The Political Economics of Mexican Immigration
by Mayo C. Toruño

The United States has a long history of anti-immigrant sentiment going back to the nativist Know Nothing movement of the early 19th century. In that era, it was the influx of Irish and German Catholics that fueled the ire of those who saw themselves as heirs of the White Anglo-Saxon Protestant (WASP) culture which had built the Thirteen Colonies, forged a new nation, and were now being contaminated—so many thought—by odd-speaking, odd-looking, poor foreigners. Since then, anti-immigrant sentiment has ebbed and flowed with the economic fortunes of the nation, the conquest of foreign lands (the Indian Wars, Mexican-American War, and the Spanish-American War), and the various waves of immigrants since the 19th century. In general, anti-immigrant sentiment would rise during periods of political or economic distress and diminish during periods of political stability and robust economic growth.

The most recent surge of nativist sentiment was kicked off in June of 2015 when presidential candidate Donald Trump claimed that Mexican immigrants were bringing drugs, crime, and rapists to the USA. (“Here’s Donald Trump’s Presidential Announcement Speech,” Time, June 16, 2015, https://goo.gl/wnvz4A). Since then, the Trump administration has stepped up the deportation of undocumented Mexican immigrants, which had already been running at record-setting levels under the Obama administration.

Senior Reception! End-of-Year Party!

All students are encouraged to attend our annual Seniors Reception to be held on Friday, June 9, 2017, at 4:30 p.m. in SB-302B. All graduating seniors will be honored at this event. In addition, we will be celebrating students graduating with honors, students that have won Economic Scholarships for the next academic year, and students who were inducted into the Alpha Delta chapter of Omicron Delta Epsilon. Students are encouraged to bring their family and friends.

After the Seniors Reception, the Department of Economics will be hosting its world-famous End-of-the-Year Party at 6 p.m. at Jerseys Pizza. All econ students—as well as friends and family—are encouraged to attend. If you haven’t attended one of our parties, you should; not only do you get free pizza and beverages, you get to meet the econ faculty and other econ students. These events are always fun.
Commencement

This year’s Commencement will be held on Saturday, June 17, 2016, at the Citizens Business Bank Arena (CBBA) in Ontario, CA.

A warning: the traffic can be bad in the area of CBBA during commencement and, so, plan accordingly!

Students majoring in Economics, Political Economy, Mathematical Economics, or Applied Economics will participate in the College of Social and Behavioral Science Commencement at CBBA on Saturday, June 17, at 8:00 a.m.

Students majoring in Business Administration with a concentration in Business Economics will participate in the College of Business and Public Administration Commencement, also to be held at CBBA, on Saturday, June 17, 2016, at 4:00 p.m.

Rishabh Kumar: CSUSB’s Newest Economics Professor

The CSUSB Department of Economics is proud to announce its newest faculty member, Dr. Rishabh Kumar.

After an exhaustive search that started in the fall of 2016—requiring sifting through hundreds of applications, and interviewing numerous candidates—the department was lucky to have Dr. Kumar accept its offer of employment.

Dr. Kumar will start working in the Fall of 2017 and is scheduled to teach Intermediate Macroeconomics, Introduction to Econometrics, and Principles of Macroeconomics during the next academic year.

Professor Kumar earned his B.A. degree in Economics in 2008 from the University of Delhi, India. He then went on to earn an M.A. in Economics in 2010 from Jawaharlal Nehru University, in India, and an MPhil degree in Economics in 2015 from the New School for Social Research, in New York, N.Y. And just this month, in May of 2017, he completed his Ph.D. in Economics from that same institution, the New School for Social Research, which is among the most highly-regarded programs in political economy.

Professor Kumar studies wealth, capital theory, and taxation in different countries and through history. He is also interested in the development of economic thought and methodology.

His Ph.D. dissertation was titled “Essays on the Macroeconomics of Wealth and Income Distribution.”

His teaching interests are numerous and include global inequality and economic growth, macroeconomics, economic history, political economy, econometrics and economic development.

He’s already published four academic papers. His most recent paper, written with coauthors, is “Wage Increases, Transfers, and the Socially Determined Income Distribution in the USA,” which is appearing in the Review of Keynesian Economics. He’s now revising a paper titled, “Aggregate Demand and the Long Run Limits to Wealth Concentration: A Structuralist Model of Growth.”

His website, with more information, is: kumar1776.wordpress.com.

Welcome to our Department, Dr. Rishabh Kumar!

Staying Informed of CSUSB Department of Economics Events and News

If you’re receiving the Coyote Economist, then you’re on our mailing list and everything is as it should be. But, if you know of an Economics Major, or an Econ Fellow Traveler, who is not receiving the Coyote Economist through email, then please have him/her inform our Administrative Support Coordinator, Ms. Jacqueline Carrillo, or the Chair of the Economics Department, Professor Eric Nilsson. Our phone number is 909-537-5511.

