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Why the inflow of foreign workers may be the best way to protect ‘American jobs’

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A recent story in the New York Times by Oscar Lopez and Alejandro Cegarra told of “one of the largest caravans seeking to reach the United States in recent years.” Several pages later, Eileen Sullivan of the Times reported that in May alone, the “Biden administration expelled nearly 4,000 Haitians on 36 deportation flights.” Whatever your view of immigration, it’s hard not to be made nauseous by Sullivan’s story given the abject poverty these human beings are being forced back into.

All of which brings up foreign investment. Every country wants it. Talk about an endorsement of one’s country! The inflow of foreign savings signals a view within the global marketplace that your country is headed in the right direction. Call it one of the most bullish market signals of all when people entrust their savings to your country. The U.S. attracts more foreign investment than any other country. No surprise there, though it’s a rebuttal of impassioned members of the left and right in the U.S. who always claim President (insert your last name here) is “ruining this country.” Markets mock your ignorance.

Notably, investors don’t send “money” to the U.S. as much these money inflows signal growing access to abundant human capital, but also access to trucks, tractors, computers, desks, chairs, concrete and every other market good that, when matched with human capital, results in huge advances in productivity. The clear view of investors is that human and physical capital are treated best here; hence the investment.

So while the inflow of foreign investment is once again at or near the top of the most bullish market signals, the flow of human beings is the most bullish – by far. Humans drive all economic progress. The latter is a statement of the obvious, but sometimes the obvious requires stating. If there were a global poll of human beings about where they would take their talents if given a choice, the U.S. would win in landslide fashion. To doubt this is to reveal willful blindness.

Love or hate immigration, these massive caravans are a bullish signal. If you doubt this, check out foreign investment inflows into countries that aren't attracting newcomers.

To which some will say that the correlation isn't exact. The U.S. is a free country that treats commerce well. That's the big lure for investment, as opposed to frequently unskilled workers from impoverished countries. It's a reasonable point. The bet here is that the arrival of thousands of Oxford and Cambridge engineering grads would excite investors more than would the caravans described by Lopez and Cegarra. But it doesn't defeat the point made. If anything, it supports it.

Whether investment is following strivers from the south of the border or the best and the brightest from top foreign universities is in a way a distraction. What matters is that the investment is flowing in, and as a consequence physical resources are flowing in.

What it all means is that a human being industrious enough to make it to the United States is transformed for the much better for making it. In particular, the individual who arrives in search of work is quite a bit more valuable the minute he or she starts working. Remember, the investment that makes its way to the U.S. signals enormous inflows of advanced market goods. Call these market goods millions and billions of extra "hands." Work divided is the path to massive increases in productivity, and by extension the foreigners who find work here are exponentially more productive upon starting work.

Please keep this in mind with the immigration debate top of mind. Some view it negatively because they worry about the cultural implications of so many foreigners coming here. It's fair enough, but paraphrasing Cato Institute co-founder Ed Crane, those willing to endure the hell of migration for the fruits of opportunity stateside are arguably American for having gotten here.

Another argument made against immigration is that the newcomers "take American jobs." Such a view implies that jobs are finite, when in reality they're infinite. Really, what are machines but a happy displacement of certain aspects of human labor? Except that these machines doing the work of hundreds and thousands of men plainly don't take away labor from humans as much as they propel humans to greater and greater levels of productivity. This includes foreign workers. Again, when they arrive and start working their work is profoundly transformed via investment.

After which, immigration foes who dislike it due to competition for jobs would be wise to remember that the only closed economy is the world economy. This is important in consideration of "American jobs." It's no reach to say that some of the foes of immigration are the very people disdaining the loss of "American jobs" to "cheap, overseas labor." They're contradicting themselves.

Indeed, if competition for the investment that leads to work is global, and it is, the goal should be much greater openness to foreign workers. Precisely because they're more productive upon reaching the U.S., they actually represent less of a threat here than they do overseas. Translated,

the cure for cheap labor is labor making it to the foreign investment magnet that is the United States. Let markets work, including labor markets.