Hispanic Employment Conditions: QIV 2009 –
Marie T. Mora
Page 1

Self-Employment Ratios of Mexican Americans, Puerto Ricans, Cuban Americans, and Other Hispanic Americans in the 2000s –
Alberto Dávila and Daniel Perez Liston
Page 4

Latin America and the Financial Crisis of 2008: An Overview –
Luisa Blanco
Page 6

About the HEO Committee –
Page 9

The American Society of Hispanic Economists (ASHE)—a member of the Allied Social Science Association—is a professional association of economists and other social scientists who are concerned with the under-representation of Hispanic Americans in the economics profession and with the lack of research generated on Hispanic American economic and policy issues. Our primary goals include:
1. Promoting the vitality of Hispanics in the economics profession through education, service, and excellence;
2. Promoting rigorous research on economic and policy issues affecting U.S. Hispanic communities and the nation as a whole; and
3. Engaging more Hispanic Americans to effectively participate in the economics profession.

For more information about ASHE, please contact ASHE_mail@att.net or visit our website at www.asheweb.net.
Hispanic Employment Conditions: QIV 2009

Marie T. Mora*

Fifty-one thousand Hispanics became “officially” unemployed between the third and fourth quarters of 2009, as the total number of unemployed Hispanic workers rose from 2,850,000 to 2,901,000. This figure translated into a 0.2 percentage-point increase (from 12.7% to 12.9%) in the quarterly Hispanic unemployment rate, which reached its highest rate since QII 1983, over 26 years before. Since QIV 2008, the number of unemployed Hispanics has risen by more than 904,000 workers, and their QIV 2009 unemployment rate was 3.9 percentage points higher than their 9.0% unemployment rate in QIV 2008. As Figure 1A shows, the rise in the Hispanic unemployment rate in QIV 2009 was the twelfth consecutive quarterly increase since QIV 2006—a year before the current recession began. The Hispanic unemployment rate in QIV 2009 was 2.6 times higher than the 4.9% rate in QIV 2006.

On a monthly basis, Hispanic unemployment reached 13.1% in October 2009, a rate not seen since June 1983. In November 2009, Hispanic unemployment fell to 12.7%, but it rose again in December to 12.9% (which was 3.5 percentage points higher than their December 2008 unemployment rate of 9.4%). December 2009 also represented the eleventh consecutive month of double-digit Hispanic unemployment, a pattern which had not occurred since 1992-93.

The 0.2-percentage-point increase in the Hispanic quarterly unemployment rate between QIII and QIV 2009 was slightly smaller than the 0.3 percentage-point increase (from 9.7% to 10.0%) that occurred for the overall workforce. However, when comparing QIV 2008 with QIV 2009, the Hispanic unemployment rate rose by more than the U.S. unemployment rate, indicating that the severity of the recession is continuing to hit Hispanics hard. Nevertheless, as noted in previous Hispanic Economic Outlook (HEO) reports, this is not to underestimate the deterioration in labor market conditions for the nation overall. The U.S. unemployment rate reached 10.1% in October 2009 (a rate last seen in June 1983), and it remained in double digits for the rest of the year. QIV 2009 was also the first time since QII 1983 that the quarterly U.S. unemployment rate reached double digits. Blacks experienced a considerably larger increase (from 15.1% to 15.8%, or 0.7 percentage points) in their quarterly unemployment rate versus the nation overall between QIII and QIV 2009, which was their highest quarterly rate since QIII 1984. In December 2009, the Black monthly unemployment rate climbed to 16.2%, the highest rate since July 1984.

---

* Marie T. Mora is President of the American Society of Hispanic Economist (ASHE), Professor of Economics at The University of Texas – Pan American, and a Member of ASHE’s Hispanic Economic Outlook Committee.

1 The labor force statistics discussed here were downloaded from the Bureau of Labor Statistics website (www.bls.gov) during January 2010. They might differ slightly from those presented in earlier versions of this report, given that the BLS updates its statistics. Unless otherwise noted, these statistics are seasonally adjusted. Because the BLS treats ethnicity separately from race, Hispanics can be of any race, and the statistics for Blacks do not exclude Black Hispanics. See Table 1A (page 3) for some of the statistics discussed in this report.

