

Coyote Economist

News from the Department of Economics, CSUSB

Volume 23, Issue 2

Winter 2017

The Political Economy of Trump's Win

by Daniel MacDonald

Why did Donald Trump win the 2016 presidential election? There are many answers to this question, perhaps too many.

Some explanations emphasize Trump's appeal to certain sections of the American population, like Whites, men, the less educated (for example, those without a bachelor's degree), and Evangelical Christians. And, indeed, he sometimes appealed to some members of these various groups using racism, sexism, and xenophobia.

But there are economic explanations, too, which together form a political economic view of Trump's victory. While certainly not the sole cause, a very good argument can be made that political economy can explain a major portion of Trump's success.

One common economic explanation is that Trump was able to win over a broad swath of the middle class (see the Fall 2016 *Coyote Economist* for details on some of Trump's key proposals). In the national exit polls, Trump won a majority of people with incomes with incomes \$50,000-\$199,999, while Clinton captured the majority of voters making more and less than that.

But there are other, deeper reasons why the economy mattered. Consider one way to understand why Trump won: compare his performance to that of his predecessor, Mitt Romney, in the 2012 presidential election. Doing so helps to eliminate some of the emphasis on demographics. For example, exit polls and other statistics show that Trump actually fared better with minorities than Romney did. Of course, Trump still needed to appeal to whites, males, and various religious groups in order to retain their support, but the point is that *non-demographic* factors explain how he was able to do so much better than Romney because increased Republican turnout was not enough in and of itself. Economics clearly mattered.

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Political Economy of SoCal

This Spring, Professor MacDonald is giving a trial run of a potential new course, Political Economy of Southern California. It is being taught as Economics 390.

The objective of the course is to understand the ways in which the economy shapes life in Southern California. The major issues to be covered are the housing market, Prop 13 and slow growth politics, Southern California's role in the Great Recession, inequality, social and political movements, the labor market, and the future of public transit. Students will write a research paper on a topic that interests them, where the primary emphasis will be on exploring the economic roots of that topic.

If you're interested in Southern California (and who isn't!), be sure to sign up for this new course.

Department of Economics

CSUSB

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<http://economics.csusb.edu>

Facebook: CSUSB Department of Economics

Economics Scholarships!

Application Deadline–April 21

Each spring the Economics Department invites applications for its scholarships. Scholarship winners are announced in early June; recipients receive their awards around October 1, after they have enrolled in fall quarter classes. The dollar amount of each scholarship award will be approximately \$1,500. This spring the department plans to award up to five scholarships. If you are eligible, please apply!

To be eligible to apply for an Economics scholarship, students must:

1. Attend CSUSB as a declared economics major (any track);
2. Have completed a minimum of 9 semester, or 12 quarter, units of economics course work with at least a 3.00 grade point average (2.75 for the Economics Alumni Scholarship and the Sean Brunske Economics Scholarships);
3. Have an overall grade point average of at least 2.75 (2.50 for the Sean Brunske Economics Scholarships);
4. Have completed at least 30 semester, or 45 quarter, units of college course work;
5. Be enrolled at CSUSB on at least a one-half-time basis during fall quarter 2016.

In addition to information about your grades and the economics courses you have completed, you'll need one letter of recommendation from an economics professor and a 250-word, typewritten, statement of purpose. When asking for a letter of recommendation, be sure to request it from your professor at least two weeks prior to the application deadline. Also your statement of purpose must discuss your post-graduation career/educational plans. The overall quality of these submitted materials determines the scholarship recipients.

Scholarship application forms will be available at the Economics Department website (<http://economics.csusb.edu/>) and in the Department office (SB-451) by the week of April 3. Completed applications are due Friday, April 21.

OMICRON DELTA EPSILON (ODE):

Application deadline–April 21

ODE, an International Honor Society in Economics, encourages devotion to the advancement of economics and to the scholarly effort to make freedom from want and deprivation a reality for all mankind. ODE is one of the world's largest academic honor societies and currently has 652 chapters throughout the world.

ODE was established in 1963 as a result of a merger of two honor societies, Omicron Delta Gamma and Omicron Chi Epsilon. Omicron Delta Gamma was founded in 1915 by John Roger Commons and Frank W. Taussig, and Omicron Chi Epsilon was founded in 1956 by Alan A. Brown.

