

Even though the United States continues to be the world's richest country in terms of total output, it hasn't been able to overcome poverty. In 1990, according to official statistics, there were 33.6 million extremely poor persons in the US, 13.5% of the total population.

A particularly outstanding feature is the disproportionate poverty rates among ethnic and racial minorities. The percentage of persons living in poverty is over three times higher for blacks than for whites—31.9% and 10.7% respectively in 1990—and almost three times higher for Hispanics, whose poverty rate was 28.1%.¹

Many recent studies suggest that the poverty rate for Hispanics in the US, and particularly for those of Mexican origin living in the Southwest, is increasing more rapidly than for any other sector, even more so than the rapid growth of the Hispanic population itself. If these tendencies continue, by the beginning of the next century there will not only be proportionally more Hispanics in the US but many more poor Hispanics.

Furthermore, one of the most striking results of economic policy over the past twelve years has been greater inequality in the income distribution and a relative as well as an absolute increase in poverty. However, it is also interesting to note that while blacks still have a poverty rate higher than that of any other ethnic or racial minority, it has been fairly stable over the past two decades—oscillating with the ups and downs of the economy—while the situation of Hispanics has deteriorated. Their average rate of poverty for the 70's was 23%, increasing to 28% in the 80s.²

Another disconcerting fact is that while the poverty rate for the elderly has declined systematically since the 1960s, even during the Reagan and Bush years, they are the only group that has had such luck. On the other hand there has been a marked increase in poverty among children. From a low point of 14.4% in 1973, the poverty rate for those under 18 has grown to 20.6% in 1990. Here as well, there is a strong racial and ethnic bias. In 1990, fifteen out of every hundred white children were living in poverty compared with 38 out of every hundred Hispanic and 44 out of every hundred black children.³

Statistics show that there is a disproportionate number of children living in poverty and even more so for minority

children. Those under 18 years old make up 40% of the nation's poor and only 26% of the overall population.⁴ Twenty-one percent of all poor children are of Hispanic origin while Hispanics represent only 11% of all children in the US. Furthermore, about 48% of all Hispanics living in poverty are under 18.⁵ These figures plainly show that Hispanic children start out life in the US with enormous disadvantages.

The United States was among the last of the industrialized countries to establish nationwide social programs. It took the nation-wide depression of the 1930s

Hispanics and poverty in the United States

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to modify existing concepts about the role of the state. Franklin D. Roosevelt's election as president opened the way for more active federal government participation in certain aspects of economic life that had previously been the domain of state and local governments.

The social spending system that exists today is based primarily on the Social Security Act of 1935. This legislation established a pension plan administered by the federal government called social security. At the same time mechanisms were created to motivate and oblige state governments to set up their own systems for unemployment

¹ *Economic Report of the President, 1991*, Washington, D.C., US Government Printing Office, 1991, p. 320.

² Committee on Ways and Means, US House of Representatives, *1991 Green Book*, Washington, D.C., USGPO, 1991, p. 1138.

³ *Ibid.* and US Department of Commerce, Bureau of the Census, *Poverty in the United States: 1990*, Current Population Reports, Serie P-60, No. 175, Washington, D.C., USGPO, 1991, p. 15.

⁴ US Department of Commerce, Bureau of the Census, *Op. cit.* CPR, Serie P-60, No. 175, p. 1, 16 and 18.

⁵ US Department of Commerce, Bureau of the Census, *The Hispanic Population of the United States: March 1990*, CPR, Serie P-20, No. 449, Washington, D.C., USGPO, 1991, p. 5.

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insurance. Supplementary federal funds were also designated to help the individual states in providing public assistance, commonly known as “welfare”, to women with children who had no other means of support.

However the profile of welfare recipients has changed greatly over the past few decades, mainly because of the changes in family structure that have taken place during the postwar period. Thus the question of public assistance has become a controversial issue. In the mid 1930s providing government aid to widows with young children was a noble and socially acceptable cause, while helping today’s unwed or abandoned mothers seems not to be.

