

Illegal Immigration

by Mike Curtis 2007

It is illegal to enter the United States without permission, yet there are an estimated 12 million people who have entered the country this way and remain. Why has the U.S. government allocated so few resources to enforcing the law? I suspect it is harder to sneak into a major league baseball game than to cross the U.S. Mexican border, once you get there. Are illegal immigrants more profitable than the very same people would be if they entered the country with a green card? Do illegal, low paid immigrants have any effect on the general level of wages throughout the country?

Time and again we are told that illegal workers only take the jobs that no one else wants. They are needed. Without them the economy would fail: Restaurants would go out of business. Small farmers would go broke, and large farmers would move their

operations to other countries. There is little doubt, if all illegal immigrants were deported, many small employers would shut down. The Gross Domestic Product would fall, and so would the general level of productivity per worker. Illegal immigrants are strong, healthy, hard working, and they make up more than 5 % of the U.S. workforce.

But, from the perspective of the U.S. citizen who has to compete in the work force, how do you actually keep your job and get a raise? It's by limiting the competition. Labor unions that have actually gotten their members a higher wage have kept out the competition. Doctors and lawyers, who have a reputation for high wages, have limited the competition with laws that require degrees, exams, and a license to practice their profession. Highly paid craftsman teach only the apprentice. Supply and demand is how the world works. And allowing workers across the border is one sure way to increase the competition for

America's jobs.

Some people think that wages are equal to everything that can be attributed to individual production. It's a common belief that there is a level of skill and knowledge that, once attained, will put anyone and everyone to work; that 12 million young, ambitious Latinos working for less than the going rate will reduce prices and add jobs to the economy. They don't take jobs or reduce wages for anyone else. Employers think they should have a right to hire the best and cheapest person who is willing to work for them — not only because the workers are free and un-coerced, but because it is good for the economy as well.

At the same time the American worker knows that if citizenship is to offer any real advantage, it must, at the very least, grant him exclusive rights to the already limited number of jobs within the country. Our least healthy, intelligent, skilled, and motivated workers are

not expected to compete with the least productive people in Mexico. They are expected to compete with the most productive people who are leaving that country because Mexico is in a chronic recession. Moreover, those superior workers are willing to accept far less than the prevailing wage. These are people who would quickly have worked their way up the U.S. pay scale, if they were afforded the rights of a citizen.

If this struggle were only between employers and U.S. workers, it would be dynamic, but there is a third factor — that otherwise honest and law abiding people feel no obligation to honor the U.S. border and the laws on immigration. With this in mind, the border becomes an obstacle like a mountain or an ocean, but few people feel morally restrained from entering the United States. They are simply driven by that inherent urge to develop their fullest potential and get the greatest reward for their efforts.

Many Americans have taken the moral high ground. They have pointed out that their parents and grandparents came into the country by following the rules and waiting in line. The more who come in illegally, the fewer will get a chance to come in legally. We should not reward those who break the law. This seems like a simple and reasonable position until you talk to the illegal immigrants from Mexico. They know full well the history of Texas and the six southwestern states. They were stolen by the United States who provoked the secession of Texas and then the war with Mexico. It is true that Spain stole the land from the various Indian tribes, and the descendants of the conquering Spanish seceded from Spain and established Mexico. However, the majority of illegal immigrants from Mexico are not the descendants of the Spanish, but the Native Americans who crossed the Bering Straits from Asia between 10 and 20 thousand years ago. Do we Anglo Saxons and Normans have

a greater right to be in the middle of North America than those who were on this continent for more than 10,000 years? The illegal Mexicans say: if the U.S. would give back a million square miles of land they stole, most of us would still be in Mexico. The laws of immigration are ultimately based on the right of a country to exist as a country and secure its borders. And that right is the right of conquest. Virtually every country that exists today came about by force.

As surely as motion seeks the path of the least resistance, labor is drawn to the employer offering the highest wage. And without moral restraints, millions of Mexicans are doing their best to get across the border and get a U.S. job. Not only is a large portion of the Mexican population underemployed, but most Mexican workers would enjoy a higher standard of living if they lived and worked in the United States. If they work in the United States and support a family that lives in

Mexico, the difference in the cost of living between the two countries makes a profound difference in their ability to accumulate wealth. There is a great incentive for young, strong, healthy, and ambitious Latinos to sneak across the border, work for a few years, and save up money. They often buy materials for a new house or start a little business when they get home.

So, as long as America is the land of opportunity, high fences simply mean that the guy who shows up for an illegal job can not only walk across the desert with nothing but a bottle of water and some dried beef, but he can climb a 50 foot fence or tunnel under it. And he is willing to work for a whole lot less than anyone else who seems remotely comparable in his level of strength and skill. The better the workers and the less you have to pay them, the more tempted you are to hire them. Not only are 12 million highly productive illegal workers extremely profitable, but because

wages are so low in their own country, there is a seemingly endless supply. Without a serious commitment to seal the border or prosecute employers, the U.S. will likely end up with many more illegal immigrants than we have now.