If you have taken a minimum of 20 units in economics and have an overall GPA of 3.0 and an economics GPA of 3.0, then you can join ODE. The name of the CSUSB chapter of ODE is Alpha Delta. Applications to join ODE are available from Professor Mayo Toruño or the Economics Department Office (SB-451). The initiation fee of \$35 covers a membership scroll and a one-year subscription to the *American Economist*. The deadline to join ODE for this academic year is April 21.

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/>

Our Facebook Page- <http://www.facebook.com/pages/CSUSB-Department-of-Economics/109500729082841>

Chair of the Economics Department – enilsson@csusb.edu

Trump's Win

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As is well know, Trump appealed to blue-collar workers affected by an increasingly globalized economy. While a globalized economy is supposed to—in theory—promote specialization and economic efficiency by shifting resources to their most productive uses, the reality is much more complicated. First, and foremost, expanded trade leads to winners and losers. And sometimes, the losers of the trade game suffer for many years and fail to recover from the shift in resources for many, many years.

Trump's win can be explained, at least in part, by economic insecurity and the negative impact that expanded trade has had on manufacturing jobs, and how that has led to economically distressed areas which Trump's anti-globalization message was able to capitalize on. The question then arises of what kind of data might exist to prove this thesis.

In a post-election redux, Mike Davis identified a "lakeshore rim" of counties in Michigan, Ohio, and Pennsylvania as the "most visible epicenter of the revolt against globalization."

Many of these (rather large) counties supported Obama in 2012 but switched to Trump in 2016. Combined, these three states represent 54 Electoral College votes. All three went to Obama in 2012, and all three went to Trump in 2016. If Clinton had won them, she would have won the election and not just the popular vote. It, therefore, seems reasonable to examine this lakeshore rim more carefully, because these three states could have been enough to switch the election results.

Obama won Erie County, Pennsylvania in 2012 with 58% of the vote. In 2016, it went for Trump, who won it

with about 49% of the vote to Clinton's 47%. Manufacturing employment has been declining in Erie since 1975, but it remains a major source of employment: General Electric Transportation Systems operates a locomotive plant there and is the county's top employer.

... the losers of the trade game can suffer for many years....

While workers are not heavily unionized in the private sector, the vulnerability of the working class in this area to general economic downturns (in 2009 it suffered major layoffs as locomotive production at GE was cut during the Great Recession) as well as movements of capital south (in 2011, GE announced that it would open a second locomotives plant in Forth Worth Texas, though there have not been any layoffs at the Erie plant yet) likely helped create the economic insecurity that Trump was able to capitalize on.

Obama won Monroe County, Michigan slightly in 2012, while Trump won with a much larger 58% of the vote in 2016. Monroe's economy is also built precariously on manufacturing: an auto parts plant owned by a Ford

... Trump's win can be explained, at least in part, by economic insecurity....

subsidiary, and which used to be the largest employer, closed down in 2009. The county is still the home to various automotive parts manufacturing plants (engines, plastics, and glass) that represent some of its top employers. Monroe is also home of the Monroe Power Plant, the fourth largest coal-firing plant in America owned by DTE Energy and is the second-largest employer in the county. As is well known, Trump did extremely well in "coal country," and when combined with the strong manufacturing presence in the county, the two help explain Trump's popularity.

Finally, there is the case of Ohio, where Trump won about 52% of the

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Department Recruiting New Faculty

The Economics Department has been given approval to search for a new economics faculty. The search was started last summer by developing an ad and placing it in the "Job Openings for Economists" website run by the American Economics Association (AEA).

The department received applications from a wide range of economists scattered throughout the United States. After reviewing the supplied information (curriculum vitae's, letters of recommendation, sample papers, etc.), the Department Recruitment Committee selected the top 18 candidates for face-to-face interviews at the AEA meetings held in Chicago in early January of 2017. The Department Recruitment Committee narrowed the list of candidates to the top three and is currently in the process of bringing the top three candidates to campus for further interviews.

There's a chance that we might be able to select two faculty, but at the very least we hope that one new faculty member will be joining us in the Fall. We don't know who the new faculty will be, but you can be assured that the CSUSB Economics Department spared no effort in finding the best. You will be informed of the new faculty in the Spring issue of *The Coyote Economist*.

We're Still on Facebook!

Joining us on Facebook is an important way of keeping up with Departmental news and events, as well as getting information on political economy.

Simply search for The CSUSB Department of Economics on Facebook and you'll find us. We're easy to find. If you've not already done this, do it today!