In fact the 1935 legislation is quite clear in its intentions. It was designed to compel state governments to provide temporary financial aid for those most affected by economic downturns. The underlying assumption was that later on, as the social security system matured and private insurance became more widespread, the need for direct public assistance would practically disappear.

The great depression had shown that the federal government had to provide a certain amount of economic stability for workers’ families and protect them from severe economic changes. But providing for the marginal sectors of the population was quite a different question. According to conventional wisdom, it was better that “charity” be handled at the state and local level and best of all that it be provided by philanthropical organizations.

These concepts are reflected not only in the amounts assigned to welfare payments, but also in the fact that the federal government has never been willing to establish a national minimum for such payments. After 1939, federal outlays for public assistance diminished steadily for many years. As of 1942, this category amounted to less than 1% of the federal budget and didn’t rise beyond that level again until 1967.

At the beginning of the 1960s, official calculations—which may well underestimate the situation—showed that there were about 40 million people living in extreme poverty in the United States; about 20% of the population. The fact that persistent poverty was discovered after more than ten years of economic growth—interrupted by only two brief recessions—, along with a surge of authors who denounced the plight of the poor and the general political climate of that time, set the stage for some new federal government initiatives in the area of public assistance.

The new policies were directed towards helping the poor—and more explicitly, recipients of direct government aid—to “make qualitative changes in their lives” through programs designed to help them become more successful in school and in the labor market.

Several amendments to the Social Security Act of 1935 were passed during the 60s and new government agencies were created to provide services designed to “rehabilitate”

the poor and help them become economically self-sufficient. Federal spending on public assistance grew quickly in subsequent years and increased from 1.2% of the federal budget in 1967 to 7.7% in 1981.

The increase was due only in part to the new programs just mentioned. Most of the funding was still dedicated to the traditional forms of public assistance and a growing proportion was absorbed by the Medicaid program implemented in 1965. However, at the time, great expectations were generated around the possibility of reducing poverty and thus reducing, in the future, poverty-related government spending.

“Poverty rate for Hispanics in the US, is increasing more rapidly than for any other sector”

In fact the number of people with incomes below the official poverty line did decline significantly between 1960 and 1973, from 39.9 million to 23.0 million. But the weakest segments of the economy were the hardest hit by the recessive tendencies of the early 70s and the new phenomenon of stagflation, and the poverty rate rose once again after 1973.

Public assistance never reached more than 30% of the amount spent for social security but the growth of federal spending in that area and the rise in measurable poverty after 1973—in the midst of growing concern over the federal deficit—inevitably raised serious doubts about the effectiveness of public assistance. Both supporters and critics hold that existing programs are ineffective in fighting poverty in the US but the explanations given in each case are diametrically opposed.

Traditionally blacks have been viewed as the most impoverished group and undeniably their poverty rate is still the highest. But their situation did improve significantly during the 60s and has stabilized over the past two decades. At present, Hispanics are the fastest growing minority in the US and they will most likely outnumber blacks by around 2010. Furthermore, the Hispanics’ socio-economic situation has deteriorated in recent years and, according to some indicators, their position is more adverse than for blacks.

Labor force participation is slightly lower for blacks than for Hispanics, and unemployment tends to be higher among blacks. Median income for Hispanic males over 15 has been higher than for blacks, but the difference is

supplement declining real wages for men. As of 1991 the real median income of all men with earnings, as well as those with year-round full-time employment, had not yet returned to its 1973 level. The real median income for women has continued to increase over the last two decades but on the whole it is only about 50% of that for men and 70% in the case of those who work full-time year-round.¹¹

Even before the onset of the latest recession in 1990, neither black nor Hispanic families had recovered their previous peak in terms of real median family income, which was that reached in 1973 for blacks and 1978 for Hispanics. It has been widely demonstrated that the gains from economic growth during the 1980s mainly benefitted the richest 1% of the population. The lowest income groups, and to a lesser degree some of the middle-income groups, suffered losses with respect to their share of total income.