You can stay informed by consulting:
Our Website - http://economics.csusb.edu/
Chair of the Economics Department – enilsson@csusb.edu
Professor Mayo Toruño will enter the Faculty Early Retirement Program (FERP) starting the Fall 2017. He will continue teaching for as long as five years, but at a more leisurely pace than do full-time faculty. For instance, next year Professor Toruño will teach only three courses.

Professor Toruño arrived at CSUSB in the Fall of 1983 after having taught three years at the University of Wisconsin, Eau Claire. His stories about that period of his life revolve around the extreme cold of that city.

Professor Toruño was born in East Los Angeles but moved to Nicaragua as a youth. He attended junior high school and started high school in Nicaragua. In 1968, he returned to Southern California. He graduated from El Monte High School, Pasadena City College, and Cal State LA. He received three degrees from Cal State LA: a B.A. in Political Science in 1974, a second B.A. in economics in 1975, and a M.A. in Political Science in 1976.

During this time Professor Toruño worked in factories, a convalescence home, a cafeteria, and retail stores. He attended graduate school at the University of California, Riverside, and received his Ph.D. in Economics in 1983.

Professor Toruño started off studying political science thinking it would reveal how power in society was organized. He thought that knowing how power was organized would point the way to how society could be improved. Social justice, of course, was his concern. But the more he studied politics the more he kept thinking that a proper understanding of power in a capitalist society required the study of the economy. So, he moved into economics. In the work of the Institution-alists and Marx he found writings that properly brought issues of power to the forefront.

As a teacher, he has sought to not only teach economics well, but to developed in his students a critical attitude toward the dominant ideology. Like many in his generation, he believes the point of studying society is to change it.

Professor Toruño also served as Economics Department Chair for thirteen years. Among his many accomplishments as Chair was the development of the initial website for the Department—perhaps the very first at CSUSB—, the creation of the Facebook page for the Department, and establishment of the now-annual Economics Department Seniors’ Reception.

He also played a key role in developing and implementing many important bureaucratic processes that students are mostly unaware of but that faculty recognized as significant. He instituted an expansion of the Coyote Economist so that it included significant articles analyzing issues relevant to economics.

Department faculty have always known that, when Professor Toruño was Department Chair, Department issues would be resolved fairly and efficiently.

Professor Toruño has published numerous articles and book reviews. He is also the author of the well-regarded text, Political Economics of Capitalism. He continues to disseminate his thinking about economics topics on his website, Explorations in Political Economy.

In his semi-retirement, he plans to continue what he has done for the past 30+ years at CSUSB: reading, thinking, and writing.

The Economics Department is thrilled to have had, and continue to have, in our midst such an excellent scholar, teacher, and colleague.
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While the vitriol directed at Mexican immigrants has been particularly vile, it’s not new to the USA. Anti-Mexican, and anti-Mexican American, attitudes have been a feature of American culture since at least the Mexican-American war of the 1840s, and have been expressed in the land grabs that took place after that war, the lynching of Mexican-Americans in the late 19th and early 20th century, the deportations of Mexican-Americans during the 1930s, the Zoot Suit riots of the 1940s, and the War on Drugs which has disproportionately hit African American and Latino communities.

The most recent version of this strain of US culture coincides with three strands that have been intersecting each other since the 1970s: the surge in Mexican immigration, the War on Drugs, and the Neoliberal war on labor. Each of these strands started in the 1970s and have crisscrossed each other to bring about this most recent nativist reaction.

To begin with, the largest wave of immigration in US history has been taking place since 1965, easily surpassing the two great waves of immigration that occurred in the 19th and early 20th century. The first wave occurred from 1840 to 1889 and brought 14 million immigrants, most of whom were Northern European. The second wave occurred from 1890 to 1919 and brought 18 million immigrants, mostly from Southern and Eastern Europe. But the most recent wave, from 1965 to 2015, brought 59 million immigrants. 51% of those immigrants were from Latin America, and of that amount about 55% (16.5 million) were from Mexico (Ana Gonzalez-Barrera, “More Mexicans Leaving Than Coming to the US,” Pew Research Center, November 19, 2015, https://goo.gl/0qnRVU).

What’s more, it’s been estimated that a little over 50% of these Mexican immigrants are undocumented (ibid, https://goo.gl/X1Pdwy).

But, as can be seen in the figure below, this migration began to reverse itself during the Great Recession of 2007-2009. By 2014 the number of Mexican immigrants in the US had fallen to 11.7 million, with the undocumented portion of that population falling by about 1.3 million since 2007 (Ana Gonzalez-Barrera, op. cit., https://goo.gl/0qnRVU). In short, the immigration of undocumented Mexicans began to wane nine to ten years before the current frenzy.

