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# The Economy and Mexican Immigrants

Austin Schulz

*Eastern Washington University*

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# **The Economy and Mexican Immigrants:**

Austin Schulz

FYE : Truth Lies and Uncertainties

Faculty Mentor: Dr. Martín Meráz García

## Author's Note

Austin Schulz is a freshman student at Eastern Washington University. This paper was presented at the 19<sup>th</sup> Annual EWU Research and Creative Works Symposium on May 18, 2016 in Cheney, WA and was submitted as an assignment for First Year Experience (FYE): Trues, Lies & Uncertainties (ITGS 120-03; Spring 2016)

Correspondence concerning this paper should be address to Austin Schulz.

Contact: [austinschulz72@eagles.ewu.edu](mailto:austinschulz72@eagles.ewu.edu)

### Abstract

This paper will focus on the economic impact that immigrants from Mexico, documented and undocumented, have on the United States economy. In this study, I use peer reviewed sources to show how much immigrants contribute to the economy; with how much they pay in taxes and the wages they earn as they toiled in their respective jobs. Additionally, this study explores the impact Mexican immigrants have on the unemployment rate of native born Americans as well as the U.S. national debt. This study also looks at the impact of undocumented immigration, and the cost/contributions to the US tax payers. Finally, this study assesses the costs to the United States tax payers of engaging in massive deportations of the undocumented immigrants as suggested by Republican candidate Donald Trump.

Key terms: Immigrants, Economy, Unemployment, Taxes, Wage

One of the hottest topics in this presidential campaign has been immigration and what we as a nation should do about it. One of the major complaints seems to be about immigrants and the job market. So many complain about how all these immigrants are “stealing” American jobs. Are they really though? Claims can be made, but facts need to back up these statements so the question becomes, are they really or is it just a portrayal by the media to shine a negative light on immigrants? Other questions can be raised about undocumented versus documented immigrants, and the types of wages they are payed compared to their American counterparts, and then how those wages may even differ between documented and undocumented citizens. If what is all said is true, than should the answer be as Republican candidate Donald Trump suggests? Numbers will tell us but first let us look at the employment of both documented and undocumented citizens.

The media is always trying to portray things the way that they want their audience to see. When the news is turned on, almost immediately a common trend of negative portrayal of individuals can be seen across news stories. As seen in a documentary in our Chicano Studies class, immigrants are portrayed as “flooding” into the country or coming in “waves” (Latinos Beyond Reel, 2013). All of these negative connotations about immigrants leaves a negative impression in everyone’s mind, and then when targeted by the presidential candidates, or a person with a lot of influence, causes it to stick even more in the minds of the consumers, because people they idolize and agree with are telling them so. When people look at the immigrants they think of all the negative things, but never the positives of that specific area. If

the media looked at things in a different light, then maybe as a society, we would be more partial to the immigrants and more open minded to see their contributions to our society.

Currently, the unemployment rate for the United States is currently at 5% out of the 300,000,000 + that live in the country which means around 15 million are unemployed (Census, 2010). We run on a society that needs jobs and competition to run. In order to fulfill these, jobs, there needs to be workers for all the areas, some of which are jobs that no one wants to do. Currently there are around 11.7 million Mexican immigrants in the United States, give or take. Of these, around 5 % are employed. That means that around 6 million of these immigrants are employed in the United States (Census, 2010). Looking at these two numbers, we can see that over half the immigrants have jobs and are contributing to society in a way that benefits the country in a positive manner. According to David Stoll, “Older males are dropping out of the US labor force at an unprecedented rate. Worse, half the Americans who are unemployed or under employed belong to generation jobless, the 18-to-34 cohort” (Stoll, 2015, p. 78). That being said, Americans should not be complaining about immigrants taking jobs when the ones who are not employed don’t seem to want to be employed, or they are just happy with being under employed. It is no one’s fault for coming into the US and looking for a job, and then taking a job for themselves that no one else would take and use.

Wages are another big area which can be debated. There are studies which have been conducted about what the wage difference between men and women, but there is also a wage gap between documented immigrants versus undocumented immigrants. As stated by Gihoon Hong, “For example, using data from the Legalized Population Survey (LPS), RiveraBatiz (1999) finds

that male Mexican legal immigrants in the United States enjoy a 41.8 % higher average hourly wage rate than that of their undocumented counterparts. Ise and Perloff (1995) also report that, after correcting for selection into immigration status, documented agricultural workers in the United States earn 15 % more on average than do undocumented workers” (Hong, pg. 10).