The U.S. could seal the border if it were willing to spend the money building and guarding the barrier. The cost could not be more than a small fraction of what it cost to build the interstate highway system. We could send millions of Mexicans back to Mexico, but instead of increasing the gross domestic product, like the highways that lowered the cost of transportation, it would diminish the average level of productivity within the country. Many of those who had been unable to win employment in the competition with illegal immigrants might then be employed at higher wages, but their output would be less efficient. Ten or twelve million fewer workers would mean fewer divisions and

specializations of labor, and that too would diminish productivity. The increased cost of production would tend to increase the price of everything that had previously been made or done by those who left the country.

Most Americans are consumers, in varying degrees, of the products or services of illegal workers. Whether you buy hand picked beans, a meal in a restaurant, house cleaning, child-care, or yard work, illegal workers are often involved. At the same time, the vast majority of Americans do not consciously think of themselves as competing for work with illegal immigrants. The people that do compete against illegal immigrants don't eat hand picked vegetables, eat in restaurants, hire baby sitters, or pay someone else to cut their grass. They don't make up a majority of the voters either. Therefore, unless those who think of themselves as competing with illegal immigrants become the tiebreakers in the next election, those illegal immigrants who are here

are likely to stay, and a lot more will probably trickle in.

The U.S. population is probably not increasing as fast as the number of all immigrants would suggest; our own birth rate has declined.

However, there is a much bigger consolation than that. As the population of the United States has increased, so has the general level of productivity. Not only have more workers produced more goods and services, but with new technologies, increased infrastructure and greater divisions of labor, every worker has produced more goods or services than before. Computers, nail guns, and optical scanners have grossly increased the productivity of low wage workers as well.

During the last 20 years, the U.S. population increased by about 20 percent, but the average productivity of our workers (discounted for inflation) has increased by nearly 50 percent. That is not to say that there isn't a point at which an increase in population would not

diminish productivity (The law of diminishing returns), but only to show that we are not near it yet.

How many people the U.S. economy can economically absorb under the present conditions is not clear, but if we look at some other prosperous countries, we get a clue. The number of people per square mile of arable land in France is about 850; Germany: 1800; The United Kingdom: 2500; The Netherlands 3500; and Japan: 8,000. The United States still has less than 400 people per square mile of arable land. According to the USDA, over 97 % of the land we are using is for crops, forests and grasses, etc. Less than 3 % is labeled Urban Areas.

While American workers now produce almost 50% more than they did two decades ago, wages, in terms of what they can buy, or a standard of living, remain pretty much the same. The problem is that our free-land-frontier is gone. The nineteenth century and

the Homestead Act are over. There is no alternative way for people to employ themselves. This may seem axiomatic to those who understand the Law of Wages, and the Law of Rent. It is not so obvious to everyone else.

Human energy is applied to natural resources. They are combined, separated, and changed in form and in place. First we produce the buildings and machines that give our labor a greater efficiency in making food, clothing, and shelter, which we store, transport, and trade into the hands of the ultimate consumer.

Without access to land, people have no place to live or to work, and you can't make something out of nothing. America was the safety valve for Europe in the 19th Century. As long as there was land in America on which people could build their own house and grow their own food - land that offered an independent livelihood for free or any price that workers could afford, America had the

potential for full employment. The cheaper the price of land, the more employers would have to offer in wages. While the U.S. was not nearly as productive as Britain and Western Europe, wages were much higher.

Between 1803 and 1853 the United States acquired the Louisiana Territory, Florida, Texas, and the six other western states — a total of about 1,800,000 square miles. That gave the U.S. mountains, deserts, and a total of nearly 700,000 square miles of arable land on which to live and grow things. With 25 million people, that was only 36 people per square mile. (That statistic probably doesn't count most of the native people who were eventually driven off or eliminated.)

In 1862, the Homestead Act was passed. Over the next 40 years, half a million homesteads received 80 million acres at nominal fees.

According to www.ourdocuments.gov, the rest of the 500 million acres, dispersed by the General Land Office went to speculators,

cattlemen, miners, lumbermen, and rail roads. A lot of which was resold for family farms.

As long as the supply being offered for sale was greater than the amount people were trying to buy, the price of land was exceptionally low. And because workers had the option of cheap land for self employment, employers paid high wages.

Although wages remained much higher in the United States than they were throughout Britain and Europe, wages were falling and poverty was increasing throughout the last decades of the 19th Century.