The second thread that needs to be untangled, to understand the rage being directed at Mexican immigrants, is the War on Drugs that was initiated by President Nixon in 1971 and has continued to this day.

A core assumption of this war is that the use of illegal drugs is supply driven, motivated by traffickers pushing drugs, despite considerable evidence that it’s a demand driven response motivated by sociological, cultural, and economic circumstances. Nevertheless, the US forged ahead and poured vast sums into drug interdiction to stem the tide of illegal drug production and trafficking both within...
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The US and throughout Latin America.

This led to the militarization of the southern border and the building of about 700 miles of various types of barriers and fencing along different segments of the US-Mexican border (“The Current State of the Border Fence,” Federation for American Immigration Reform, January 2017, https://goo.gl/mzdB5b). It also led an unprecedented increase in incarceration rates which, since the early 1990s, has been driven by growing drug arrests and not crimes of violence or property, whose rates have been falling since then. Currently, the US has the highest level and rate of incarceration in the world.

What’s more, this explosion in incarceration has had a disproportionate effect on African Americans and Latinos; and not because they have a greater disposition toward crime or illegal drugs, but because the criminal justice system has become increasingly punitive in ways that single them out (National Research Council. 2014. “The Growth of Incarceration in the United States: Exploring Causes and Consequences”, Committee on Causes and Consequences of High Rates of Incarceration, J. Travis, B. Western, and S. Redurn, eds., The National Academies Press, pp. 4-5, 33-37, 50, 60-63 https://goo.gl/9fk3oU).

The War on Drugs has exacerbated the nativist impulse of the nation, predisposing a segment of US culture to assume that Mexican migrants have been responsible for increases in crime and illegal drugs.

The data has consistently pointed in the opposite direction. That is, immigrants are less likely to commit crimes than are native citizens. Recently, for example, the CATO Institute found that incarceration rates for US citizens (1.53 percent) are higher than the incarceration rates for undocumented immigrants (0.85 percent) and documented immigrants (0.47 percent). Moreover, while almost 91 percent of all prisoners in the US are citizens, only 7 percent are from Latin America (Michelangelo Landgrave and Alex Nowrasteh, “Criminal Immigrants: Their Numbers, Demographics, and Countries of Origin,” CATO Institute, March 15, 2017, https://goo.gl/gq1JGU; National Research Council, op. cit., p 63, https://goo.gl/9fk3oU; and Michelle Ye Hee Lee, “Donald Trump’s false comments connecting Mexican immigrants and crime,” The Washington Post, July 8, 2015, https://goo.gl/wopL4E).

Mexican immigrants (documented or not) are far more interested in finding jobs, building wealth, and sending remittances to their families in Mexico than they are in living a culture of crime and drugs that’s unfortunately far too common among poor Americans.

On this point, it’s important not to lose sight of the fact that it is the US, not Mexico, which leads the world in the consumption of illegal drugs (“U.S. Leads the World in Illegal Drug Use”, CBS News, July 1, 2008, https://goo.gl/OsV6kK).

The last thread that needs to be unraveled has to do with the negative impact Mexican immigration might have on jobs and wages. This particular concern predates Trump and has been voiced numerous times in the past. It is a reasonable concern. If the supply of labor grows faster than demand, due to rising immigration, the impact on wages and employment will be negative. Unemployment will increase, and wages will fall or stagnate, depending on the degree of excess supply. But, this outcome is not certain.

If the supply of labor grows at the same rate, or slower, than demand, then the impact on employment and wages will be neutral or positive. Under these conditions, unemployment will remain unchanged or fall, while wages will remain stable or rise.

What’s more, these outcomes depend on the extent to which immigrant labor is a substitute for, or a... anti-immigrant sentiment has ebbed and flowed with the economic fortunes of the nation...
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complement to, native-born labor. If immigrants bring the same skill set as native-born workers, then one would expect immigrant workers to displace native-born workers at a lower wage rate.

But if immigrants bring a skill set that complements those of native-born workers, allowing both to work but in different capacities, then the impact on native-born workers would be neutral or positive. What’s more, all of this is heavily influenced by the policy environment, which sets parameters to labor market behavior. Minimum wage laws, trade agreements, union density, immigration laws, and so on, all impact the labor market in ways that may counteract or encourage excess labor supply.

In assessing these possibilities, it’s important to note that, as of 2014, Hispanics made up about 16% of the labor force; and of that amount, about 63% were of Mexican heritage. That is, about 10% of the labor force consists of workers of Mexican heritage, which includes native-born workers (i.e. citizens) as well as documented and undocumented immigrants (“Labor Force Characteristics by Race and Ethnicity, 2015, BLS Reports, September 2016, https://goo.gl/uqt3VE). And since undocumented Mexican workers represent an even smaller proportion of that 10%, a highball estimate of the share of the labor force accounted for by undocumented Mexican workers would be 4 percent of the total.

