grand bargain's most contested component, is also very strong. In fact, as I have suggested earlier in this essay, the politics of such an initiative may be much less complicated now than they were before September 11.

In February, 2001, President Bush challenged us all to rethink the U.S.-Mexico relationship. Migration was front and center in that vision. Mr. Bush repeated his challenge several times in the spring and summer of that year. When the general outline of the negotiations became public in July 2001, the initial uproar was followed by a robust conversation about each of the elements under consideration. That conversation intensified leading up to and during President Fox's visit in early September.

By that time, several things relevant to the discussion in this paper had become clear. Politically speaking, the sky had not fallen on the President. Quite the contrary. While some Republicans opposed the deal as outlined in the newspapers (there were no formal U.S. proposals tabled during the negotiations at that time *and there are none today*), most of those were in the camp that would oppose *any* deal. More to the point, key Republicans indicated their willingness to support their President on his U.S.-Mexico migration agenda, just as most did on March 12, 2002, when the House of Representatives passed a narrow change in immigration law—a provision known as Section 245i—that would have removed a statutory obstacle in the ability of an otherwise eligible group of unauthorized immigrants to eventually change their immigration status without leaving the U.S. first. (That change, which will benefit some tens of thousands of undocumented immigrants, now lingers in the Senate where rules allow a single Senator (Byrd, W.Va.) to hold the measure hostage. Mr. Byrd is a Democrat.) And after struggling to find their footing, most Democrats and the Party's entire leadership embraced the President's agenda. In fact, in an effort to outflank him, they proposed that *all* unauthorized immigrants be given the opportunity to earn the new legal status—not just those the negotiators were discussing (Mexicans). Though it is beyond the scope of this essay to delve further into this particular issue, from the perspectives of fairness, governance, policy, and program administration, the Democrats are right.

The overall lesson? Most of the inevitable political blood required to resolve the tough issues has been shed already—while the post-September 11 environment makes a deal more, rather than less, urgent. New national security concerns also give more ammunition to the argument that the registration/regularization program should have a “Mexicans-first” provision, while the temporary worker aspect of the bargain must be a “Mexicans-only” program, at least during its first cycle. This is because only Mexico can

deliver in return the things that are most important to us. Although Canada is also critical to the effort to secure North America, and its 5,300 mile border with the U.S. is the subject of increasing scrutiny (the U.S.-Mexico border is only about 2,000 miles long), Canada remains almost insignificant as a source of unauthorized migration. Furthermore, Canada already has its own large temporary worker program of sorts—the NAFTA treaty-trader visa provision that has recently accounted for between 75,000 and 100,000 Canadian entries per year, spread across some seventy professional occupations. (Mexico’s access to these visas is restricted both numerically and procedurally. The numerical restriction will be lifted in 2004—but the strong professional bias of the visa and the continuing procedural requirements are expected to keep Mexican entries extremely modest.)

The President’s (and by extension, the Republicans’) political advantage relative to the Democrats on this issue is fairly secure—but only if Mr. Bush acts first and resolutely to erase the negatives associated with the failure to seize the day on March 22. Furthermore, the President would earn important statesmanship points for following through with his commitment to reverse the talking past each other character of recent U.S.-Mexico discussions on border and migration matters, and for placing the bilateral relationship solidly near the top of the list of U.S. partnerships.

Of course, none of these longer-term political and statesmanship gains may be enough to reverse the short-term (and in many ways short-sighted) political calculus of the Republican Party’s political gurus. Among them, apparently, the prevailing political judgment is that a grand-bargain-like deal with Mexico would hurt, rather than help the President’s party in November. According to that calculus, while a comprehensive deal with Mexico will go a long way toward gaining Republican candidates some Latino votes, it is also likely to lose them votes among stalwart Republicans, who may retaliate by staying away from the polls in November. Considering the extremely low turnout in mid-term elections, a party is thought not to afford to have any of its core constituency stay away.