Workers are making more just for coming into the country through the “legal” way, rather than just coming over and living as undocumented citizens. Even if they work the same jobs and have the same job qualifications but due to their citizenship status, they don’t get the same pay as an immigrant that is a legal citizen. To even further these claims, “According to the final research report from their project, 26 percent of workers reported experiencing a minimum wage violation, but among immigrants the figure was 31 percent compared with just 16 percent among the native-born; and among those without documents, the figure was 37 percent compared with 21 percent among those with legal papers, (Bernhardt et al., 2009, quoted in Massey, 2014, pg. 486). That being said, even if there is a qualified worker in a certain field, but they are a different race, they do receive wage discrimination in the workplace. This does not seem to be fair, because they are being punished for coming from their country to make a better life for themselves. They are doing the same jobs that us who are native born citizens of the United States, but since they were born in Mexico, they receive less of a paycheck, and the laws are broken. Where do employers see this as right? Someone is not less of a person due to the fact that they are from a different country. America was built on the foundation of diversity and accepting people of all walks of life. So how does it make sense that people are punished for those differences? It does not make sense, and the fact that the law is being broken in the process

is not what America was built on. Equal opportunity is what is needed in the work place no matter where you come from.

Along with the wages that immigrants are missing out on, there is a large stigma that immigrants are not paying their taxes, especially the undocumented ones. The media portrays it as if they just come in to the US and use all the resources without putting back into the economy. In a sense, they are seen as freeloaders and just take from all the documented citizens that are working. In a study done by the Institute on Taxation and Economic Policy throughout all 50 states found that “roughly 8.1 million of 11.4 million undocumented immigrants who work paid more than \$11.8 billion in state and local taxes in 2012, even while they were living illegally in the country” (Pianin, 2015, p. 1). When taking a closer look, it would make sense that these undocumented immigrants pay taxes, because when a paycheck is issued, taxes are automatically taken out for things such as social security, Medicare, etc. They also have to pay taxes in the form of a sales tax, unless they live in a state such as Oregon, which does not have sales taxes. Of course there are people who are not paying their taxes, and that is happening from people who were born in the United States, not just the undocumented citizens.

Going along with this, Pianin quotes Matthew Gardner in his paper as saying; “the numbers alone make a compelling case for reform,” said Matthew Gardner, executive director of ITEP. “This analysis shows that undocumented immigrants already are paying billions in taxes to state and local governments, and if they are allowed to work in the country legally, their state and local tax contributions would considerably increase” (Pianin, 2015, p. 1). This being said, the immigrants are putting work into the system and paying all these taxes for things such as

Medicare and social Security, when they have no access to it just because of the fact that they are not documented citizens in the United States. Instead, that money goes into the government, and can pay for someone who is either a native born citizen or a documented immigrant in the United States. So potentially, that money could be going to a native born citizen who is a freeloader and doing nothing in their life, while the person working hard and paying the taxes cannot gain access to these resources. For some reason, the media seems to only want to focus on the undocumented citizens who do this instead of focus on all free loaders in general (Seward, 2007)

Now comes the question about how much it costs the United States to have undocumented immigrants in their workforce, and how it influences the economy. Republican candidate Donald Trump wanted to deport all undocumented Mexican immigrants back to their homeland, costing around “400 to 600 billion dollars” (Swier, 2015, p. 1) but what he does not realize is how much of a negative impact that would have on the economy of the United States. Currently, a select few states have tried to pass bills that would not allow undocumented workers to work for companies, especially in the agricultural industry. The bill wants to get employers in trouble for allowing undocumented citizens to work for them. As a result of these bills, migrant workers started to leave these states and instead relocate to states that did not have this bill. “As a result of the labor shortage that ensued, the Georgia Fruit and Vegetable Association has recently stated that \$300 million worth of crops could be at risk this year, spoiling before they are picked (Redmon, 2011, p. 1). Across the United States, bills such as this are predicted to cost as much as \$9 billion in lost farm production annually (Gray, 2011, cited in Esses et al. pg.136). So, the economy relies on these workers in the agricultural industry because these workers help to bring in the yearly harvest, and without them the harvest would be so much smaller and the



farms have the potential to go out of business. As perfectly stated in the conclusion, “Though immigration, including undocumented immigration, may be viewed by some as threatening jobs and local economies, Western nations are increasingly dependent on this immigration for needed labor, and to restrict it may do more harm than good” (Esses et al., 2012 p. 136). Whether people like it or not, our economy depends on others immigrating into the country and furthering the United States as the powerhouse that is known as number one around the world.

There are so many different areas that immigrants impact our daily lives, and at the end of the day, people view them as different just because they were not born in the United States. However, these people are so important to us as an economy and help us progress through into the future. Common misconceptions about these immigrants can all be traced back to media portrayal and how the media wants citizens to see these immigrants. They pay their taxes and put in their hours, so why should they be punished? Native born citizens need to see the reality of the world we live in; that we need immigration and immigrants as much as they need the United States.

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