2 The starting date of the recession identified here is based on the National Bureau of Economic Research’s date of December 2007.
The rising unemployment rates among Hispanics, Blacks, and the overall workforce between QIII and QIV 2009 occurred in conjunction with declining quarterly labor force participation (LFP) rates. These rates fell from 67.9% to 67.5% among Hispanics, from 62.1% to 61.9% among Blacks, and from 65.3% to 64.9% in the nation as a whole. These decreases continued the decline in quarterly LFP rates occurring since QII 2009 (see Figure 1B).

On a monthly basis, the LFP rate increased for Hispanics (from 67.7% to 67.8%) and for Blacks (from 61.7% to 62.2%) between October and November 2009, but fell again in December 2009 (to 67.1% among Hispanics and 61.9% among Blacks). The monthly LFP rates consecutively fell for overall workforce during the fourth quarter of 2009. As mentioned in the previous HEO reports, the deterioration in LFP rates indicates that the growing number of unemployed workers has been accompanied by increased numbers of individuals outside of the labor force—the missing unemployed.

The quarterly employment/population (EP) ratios also point to continued deteriorating employment conditions at the end of 2009 (see Figure 1C). The Hispanic EP ratio has been falling every quarter since QIII 2007 (at which time it was 65.0%), reaching 58.8% in QIV 2009, the lowest rate since QII 1993. The quarterly EP ratios for Blacks and for the U.S. overall have decreased every quarter since QI 2008. The QIV 2009 EP ratio of 58.4% for the national workforce was at its lowest level since QII 1983, while the EP ratio of 52.1% among Blacks was at its lowest level since QII 1984.

Moreover, as noted in earlier HEO reports, the EP ratios among Hispanics and Blacks have deteriorated more sharply than for the nation as a whole during the recession, emphasizing the relatively strong erosion of their labor market conditions. These changes have resulted in a narrowing of the EP ratios between Hispanics and the population as a whole, while Blacks have lost additional ground.

On a monthly basis, the EP ratio among Hispanics increased from 58.9% to 59.2% between October and November 2009, but it fell to 58.5% in December 2009, representing its lowest monthly ratio since November 1992. The EP ratios among Blacks and workers in general fell to 51.9% (Blacks) and 58.2% (U.S.) in December 2009, rates not seen in more than a quarter of a century.

As indicated in this Outlook before, beyond a rising unemployment rate and a declining employment/population ratio, Hispanic workers have experienced a non-trivial shift from full-time to part-time status during the recession. The part-time/full-time (PTFT) worker ratio among Hispanics was 24.4% in QIV 2009—1.9 percentage points higher.
than their 22.5% PTFT ratio in QIII 2009 and 5.6 percentage points above their 18.8% ratio in QIV 2008. This increase between QIII and QIV 2009 reversed the decline in this ratio that occurred between QII and QIII 2009 (noted in the QIII 2009 HEO report). Black workers also experienced an increase in their PTFT ratio (from 19.5% to 20.2%) between QIII and QIV 2009, as did the U.S. workforce (from 23.6% to 25.1%).

The median weekly earnings (not seasonally adjusted) of Hispanics employed full-time in the wage and salary sector rose by $20 in nominal terms (from $527 to $547) between QIII and QIV 2009, returning these earnings to their QII 2009 level. Comparing QIV 2008 with QIV 2009, the median weekly earnings of Hispanic full-time paid employees rose by $12 (from $535 to $547, or 2.2%). Despite this increase, Hispanic median earnings remain considerably less than those of the U.S. workforce in general, and their earnings gap widened when comparing QIV 2008 with QIV 2009. The median weekly earnings of all full-time paid-employees increased by $20 (from $728 to $748, or 2.7%) between QIV 2008 and QIV 2009. Black full-time workers also had higher median weekly earnings in QIV 2009 ($601) than in QIV 2008 ($593), but this 1.3% increase was proportionately less than for Hispanics and particularly less than for the U.S. in general. The median weekly earnings of Black full-time workers fell by $6 (from $607 to $601) between QIII and QIV 2009, while they increased for the overall workforce by $10 (from $738 to $748) during this time.