Some such Republicans simply oppose immigration and oppose Mexican immigration even more, primarily on social and cultural grounds. Many more Republicans and many Americans more generally, regardless of party affiliation, are also opposed to the “back-door” way to a U.S. green card that a legalization program, *stripped of the context proposed here*, will likely be portrayed as by the immigration restrictionist wing of the Republican party. These twin realities understandably motivate the White House to be disciplined and cautious on this matter. Are they enough, however, to justify inaction in such a critical policy area? And is the overall evaluation taking into account the real and political benefits to us from Mexico’s truly energetic cooperation with U.S. national security priorities?

What is even less warranted may be a sense that in some ways seems to underpin this near-mainstream analysis of the politics of a grand bargain. Namely, that a comprehensive U.S.-Mexico deal is some sort of an eleemosynary act, or, worse, a “give away” to Mexico that may even reflect a certain weakness on the part of the President—

and from which, somehow, the President and his party must be protected! The analysis of the costs and benefits of the grand bargain undertaken here goes to the very core of such fuzzy thinking.

5. THINKING FURTHER AHEAD

The delicately balanced bargain outlined here will not be all that is needed in order to fully stabilize the U.S.-Mexico migration relationship. To do so, two additional areas will require attention.

The first relates to the ongoing need for Mexican immigrants to be reunited legally with their closest family members. This is an issue of equity that challenges the entire U.S. immigration system. There are two possible routes for resolving this part of the policy (and political) challenge.

The first could speed up family reunification for the closest of relatives along the lines of the Senator Orrin Hatch-devised “V” visa. That temporary visa confers to such relatives the right to live and work in the U.S. (with all the labor rights and protections of a legal status) but does not admit them as immigrants until a permanent visa actually becomes available. The alternative would opt for a geographic contiguity-based solution to the challenge by taking both Canada and Mexico outside the global U.S. immigration framework and re-configuring our immigration relationship with them to reflect what some have called the reality of the “neighborhood effect.” Addressing this issue is also likely to have an additional potential benefit. It might force a broader conversation about overhauling our legal immigration system—a system conceived in another era and designed to address a different set of political and economic realities.

The second area involves supporting Mexico’s quest to understand better and address more systematically the root causes of emigration in the communities that generate the greatest out-migration. The President’s gesture on March 22, in the form of a \$30 million grant toward that objective, may be insignificant in size but is extremely significant in symbolism. It conveys to the Mexican Government the message that the U.S. is supportive of Mexican efforts to address the causes of out-migration—and it may even signal a willingness to consider further targeted assistance *if* Mexico commits its own resources and demonstrates progress in that regard. Taken together with the much larger remittances that a temporary worker program will generate, and with the gradually shifting demographics in Mexico, the opportunity to begin to turn the corner on the issue of mass Mexican migration has never appeared so much within reach.

6. CONCLUSION

It may be worth reiterating that if Mr. Bush proves unwilling to lead and thus pay any domestic political price on this issue, there is no reason to believe that he will be able to change the status quo in our migration and border relationship with Mexico. Under the argument advanced here, however, the opposition to a grand bargain can be isolated and relegated to the political fringe, regardless of party affiliation. In fact, the elements of the

deal outlined in this paper are calculated to provide each side with enough of what it must have so that it can swallow hard and deliver on those items it must. The end result is a classic “no pain, no gain” deal that advances the prospects for meaningful gains in North American integration and sets the stage for another American Century. Sealing the grand bargain will also clarify each side’s share of the tough political choices this approach entails—a priority for fair-minded domestic debates on these issues—and allow each government to hold the other accountable for meeting its legal commitments.

The analysis presented in this essay—and its tough trade-offs—may be a difficult thing even for some fair-minded critics to swallow. After all, isn’t Mexico already cooperating with us on border and, more broadly, law enforcement matters? More to the point, hasn’t a host of senior U.S. officials said that it is? And didn’t Mr. Fox sign, on March 22, the smart borders and border security agreement we put on the table? Finally, isn’t this what power asymmetries are all about, the realists will ask? Why give more than you absolutely have to?