Trump's Win

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vote; Clinton only won 44%, with third parties picking up the remaining 4%. This margin was a major surprise for pundits. In many ways, the exit poll results mirrored the national statistics mentioned earlier—divisions across race, class, and sex. In other ways, they point to a state that was remarkably uniform in its support of Trump. How could this be?

It was a few northern counties in Ohio that went for Obama in 2012 but switched to Trump in 2016 which allowed Trump to pull away from Clinton and win. While cities like Cincinnati and Columbus have seen some private-sector growth, the rest of the state—and in particular these northern counties—have suffered heavily in terms of lost jobs from trade and the Great Recession.

In fact, some news reports date the decline even further back to the recession of 2001. Since 2000, Ohio has dropped 13 places in the ranking of all states by median income—only Georgia, Michigan, Delaware, and Nevada fared worse. A large number of jobs have left the state as corporation flight to the U.S. South—and Mexico and other countries abroad—has drained the economy of well-paying manufacturing jobs.

(While Ohio also ranks high in coal production, it's concentrated in the eastern and southeastern parts of the state—parts that had voted for Romney anyway in 2012.)

And of course, a Trump win is also a Clinton failure. These results are just as much about Trump's successes as they are about the failure of the Clinton campaign to connect with blue collar and middle-class workers. But in the end, it's still about the economy, in particular, political economy.



Tentative Courses for Next Academic Year

Fall Quarter	
200	Principles of Microeconomics
202	Principles of Macroeconomics
302	Intermediate Microeconomics
311	Economics in Elementary and Middle Schools
335	Tools of Economics Analysis
360	Economics of the Environment
421	Economic History of the US
435	Multinational Corporations
445	Political Economy

Winter Quarter	
104	Economics of Social Issues
200	Principles of Microeconomics
202	Principles of Macroeconomics
300	Intermediate Macroeconomics
302	Intermediate Microeconomics
311	Economics in Elementary and Middle Schools
333	Political Economy of Women
410	Money and Banking
430	International Economics
455	Economic Development
460	Labor Economics
475	Public Economics
480	Quantitative Methods In Economics
600	Proseminar in Economics

Spring Quarter	
104	Economics of Social Issues
200	Principles of Microeconomics
202	Principles of Macroeconomics
300	Intermediate Macroeconomics
311	Economics in Elementary and Middle Schools
322	Managerial Economics
335	Tools of Economics Analysis
390	Political Economy of Southern California
410	Money and Banking
450	Global Economy
490	Introduction to Econometrics
500	History of Economy Thought

Spring Courses

Title	Course	Instructor	Days	Start Time	End Time
ECON SOCIAL ISSUES	104	Nilsson	TR	2:00 PM	3:50 PM
PRIN MICROECONOMICS	200	Asheghian	MW	10:00 AM	11:50 AM
PRIN MICROECONOMICS	200	Asheghian	MW	2:00 PM	3:50 PM
PRIN MICROECONOMICS	200	Hayes	TR	2:00 PM	3:50 PM
PRIN MICROECONOMICS	200	Aldana	online		
PRIN MICROECONOMICS	200	Konyar	TR	4:00 PM	5:50 PM
PRIN MACROECONOMICS	202	Dulgeroff	MW	12:00 PM	1:50 PM
PRIN MACROECONOMICS	202	Dulgeroff	MW	4:00 PM	5:50 PM
PRIN MACROECONOMICS	202	Konyar	TR	6:00 PM	7:50 PM
PRIN MACROECONOMICS	202	Aldana	online		
PRIN MACROECONOMICS	202	Staff	TR	10:00 AM	11:50 AM
INTER MACROECONOMICS	300	Dildar	MW	2:00 PM	3:50 PM
TOOLS ECON ANALYSIS	335	MacDonald	TR	10:00 AM	11:50 AM
ECON OF ENVIRON	360	Dildar	MW	10:00 AM	11:50 AM
TOPIC: PE OF SO CAL	390	MacDonald	TR	2:00 PM	3:50 PM
MONEY & BANKING	410	Pierce	MW	6:00 PM	7:50 PM
GLOBAL ECONOMY	450	Asheghian	MW	4:00 PM	5:50 PM
INTRO ECONOMETRICS	490	Hayes	TR	6:00 PM	7:50 PM
HIST ECON THOUGHT	500	Toruño	TR	4:00 PM	5:50 PM
ECON IN ELEM & MID SCHOOLS	311	Gardner	S	9:00 AM	12:50 PM
UNDERSTANDING CAPITALISM	SSCI 320	Toruño	TR	6:00 PM	7:50 PM