

Immigration And Jobs

By Mike Curtis

Illegal immigrants make up a little over 5 percent of the U.S. Workforce, according to the Pew Research Center — having stabilized during the recession, and only increased slightly since. However, since 2010 the U.S. government has issued an average of over a million Green Cards per year. They entitle immigrants to stay as long as they want and work. Although many of those receiving Green Cards were already here, the government also issues Temporary worker visas, which the Brookings Institute lists at over 600,000 per year. The total number of people that come to the United States each year and are given jobs is hard to calculate, because of all the different programs, but it is certainly a very large portion of the net new jobs created within the country.

New jobs totaled 8.4 million since the recession, according to the IMF, but the Census bureau says the adult population increased by 17.4 million. So according to the Bureau of Labor Statics, we still have 3.7 percent less of the adult population working than we did before the recession began. In 2006 — 63.1 percent were working, and today (2015) it's only 59.4 percent. We are not back to normal, and even in normal times there are millions who are willing and able to work, but cannot.

And so the jobs verses immigration debate continues: Should more people be let into the country when there aren't enough jobs for everyone who is here already? Foreign professionals continue to be hired, and their employers say they are not depriving American residents of work they would otherwise get. If they had to compete for those qualified workers who are already here now, it wouldn't have been profitable to create the additional jobs. Those jobs were

possible, they say, only because skilled foreigners were willing to come to America and work for less.

There is no doubt that highly educated foreign workers could be more profitable. And it is conceptually possible that in some cases the lower wages paid to immigrants could make the difference between profit and loss in regard to corporate expansion and whether to hire more people. With the exception of Switzerland, Ireland, and Luxembourg with a total of less than 20 million people, the United States offers the highest wages in the world.

However, let's start with the basics of physics and economics. You can't put two workers in the same place at the same time. Every person who is working needs some place to function: land. Every parcel offers a different quality of opportunity, whether it's manufacturing along a navigable river or some distance away; a store on Long Island or Manhattan. Every parcel has a "highest and best use" which dictates exactly what use will yield the greatest gains over expenses — with some land it's growing, with some land it's manufacturing, and with other land it's selling things.

While some companies already have extra space that can be used for additional workers, in general, more land must be available as the population increases and machines replace workers. With the March of invention, increases in skills and knowledge, and additions to the infrastructure, productivity and the value of land increases. And the faster the value of land increases, the greater the incentive is to hold it as an appreciating asset. The more land is unused or under used, the more people are unemployed.

Those who want to employ people must buy land. The difference between how much a worker can produce and what he must be

paid is a large part of how much can be offered for any parcel of land. Having access to cheaper skilled foreign workers means more money can be offered for the purchase of land, and can make the difference between whether some land is sold and jobs are created.

The argument for skilled immigration has been that it is good for the economy (GDP) and each of those immigrants not only pays taxes, but generates profits that are taxed as well. It is further asserted that those specially skilled foreign workers create a demand for less skilled domestic workers, because both levels of skill are needed to produce many products.

All increases in the number of people who are working tends, up to a point, to increase productivity by increasing the subdivisions of labor and economies of scale. All increases in the number of specially skilled and educated workers increases the general level of productivity. And both of these factors, which tend to increase productivity, tend to increase the value of land.

And, to reiterate, every increase in the value of land encourages speculation (withholding it from sale to get the increase in its value) and prematurely extends the free-land margin until there is no free land — which there hasn't been for over a century. The difference between the amount of land that is available for jobs and housing, and the number of people who need jobs and housing, will always equal the rate of unemployment and homelessness.

It may be true, all other things being equal, the jobs taken by foreigners would not have been created, because landowners wouldn't sell at a lower price. However, if immigration were

stopped, there is no evidence that sooner or later the land would not have been sold at a lower price and domestic jobs created.

Which brings us to the political question: For whom does the United States or any country exist? Is it for the people who inhabit it or the people who own the land. This question underpins all other economic political questions and has since the republic began.

The cause of unemployment is land speculation (non use and under use of valuable land). The United states still has less than a fifth the population density of Great Britain. Yet non-use and under use of land is so pervasive that unemployment is chronic.

We are currently subsidizing job creation with a myriad of programs from lower interest rates and tax credits to rapid depreciation of equipment, all of which ultimately increases the unearned income of landowners. Yet, millions of people who are willing and able to work cannot get a job.

The only effective way to create enough jobs and housing, is to shift all taxes to the rental value of land. After paying the tax, each landholder will have to put their land to use creating jobs or housing, or transfer it to someone who will, for the tax will have to be paid even if the land sits idle.

The benefits of immigration to the people as a whole can only be realized when the opportunities for jobs and housing are more than enough for those who are already here. When the hoarding of land ceases to be practiced, labor and capital will migrate toward urban centers. There will not only be infill development, but many areas will take on a higher density with greater divisions of labor and economies of scale. This migration will in turn recreate the free-land opportunity that was present in the 19th century. It will offer a

place where the total amount that is produced by labor and capital (Buildings & machinery) will be kept in total by labor and the owners of capital. And the greater product that results from superior opportunities (as measured by the value of land) will be used in lieu of other taxes. At this point, all increases in productivity will increase the general rate of wages and the return to capital. And, because inventions and new technologies and the infrastructure increase productivity disproportionately more on superior land, it will provide for the increasing needs of social growth.

Wages will rise and be equal to what can be produced by taking advantage of the natural opportunities that are freely available to all. So, at this point additional immigrants, which provide greater divisions of labor, skills, and knowledge, will increase the productivity of all workers, and it will raise wages and the return to capital in the process. Only when it reaches the point of diminishing returns (no longer increases productivity and wages) will additional immigrants cease to add to the synergy and the benefit of the American people. []