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Lexington

## The open society and its discontents

In his last column, our current Lexington urges Barack Obama to defend the free flow of goods, people and ideas

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A LONG time ago, the rising seas turned Tasmania into an island. A few thousand inhabitants were cut off from contact with the Australian mainland. Their technology regressed. They forgot how to make bone tools, catch fish and sew skins into clothes. It was not that they grew less intelligent. Their problem was that they no longer had many people to trade with. It took a lot of effort to learn how to carve needles out of bone. So long as there were plenty of people with whom to swap needles for food, it made sense to acquire such skills. But in a tiny, isolated society, there may have been room only for one or two needle-makers. If they both fell off cliffs, the technology died with them. When the first Europeans reached Tasmania, they found natives whose only shields against the winter chill were seal-fat smeared on their skin and wallaby pelts over their shoulders.

America, at its best, is the opposite of ancient Tasmania: a vast open society through which goods, ideas and people flow freely. "The success of human beings depends crucially, but precariously, on numbers and connections," argues Matt Ridley, author of "The Rational Optimist: How Prosperity Evolves" and a former writer for *The Economist*. Trade allows specialisation. In narrower and narrower fields, people acquire deeper and deeper skills. Through trade, they share them. The fewer barriers there are to the free movement of goods and people, the more opportunities there are for ideas to meet and "have sex", as Mr Ridley puts it.

How open does Barack Obama want America to be? The evidence so far is mixed. Last week he ordered another 1,200 national guards to the Mexican border. Was this a shrewd sop to nativists before Mr Obama pushes for a more welcoming immigration law? Or a cynical ploy to woo isolationist votes? Congressional Republicans are in such an obstructive mood that no immigration bill is likely to pass before the mid-term election. Mr Obama has often said he favours reform, but no one knows how much political capital he will invest in its pursuit.

Immigration policy is a mess. The process for getting a work visa is so arduous that many bright would-be immigrants give up. The government subsidises foreigners to acquire PhDs at American universities and then kicks them out of the country. The World Economic Forum talks of a "talent crisis", and predicts that America will have to add 26m workers to its talent pool by 2030 to sustain the economic growth rates of the past two decades. Michael Bloomberg, the mayor of New York, describes America's immigration policy as "national suicide". In theory, one could lower the barriers to highly skilled workers without tackling the more controversial issue of unskilled migration. But politically, you have to do

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needs a broad coalition of supporters to pass, so it will need to offer something for everyone.

America has not raised barriers to trade much on Mr Obama's watch, but it has not lowered them either. Trade pacts with Colombia and South Korea have been stuffed in the freezer. Average duties have barely budged, calculates Douglas Irwin of Dartmouth College, but that takes no account of trade-distorting subsidies and the "Buy American" bias in public procurement. Mr Obama says he favours open trade, but he has taken some steps backwards, such as slapping tariffs on Chinese tyres. The White House sometimes gives the impression that it sees trade policy as a way to advance environmental and social goals, rather than trade itself, frets Sallie James of the Cato Institute.

The number of temporary visitors to America (tourists, businesspeople and so on) fell sharply after September 11th 2001, recovered strongly and then briefly fell again when the recession struck. America is a wonderful place to visit, but its border bureaucracy is arguably the worst in the rich world. This is a shame: Simon Anholt, a consultant on national image, finds that foreigners who visit a country in person gain a much more positive view of it, especially if they make friends there.

### Mr Obama, lift your lamp

Openness has strategic advantages, too. America's military dominance cannot last for ever. China is catching up fast. North Korea has the bomb and Iran may soon follow suit. In future America's global sway will depend less on the threat of force and more on soft power. Fortunately, its charms are more potent than its arms. Foreigners devour American cultural exports, from "Desperate Housewives" to the *Harvard Business Review*. Young people from traditional societies watch "Friends" and see the possibility of greater independence, of living without parents and uncles breathing down their necks, reckons Martha Bayles of Boston College. Foreign leaders are disproportionately educated at American universities, where they cannot help but notice that political freedom need not spell chaos. If and when China eventually embraces democracy, this will surely be part of the reason.

The financial crisis has shown that cross-border flows of money need tighter regulation. It has not undermined the case for the free movement of goods and ideas and people, but many Americans think it has. Openness is unsettling. It provokes fierce opposition. It can be reversed. Ruinous tariffs are easy to impose, as was discovered during the Depression. Foreigners can be mistreated without electoral consequence, since they cannot vote. Yet this would be a colossal mistake. These days it is not only the world's tired, poor huddled masses who yearn to breathe free. More often, it is the energetic and upwardly mobile. A fifth of China's graduates say they want to emigrate; few peasants do. The open society needs defenders. So it would be nice if Mr Obama spoke up more often for the ideals etched on a certain statue.

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