<table>
<thead>
<tr>
<th>Table 1A: Selected Labor Market Statistics for Hispanics, Blacks, and All Civilian Workers in the U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Rate:*</td>
</tr>
<tr>
<td>Hispanics</td>
</tr>
<tr>
<td>Blacks</td>
</tr>
<tr>
<td>U.S.</td>
</tr>
<tr>
<td>Labor Force Participation Rate:*</td>
</tr>
<tr>
<td>Hispanics</td>
</tr>
<tr>
<td>Blacks</td>
</tr>
<tr>
<td>U.S.</td>
</tr>
<tr>
<td>Employment/Population Ratio:*</td>
</tr>
<tr>
<td>Hispanics</td>
</tr>
<tr>
<td>Blacks</td>
</tr>
<tr>
<td>U.S.</td>
</tr>
<tr>
<td>Part-Time/Full-Time Worker Ratio:**</td>
</tr>
<tr>
<td>Hispanics</td>
</tr>
<tr>
<td>Blacks</td>
</tr>
<tr>
<td>U.S.</td>
</tr>
<tr>
<td>Median Weekly Earnings (Nominal, (for usual full-time paid employees):**</td>
</tr>
<tr>
<td>Hispanics</td>
</tr>
<tr>
<td>Blacks</td>
</tr>
<tr>
<td>U.S.</td>
</tr>
</tbody>
</table>

Notes: Hispanics can be of any race. These BLS data pertain to non-institutionalized civilians ages 16 and above. * Seasonally adjusted; see Footnote 1. ** Not Seasonally adjusted; see Footnotes 3 and 4.

3 The data discussed here on PTFT worker ratios are not seasonally adjusted, as seasonally-adjusted data on part-time and full-time workers by race/ethnicity were not readily available from the BLS website when this report was written. These ratios were estimated by the author by dividing the numbers of part-time workers by full-time workers.

4 The data discussed here on (nominal) median weekly earnings of full-time workers are not seasonally adjusted, as the seasonally-adjusted data by race/ethnicity were not readily available from the BLS website when this report was written.
Self-Employment Ratios of Mexican Americans, Puerto Ricans, Cuban Americans, and Other Hispanic Americans in the 2000s

Alberto Dávila and Daniel Perez Liston*

In the 2009 third quarter report of the *Hispanic Economic Outlook*, employment data for the Mexican American demographic group were presented. We continue the discussion here on the self-employment status of Hispanic subgroups in the U.S. by providing a comparison of self-employment trends in the 2000s across Mexican Americans, Cuban Americans, Puerto Ricans, and “Other” Hispanics (Hispanics who did not self identify as belonging to the aforementioned Hispanic groups). The data that we use for this purpose come from the Current Population Survey (CPS) of the Bureau and Labor Statistics (BLS).† We transformed these monthly employment data into quarterly observations by averaging the respective months in the quarter.

Figure 2A contains the quarterly self-employment ratios (measured as the number of workers in the self-employment sector divided by the number employed in the wage and salary sector), over the 2000s, partitioned into the four Hispanic groups. In 2000, the ratio of self-employed Mexican Americans to their salaried employees was 4.7%. By 2009, this ratio had increased to 7.0% (a 47.5% increase between 2000 and 2009, with an annual growth rate of about 4%). This self-employment ratio was as low as 4.4% in the last quarter of 2000 and hit its peak of 7.3% in the second quarter of 2009.

In contrast, the share of Puerto Ricans in the self-employment sector, relative to their wage and salary counterparts, decreased by 11.65% over this time interval. Figure 2A shows that the highest self-employment rate for Puerto Ricans occurred in Q1 2007.

---

* Alberto Dávila is Professor and V.F. “Doc” and Gertrude M. Neuhaus Chair for Entrepreneurship at the University of Texas-Pan American, and a Member of ASHE’s Hispanic Economic Outlook Committee. Daniel Perez Liston is a Ph.D. Candidate at the University of Texas-Pan American.

† In this report, we only focus on workers classified as being 16 years of age and older who worked in non-agricultural jobs between January 2000 and December 2009. The BLS CPS wage and salary data discussed here include Mexican American, Puerto Rican, Cuban American, and Other Hispanic wage and salary workers (series LNU02035994, LNU02036000, and LNU02036006, respectively), and the self-employment data include Mexican American, Puerto Rican, Cuban American, and Other Hispanic self-employed workers (series LNU02035995, LNU02035951, and LNU02036007, respectively). They are not seasonally adjusted.
(5%), only to fall to its lowest level (2.2%) in QIV of that same year. Overall, this Hispanic group’s self-employment ratio declined at a -1.23% annual rate over the 2000s.