Land Speculation

By 1890, virtually all the good arable land was gone — already owned. How could so much land have been needed in such a short time.

There were many waves of immigration and a high birth rate, but as recently as 1930 there were only 176 people per square mile of arable land, and well over half the population

was then living in cities where each family lived on a small fraction of one acre. The answer is Land Speculation — owning and hoarding land for the increase in its selling price. Not only could our cities then, as now, hold many more people in a much higher standard of living, but the suburbs sprawl inefficiently and leap frog past potentially productive areas that could be used for urban and suburban communities. These areas are held as farmland that grow mostly in value. Now the intermittent subdivisions are connected by highways. Before we all had cars, they were connected by the suburban rail lines.

At the end of the 1920s, a decade in which the world experienced a greater technological advance than ever before in history, when the American worker was more productive than ever before — the general level of wages fell, and unemployment rose. As inventions replaced workers, those unemployed workers

had to find someplace else to work. More land had to come into production. You can't put two people in the same place at the same time. However, every invention not only increased productivity, it increased the rental value and the selling price of land, especially urban land. In the expectation of future increases in the price of land, too much of it was held back for future sales. Without enough land available for production, many of those displaced workers and those who were ready to join the workforce, remained unemployed.

Without any way for workers to employ themselves - no free land alternative, wages for those with the least intelligence, skills, and education tend to a bare subsistence. Without intervention in the market place, workers get hungry and accept the wages of a slave — food, clothing and shelter, the amount below which they get weak and sick, produce less, and yield less income to their employer.

That is why in 1935, in the middle of the Depression, with mass unemployment, Congress enacted the Legal Minimum Wage. We have had many periods with a relatively small percentage of unemployment, but we have never had a time since, when there were not people who would have been paid less, if the Legal Minimum Wage had not been retained.

Those workers with superior skills and knowledge were and are in short supply. Employers compete against each other to hire them. The greater the profits to be made, the more those workers are offered, and the higher their wages. The higher their wages, the greater the incentive to learn each special skill or knowledge; the greater the supply of those superior workers, the less they have to be paid in order to secure their employment.

During the last quarter of the century we have seen a multitude of new tools and machines that increase the results of the least paid

workers, but wages are not determined by the amount you produce. Wages are determined by how much you could alternately produce working on your own land for your self. And since there really is no more free, or even cheap land worth talking about, wages tend to remain constant.

The amount of arable land remains about the same. The population and the work force increase. Every day land is sold, houses and facilities are built, jobs are created and people go to work on land that no one lived or worked on before. The problem is that the people who hold land for its increases in value (Land Speculation), never sell enough at any given time to put everyone to work. As population increases, as the infrastructure is extended and improved, as new technologies increase the results of labor, the selling value of land increases. While the land is held in anticipation of the increase in value, it is either unused or grossly underused, and this

contributes to the shortage of jobs and housing. In addition, every time a machine replaces a worker, that person has to be employed some place else.

How many of the jobs taken by illegal immigrants would have been given to our own citizens in their absence is hard to know.

Cheaper labor increases the value of land and may have encouraged people to sell. That would create jobs. But rapidly increasing land values often result in people not selling land in anticipation of higher prices in the future.

Restaurants and other operations may have been able to hire more people in the same space at lower wages without exceeding the point of diminishing returns. Homeowners may have hired illegal immigrants to cut their grass instead of cutting it themselves. None-the-less, in total, the number of people employed at any given moment will depend on how much land is put into production and the intensity to which it is used.

To recapitulate: wages for those with the least skills and education tend to a bare subsistence. They rely on the legal Minimum Wage laws, because land speculation gives them no free land alternative to employ themselves. The United States has less than half as many people per acre of arable land as France and one sixth as many as Britain. Yet, it has millions of people who are willing and able to work, but unable to find employment because of land speculation — not enough places are available for everyone to work.

The solution

Before we consider a stopgap proposal that shares the economic benefits of immigration with the workers, let's consider what is possible. One look at Singapore, and we get a glimpse. They have 14,000 people per square mile, and they are one of the most productive countries in the world. This is in spite of the fact that only 2 percent of their land is capable of growing anything. Who knows how many

people the United States could support in a just and prosperous society, but each of our major cities could, and once did, support many more people than they do now. We could rejuvenate our urban slums, provide healthy and comfortable housing, and create many more jobs. In the suburbs we could create an orderly development that provided open space and parkland without the sprawl that now consumes so much of our natural environment.

Shifting Taxes To the Rental Value of Land

Taxes now total about a third of the nations output. By shifting all taxes to the rental value of land, we would encourage people and business to hold the smallest amount of land they could use, and produce as much as possible on it. Large numbers of people would save by living in apartment buildings and sharing a view. Business would build the highest buildings that were profitable. There

would be no more low rise buildings in Midtown Manhattan.