These are legitimate questions and are indeed difficult to answer with absolute authority. There is, however, a way to begin to move toward answering them. That road starts with another premise that even the staunchest members of the realist school would understand, namely, that “you only get what you pay for.” Specifically, we must ask ourselves, as this essay does, the following question. Can we expect the Mexican Government to undertake the painful institutional reforms and legal and regulatory changes that would allow us *to rely on Mexico* (now and over the long-term, and, as noted earlier, with all due diligence on our part) to assist us in delivering to the American (and, in many ways, the Mexican) people the law-and-order and security outcomes they have the right to expect—and *to do so without giving the Mexican Government the political tools it needs to meet the commitments it makes to us*? It is the thesis of this essay that neither Mr. Fox nor any other Mexican leader now or in the foreseeable future can deliver much of what we need without reasonable concessions on our part.

7. POLICY EPILOGUE

Pessimists will say that the ball stopped rolling on March 22 and opponents to a fair-minded deal may rejoice. Yet others, especially those who fall most naturally in the optimist camp, will be disappointed. None of these sentiments, however, are borne out by the facts. Mr. Bush and Mr. Fox, in fact, agreed that the technical-level bilateral negotiations should continue. It is thus only the timing of the high level political process that has been pushed back until after the mid-term elections. This decision makes clear that the political gurus have won the timing round; the overall agenda, however, does not appear to have been affected as this is the very same group that supports a full deal with Mexico on political grounds (the Latino vote) and, presumably, on national security grounds. If the political process indeed gets going after the election, there will be plenty of time to agree on a plan that meets with the two presidents’ approval and prepare a legislative package in time for action by the 108th U.S. Congress and the Mexican Congress that will be elected next year.

Rights' oriented, pro-growth, and law-and-order and security-minded Americans will support a tough but fair grand bargain. So will thoughtful Republicans, as well as those Republicans who have grasped the crucial importance of and dividends from wooing Latino and other ethnic minority voters. Experience shows that the Democrats will most likely follow one of two paths, both of which are in a sense controlled by the President. If the President is clear and resolute, they will have little choice but to embrace his leadership. If he proves tentative and drops the ball once more, they will happily one-up him for this leadership failure. Finally, legislators from America's vast Midwestern and Plains states, such as Nebraska, Iowa, Kansas, Minnesota, the Dakotas, etc., can be persuaded to support such a deal regardless of party affiliation. These states have been feeling the pinch of worker shortages and are beginning to appreciate the dual threat posed by their looming demographic crisis (too few young people, too many older ones)—and see in immigration a large part of the “solution” to that challenge.

Finally, the grand-bargain can only be positive for sub-national U.S. political jurisdictions when juxtaposed to any realistic alternative. Relative to the status quo, the registration/earned legalization component of the grand bargain offers the most meaningful outcome for states and localities. That is the case regardless of whether one looks at families, whose members of various legal statuses live with the constant fear of separation, at labor markets, in which fundamental labor rights are denied to many workers, at the public health system, in which diseases recognize no immigration status, or at the legal system, which has to contend with the consequences of wholesale disrespect for the law.

The other elements of the bargain simply add to its superiority over any other alternative for states and localities. For instance, the temporary worker program would address state and local economic and labor market needs in an orderly and regulated manner and, properly designed, it will also prove to be a highly selective mechanism for converting some temporary residents into legal permanent residents. Finally, the substantial fees being proposed for legalization should re-assure fiscally careful state officials that their social systems will not be asked to carry additional burdens during the initial period of legalization. (Fees associated with the temporary worker program can accomplish the same goal.) After the initial period, the improved economic opportunities that are likely to become available to those who choose to register and seek legal status, and the kicking in of some federal assistance programs for the working poor (such as training and educational grants, as well as the earned income tax credit), will underwrite most of the local communities' costs for the services they provide.