The bottom two panels in Figure 2A illustrate the quarterly self-employment ratios of Cuban Americans and Other Hispanics. These groups on average had higher self-employment ratios compared to Mexican Americans and Puerto Ricans: the Cuban American self-employment ratio averaged about 7%, while this average was about 6.5% for Other Hispanics in the 2000s. Note, however, that while these self-employment ratios exhibited variability over the 2000s, the average ratios were relatively unchanged (particularly among Other Hispanics) over the decade compared to those of Mexican Americans.

The foregoing self-employment trends indicate that, in a relative sense, Mexican Americans had the highest growth rate in self-employment among these four Hispanic groups in the 2000s. We note, however, that beginning with 2009 there was a reversal in this trend. In QI 2009, the Mexican American self-employment ratio was 7.1%, but by QIV 2009 this ratio had fallen to 6.5%.

Related to this observation, we also present the quarterly ratio of the number of self-employed Mexican Americans to the number of self-employed non-Mexican-American Hispanic workers in Figure 2B. This ratio exhibits an upward trend and has an annual growth rate of 1.02% over the entire period. In QI 2009, this ratio peaked when there were more than twice as many self-employed Mexican Americans than non-Mexican-American Hispanics; however, by the end of that same year, this ratio had fallen to 1.5. In future reports, we will monitor whether these 2009 trends for self-employed Mexican Americans versus other Hispanic populations in the U.S. continued into 2010.
Latin America and the Financial Crisis of 2008: An Overview

Luisa Blanco*

It is evident that the financial crisis of 2008 had a significant negative effect on the Latin American region. Some of the latest projections from the World Bank and the International Monetary Fund (IMF) show that GDP for the Latin American region will have decreased in 2009 by around 2-3%.

While this GDP decrease is significant, it is important to note that the Latin American region is doing relatively well in comparison to other regions of the world (where projections of GDP growth in 2009 for Western and Eastern Europe are -4.0% and -5.4%, respectively). It is also important to note that the financial crisis has not affected all Latin American countries equally. Mexico and other Central American countries seem to have been hit the hardest by the financial crisis due to their high dependence on the U.S. market; indeed Mexico expects a GDP growth rate of -7.0% for 2009. However, it is expected that in 2009 other Latin American countries (namely Brazil, Colombia, and the Dominican Republic) experienced mild contractions of approximately 1.0% of GDP, while others (including Bolivia, Panama, Peru, and Uruguay) might not have contracted at all or possibly experienced positive economic growth. Most of these other Latin American countries are expected to show GDP contractions between 1-3% in 2009.

There are three main factors that explain the differences in contraction rates across Latin American economies in 2009: trade, foreign direct investment (FDI) inflows, and remittances. In relation to trade, there was a significant decrease in global demand, where imports of Organisation for Economic Co-operation and Development (OECD) countries decreased by 5% in the last quarter of 2008 and by 9% in the first quarter of 2009. It is argued that global demand reached its trough in QI 2009, since there was decrease in imports of OECD countries of only 3% in QII 2009. This claim is also evident when looking at exports of non-OECD countries. Exports of non-OECD countries decreased by 5% in the last quarter of 2008 and by 9% in the first quarter of 2009. It is argued that decrease in global demand, where imports of Organisation for Economic Co-operation and Development (OECD) countries decreased by 5% in the last quarter of 2008 and by 9% in the first quarter of 2009. It is argued that global demand reached its trough in QI 2009, since there was decrease in imports of OECD countries of only 3% in QII 2009. This claim is also evident when looking at exports of non-OECD countries. Exports of non-OECD countries decreased by 5% in the last quarter of 2008 and by 9% in the first quarter of 2009.

Focusing on data from the U.S. Census Bureau Foreign Trade Statistics, we can see a significant decrease in U.S. demand for Latin American goods. Figure 3A (following page) shows monthly average U.S. imports from Latin America. Using the available monthly data, there was a 28% decrease of U.S. imports from Latin America between 2008 and 2009. This statistic can be compared to the decrease in U.S. imports from Latin America during the recession of 2001, which was only 5%. It is important to note that imports from Latin America to the U.S. have increased at unprecedented levels in the 2000s, and this might explain why the decline in Latin American exports to the U.S. in 2009 was much larger than the decline experienced in 2001.

