

# Re: What can be done to curb illegal Mexican immigration

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- *From:* "The Trucker" <[mikcob@xxxxxxxxxxx](mailto:mikcob@xxxxxxxxxxx)>
  - *Date:* Wed, 7 Dec 2005 15:00:53 -0800
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"Zerge" <[zerge@xxxxxxxxxxx](mailto:zerge@xxxxxxxxxxx)> wrote in message  
[news:1133985028.317147.174450@xx](mailto:news:1133985028.317147.174450@xx)

- >  
>> The rise in the wages of pickers would be offset by a decline  
>> in the "value" of land ownership. The current owners  
>> will go out of business and the banks will be stuck with a  
>> bunch of unprofitable land.  
>  
> I agree, so far.  
>  
> The market will then pay  
>> 50 cents an acre for the land and the tomatoes will  
>> keep right on coming. The pickers will get the money  
>> and the land owners and money lenders won't. And  
>> guess what??: The pickers will be able to actually  
>> BUY some tomatoes and maybe even some land.  
>  
> This is the part I don't get. Who would buy the land?  
> The pickers?

Perhaps they would buy the land and/or perhaps they would want to buy in to a cooperative that would own the land and produce tomatoes using THEM as the pickers.

- > So  
> they become the new "land owners" right? And who would work the land?  
> Themselves? OK. Where will they get the working capital?

The banks create money from thin air all the time. The prospective tomatoes are the collateral for a loan. Most likely the current "owners" of the land would go bankrupt and then buy the land back at a lower cost. Or these "I know how to grow tomatoes" people would lease the land at the much lower rate and continue to make tomatoes.

- > Lest you

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- > forget, it's not ONLY about picking the tomatoes; you have to:
- >
- > – Buy seeds
- > – Plant them
- > – Make sure the plants don't get sick
- > – Pick them (yay!)
- > – Package them

That is the end of the grower's part.

- > – Transport them
- > – Market them (hard!)
- > – Do all the admin support (management, payroll, accounts, legal, etc.)

Snore.

- > All that requires lotsa money. And money costs (interest, or to be
- > technical, WACC). If the investment doesn't make a return on investment
- > attractive enough, it makes no sense to do the business. On one side
- > you got your price set by supply and demand; on the other you have your
- > cost structure and your cost of capital. If you cannot generate proper
- > value (EVA), then there is no business. Salaries are part of your cost.
- > If you were to paid workers more than they are worth, you would be out
- > of business, even if the owners of the business are the workers
- > themselves.

How much is the cost of the land including "interest" on the mortgage?

- > To sum it up: salaries are what they are, period. They are based on
- > personal, company, and yes, even country productivity.

The payments to land owners (in many cases this is the bank) are a very large part of the cost of producing tomatoes. The productivity of the land will not change due to a change in the price of the land. The land will grow just as many tomatoes at 50 cents per acre as it does at \$10k per acre. We are merely discussing the distribution of the costs of tomatoes and the payments to the factors of production.

If tomatoes are worth some particular price to those who consume tomatoes then that is what they will pay and they will pay no more. If the land owner could raise the price of tomatoes he would do so and he would not be waiting for a rise in the wage level to force him to do so.

If the cost of land is 40% and the cost of labor is 40% and the cost of real capital is 20%, then a wage increase that would raise the wages to 70% of the cost of production will force the land costs down to 10%. That is because the land is not \_produced\_ and it

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will still serve the same purpose and make the same amount of tomatoes no matter what the cost of land or the payment to a land owner.

Labor will not be had if not paid and \_real\_ capital will not be had if not paid. But land is there regardless of whether it gets paid or not and regardless of who (if anyone) "owns" it. In southern California There is a huge "sunk cost" in irrigation infrastructure and in "contouring" of the land and prior to these improvements the land was a desert. So it is unlikely that the land would be used for something other than growing tomatoes (Or whatever is being grown).

If immigration reform thwarts the use of immigrant (cheap) labor, the price of land in southern California will fall very quickly. Yet the tomatoes (or whatever) will still be grown there because of climate and the infrastructure sunk costs. As the pickers get more wages then they can afford to buy more tomatoes and then the price of tomatoes will rise.

The Fed will scream !!INFLATION!! but who cares.

> Again, I don't understand your example. And I wonder if you understand

> mine :/

>

>

>>

>> Why do you think that "employers" are some special  
>> class of persons that need the protection of government  
>> when these "employers" derive their incomes from  
>> PREVENTING the use of the land by the people  
>> who actually PRODUCE the tomatoes?

>>

>> Campaign contributions from land owners continues  
>> to produce the best congress that money can buy.

>>

—

"I know no safe depository of the ultimate powers of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education." – Thomas Jefferson

<http://GreaterVoice.org>

- **References:**

- ◆ **Re: What can be done to curb illegal Mexican immigration**
  - ◇ From: sinister
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  - ◇ From: Zerge
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