Even though the evolution of real median family income is not a very precise measure it does allow us to observe roughly the fate of ethnic and racial minorities with respect to the economic expansion of the 1980s. Between 1980 and 1990 gross national product grew 28.1% in real terms. At the same time personal consumption grew 31.7% and disposable personal income 27%. However, real median family income grew only 9.14% for the entire white population (which includes most Hispanics), and only 5.87% for Hispanics and 5.95% for blacks.¹²

Nevertheless, large differences can be observed among the different subgroups of the Hispanic population and even some divergences with respect to the general tendency. The Puerto Ricans, who had the lowest level of median family income, showed the most significant increase from 1980 to 1989, 18.6%. The Cubans' increase was 11.4%, slightly above that for the entire white population, mentioned above. The real median family income for Mexicans rose only 1.9% between 1980 and 1989, which in fact means that they suffered a significant decline with respect to the population as a whole, and with respect to the rest of the Hispanic population as well.¹³

Puerto Ricans continue to be the most impoverished subgroup in the US today, but in spite of the increasing polarization between rich and poor over the past decade, the Puerto Ricans' poverty rate did decline slightly from 35.4% in 1980 to 33.0% in 1989. The black population as a whole also showed a slight improvement in terms of the poverty rate, which dropped from 31.5% to 30.7% over the

period mentioned; however, it rose again to 31.9% in 1990 as a result of the recession. The poverty rate for Mexicans which was 22.9% in 1980 rose to 28.4% in 1989.¹⁴

One factor which no doubt accounts to some extent for these differences is the recent change that has taken place in immigration patterns. The high point for Puerto Rican migration from the island to the continental US was during the 1950s. In the 60s this flow declined significantly and in the 70s a flow in the opposite direction began. As Bean and Tienda (1987) have pointed out "The persistent inability of many island migrants to secure steady employment on the mainland, coupled with the displacement of Puerto Rican workers from declining textile and garment industries in the Northeast during the decade of the 1970s, set in motion a return migration process whose scale and duration cannot be predicted."¹⁵

In contrast, in the US Southwest there is an ever increasing flow of Mexican immigrants, both legal and undocumented; the scale and duration of this flow is also somewhat unpredictable. The political and economic turmoil following the Mexican Revolution produced a strong flow of Mexican immigration during the 1920s. "However, the flow of immigrants from Mexico ebbed considerably during the 1930s, when widespread domestic unemployment contributed to a wave of anti-Mexican sentiment which culminated in a repatriation campaign that, unfortunately, affected native-born residents as well as the foreign-born."¹⁶ Around the middle of the 1950s Mexican immigration started to grow rapidly, once again, and has reached unprecedented levels over the last decade.

This recent phenomenon is inevitably tied to the sharp decline in living standards suffered by many Mexicans during the 1980s—which has in fact been called "the lost decade" throughout most of Latin America. Thus the illusion that there is a better life waiting for them just across the border has motivated a growing number of Mexicans to migrate, legally or illegally, to the US. Even though Mexican immigrants can send dollars to their families back in Mexico, or sometimes bring their families with them to live in conditions that are apparently better than the ones they left behind, these people constitute one of the most impoverished groups in the US today.

The economic growth of the 1980s was accompanied by increasing hardships for the poor. Those most affected belonged to racial or ethnic minorities. The rapid growth of these groups with respect to the whole population affects the very nature of poverty in the US and lays bare the incapacity or lack of public will to solve this problem X

¹¹ *Ibid.* p. 330.

¹² *Ibid.* pp. 300, 305 and 327. US Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1991*, Washington, D.C. USGPO, p. 454; *Op. cit.* CPR, serie P-20, No. 449, p. 14 and 15; Frank D. Bean and Marta Tienda, *The Hispanic Population of the United States*, New York, Russell Sage Foundation, 1987, p. 346 and 7.

¹³ *Ibid.*

¹⁴ *Op. cit.* CPR, Serie P-60, No. 175, p. 15 and 16; *Op. cit.* CPR, Serie P-20, No. 449, p. 10 and 11; *Op. cit.* Bean and Tienda, p. 371.

¹⁵ Bean and Tienda, *Op. cit.* p. 25.

¹⁶ *Ibid.* p. 19.