No penalties would be levied for the erection of buildings, but there would be a great expense for those who held on to valuable land and did not put it to use. The tax on the rental value of land would have to be paid even if the land were vacant or idle and there was no income out of which to pay it. There would simply be no reward for holding unused and underused land for future use or sale.

Under these incentives the most valuable land would be developed to its greatest potential. People would migrate toward the cities and suburbs. They would not be crowded like the slums of Harlem, where families often share a unit, but in what is thought of as the standard of Park Avenue where large high-rise apartment buildings offer spacious living and a view. Although each apartment is spacious,

the density per acre is far greater than Harlem. With modern technology high rise buildings give us the potential to house more people per acre in spacious living than even the phenomenal crowding of Chinatown, San Francisco.

By the same incentives, the best commercial, industrial, and mineral lands will be put to their most productive uses. As labor and capital migrate in the process of maximizing their efforts on the best land, the demand and the value of the least productive land will fall. Soon, within 50 or 100 miles of every city, there would probably be land without value. It would be good for building houses or growing crops. It might even support some small business, but other land would be so superior, so much more in demand, that it would have no rental value at all. It could be used without the payment of rent. Having free land available to everyone to live and work on would deliver high wages for everyone — just

like it did in past centuries when America had a free land economic frontier. Not that everyone would set up a homestead or become a farmer, but no one would work for someone else, unless they were offered more than they could have produced working for themselves where the land was free.

Those who held the superior land would fund the costs of government by paying rent for the land they held. Every increase in productivity would, as it does now, increase the rental value of superior lands and provide more revenue for the increasing needs of society.

Every increase in productivity would increase the amount that could be produced where the land was free — just beyond the land that was economically demanded and valuable.

Therefore wages would go up. Every increase in productivity would increase the returns to capital — buildings, machinery and products in the course of exchange. No one would lend their capital to some one else unless they were

offered more than their capital would yield where the land was free.

Under these conditions, every increase in the population would permit greater divisions of labor and greater economies of scale. It would increase wages and the return on productive investment. And, it would increase the rental value of land, which funds our infrastructure, police, defense, education, healthcare, welfare, and the future needs of society. Under this arrangement, every increase in the population will increase the quality of life for every person in the country. And it will continue until we reach the point of diminishing returns. In short, labor and capital will enjoy whatever they produce by making use of the natural opportunities that are freely available to everyone. And that value, which represents the advantage of superior opportunities, will be collected, used, and shared for social purpose.

With this system in place, we could probably

open the border and declare "The more the merrier". As each and every person left Mexico and Central America, the value of the land in those countries would fall. How long would their ruling families stand by and watch the rental value of their land go down? In self defense, they would implement some competitive measure to draw their workers back. Hopefully they would raise wages rather than shoot those who tried to leave.

A stopgap measure

That is what is possible, but we know that a serious tax shift that encourages the most efficient use of our resources will take time. In the meanwhile, we can simply peg the Minimum Wage to increase at the same percentage rate as the increase in the Per Capita Gross Domestic Product. That way, workers too, will share in the benefits of increased population and technology.

Second, let's have the government provide low level Min Wage, W.P.A. type jobs for everyone who's willing and able to work. They can clean up the highways, fix up the parks and replant the forests. By that requirement, the government will have a vested interest in not letting more people into the country than can be economically employed.

And without a serious tax reform, there will be a shortage of affordable housing. Let's have the government provide enough public housing so that everyone on the Minimum Wage can get decent shelter at an affordable price. If we do those three things, we will have eliminated the ill effects of legal and illegal immigration on our own citizens for now.

However, in a few years, we will have another recession. What are we going to do with our non-citizen workers then? In the nineteen thirties, they were sent back to Mexico, where there weren't enough jobs and the Mexican

government had far less resources than the United States. If we welcome people into the country to work, we require them to fulfill all the obligations of a citizen — they play by the rules, pay their taxes and generate profits for their employers, shouldn't they become one of us? Shouldn't they be worthy of our support when there's a hurricane or an earthquake or the next depression? If they're good enough to contribute to our economy, ought they not have a vote and our mutual support when disaster falls upon us?

What is humanly possible

True, the United States stole the best half of Mexico. However, not only Mexico, but virtually every impoverished country in the world still has ample resources to provide for their people. With an equitable distribution of wealth and opportunity each nation could have full employment. They could accumulate capital, develop the infrastructure, maximize productivity and enjoy a level of wages that

are as high as the most prosperous nation's are today. Except for that place in Africa where humans first appeared, we are all descended from immigrants. Certainly a democratic system of local self-determination is humanly possible with free migration and open borders for each and every citizen of the world.