What’s more, most Mexican immigrants, particularly the undocumented, have little formal education, poor English language skills, and earn less than the average native worker (The Role of Immigrants in the U.S. Labor Market, CBO, November 2005, pp. 16, https://goo.gl/N5nSuk). As a result, most of these workers are concentrated in such occupations as miscellaneous agricultural work, painters, construction and maintenance, maids and housekeeping, and construction (“Labor Force Characteristics …”, op.cit, https://goo.gl/uqt3VE).

Given these proportions, one would expect the impact of Mexican immigrants, particularly the undocumented, to be rather small for the labor market as a whole, but probably more significant in those occupations requiring little to no formal education.

This hunch is consistent with the literature, which concludes that, in the long run, immigration has a small positive effect on the employment of native-born workers. But, there’s also evidence that, in the short run, immigrants have a small negative impact on the employment of native-born workers, the extent of which depends on whether the economy is growing (in which case the impact is virtually zero), or whether it is stagnant or contracting (in which case the there’s a small negative impact on the employment of native-born workers) (Daniel Costa, David Cooper and Heidi Shierholz, “Facts about Immigration and the U.S. Economy: Answers to Frequently Asked Questions,” Economic Policy Institute, August 12, 2014, https://goo.gl/luCq2n). Since these studies focus on immigrants as a whole, and undocumented Mexican immigrants represent a smaller proportion of that total, one would expect the impact of undocumented Mexican immigrants upon the employment of native-born workers to be even smaller.

At the same time, most studies claim that the impact of immigrants on the wages of native-born workers is modest, including those with little education. The negative impact of immigration instead seems to fall upon earlier immigrants who can easily be substituted by more recent immigrants willing to work at lower wages (ibid, continued on page 7
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https://goo.gl/luCq2n). Thus, the Economic Policy Institute has estimated that, from 1994 to 2007, immigration increased the wages of native-born workers, relative to foreign-born workers, by 0.4%. But, it also had the effect of lowering the wages of foreign-born workers, relative to US workers, by 4.6% (Heidi Shierholz, “Immigration and wages …”, EPI, February 4, 2010, https://goo.gl/9R9zrg).

This suggests that undocumented Mexican immigrants are seen as substitutes for each other and undocumented Central American immigrants, causing their wages to stagnate or fall, while having a modest positive effect on the wages of native-born workers, particularly white, native-born workers.

In all of this it should be obvious: the beneficiaries of undocumented Mexican immigrants are employers, particularly those employers whose labor force requires little formal education.

The negative impact that undocumented Mexican immigrants might have on the employment and wages of native-born workers, which has already been shown to be modest, is more than outweighed by the positive impact they have on the profits of employers.

Indeed, US farmers have been aggressively using the H-2A visa program to make up for the decline in Mexican immigration that has been taking place since the Great Recession. The H-2A program allows employers to recruit and hire foreign workers with temporary, nonimmigrant, visas; and this program has grown by 160% from 2006 to 2016 (Philip Martin, “The H-2A farm guestworkers program is expanding rapidly: Here are the numbers you need to know,” Economic Policy Institute, April 13, 2017, https://goo.gl/0XjQL1).

The Neoliberal war on labor, which has been taking place since the 1970s, has had a far greater impact on the labor market than the immigration of undocumented Mexicans. To be sure, Mexican immigration has itself been one of the outcomes of Neoliberalism; but so too are the heightened attacks against organized labor, which has resulted in declining union density and reductions in the bargaining power of labor; efforts on the part of business-friendly politicians to resist increases in the minimum wage, so that the current federal minimum wage is now lower—in real terms—than it was in the late 1960s; and the efforts on the part of corporations, abetted by business-friendly politicians, to offshore and outsource jobs.

The net effect of this constellation of policies, along with others which we don’t have time to examine, has been real wage stagnation for non-supervisory workers since 1972, and rising corporate profits since the late 1970s, both in terms of volume and as a return on capital (Kotz, The Rise and Fall of Neoliberal Capitalism. Harvard University Press, 2015, pp. 85-101).

Native-born workers would be better off directing their anger at corporate friendly politicians who appeal to struggling native-born workers by criminalizing Mexican immigrants, while quietly using those same immigrants to increase their profits. •
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You can find the Economics Department at The CSUSB Department of Economics Facebook page.

Joining us on Facebook is an important way of keeping up with Departmental news and Department events as well as getting information on political economy. Look for us on Facebook...we're easy to find!