* Luisa Blanco is Assistant Professor of Economics at the School of Public Policy, Pepperdine University.


3 Monthly data from the U.S. Census Bureau Foreign Trade Statistics were available up to September of 2009 at the time this report was written (http://www.census.gov/foreign-trade/statistics/historical/index.html).
Furthermore, according to the Economic Commission for Latin America and the Caribbean (ECLAC), when comparing the first six months of 2008 with the first six months of 2009, Latin American exports decreased by 31%. The latest projections for 2009 by the ECLAC on exports volumes of the Latin American region estimate a decline by around 10%. The downturn in Latin American trade in 2009 is only comparable to the decrease in volume and prices of exports experienced in the 1930s.

In relation to FDI inflows, the Latin American region also experienced a significant decrease in 2009. Figure 3B graphs data from the United Nations Conference on Trade and Development (UNCTAD) on FDI inflows to the Latin American region from QI 2008 to QI 2009. FDI to the region in 2008 showed some resilience since FDI increased by 13%. However, when comparing FDI in QI 2009 with QI 2008, there was a sharp decrease of 42%.

In terms of FDI inflows, the impact of the financial crisis is also heterogeneous across Latin America. FDI inflows from QIV 2008 to QI 2009 show that some countries (including Argentina, Bolivia, Colombia, Dominican Republic, Guatemala, Paraguay, Peru, and Venezuela) experienced an increase, while others (Brazil, Chile, Costa Rica, El Salvador, Mexico, Nicaragua, Panama, and Uruguay) experienced a decrease. It is expected that FDI in the Latin American region diminished significantly in 2009 as world FDI flows decreased significantly, and Latin American countries would have had to compete for scarce FDI with other regions. Projections show a slow recovery of world FDI inflows in 2010, where 2008 levels will not be achieved until 2011.

Remittances to the Latin American region also showed a significant reduction in 2009. According to the Inter-American Development Bank, remittances in QII 2009 decreased by 15% in comparison with QII 2008. Remittances in 2009 are expected to have declined by 11%, close to 2006 levels. Moreover, a recent survey of

---

Latin American and Caribbean immigrants in the U.S. shows that money was sent less frequently and in smaller amounts in 2009 than in 2008. There is also significant evidence of reverse migration due to the high unemployment experienced by Hispanics with the economic downturn.

A more accurate assessment of the impact of the financial crisis on Latin America will be obtained as more data on trade, FDI, and remittances to Latin America become available in the future.

---


9 See, for example, Jeffrey S. Passel and D’Vera Cohn, *Mexican Immigrants: How Many Come? How Many Leave?* Washington, DC: Pew Hispanic Center, July 2009. The issues of remittances, return migration, and Hispanic unemployment have been discussed in more detail in previous *Hispanic Economic Outlook* reports (including “Recession, Return Migration, and Remittances” by Isabel Ruiz and Carlos Vargas-Silva, QII 2009 HEO report).
About the Hispanic Economic Outlook Committee of the American Society of Hispanic Economists

Formed in early 2009, this Committee was designed to monitor and report on a host of Hispanic economic issues on a quarterly basis. Contributions from other ASHE members are also contained in these reports. The views expressed in these reports are those of the authors, and do not necessarily represent the views of their respective employers or of ASHE.

2009-2010 Hispanic Economic Outlook Committee Members

Alberto Dávila
Professor of Economics and V.F. “Doc” and Gertrude Neuhaus Chair for Entrepreneurship
Department of Economics and Finance
The University of Texas - Pan American
Edinburg, TX 78539
(956) 316-7136; fax (956) 384-5020
adavila@utpa.edu
Areas of specialty: Hispanic entrepreneurship; Hispanic labor markets

Isabel Ruiz
Assistant Professor
Department of Economics & International Business
Sam Houston State University
Huntsville, TX 77341-2118
(936) 294-3959; fax (936) 294-3488
Ixr004@shsu.edu
Areas of specialty: Macroeconomics; Latin America

Mark Hugo López
Second Vice President of ASHE and Associate Director
Pew Hispanic Center
1615 L Street NW, Suite 700
Washington, DC 20036
(202) 419-3617
mlopez@pewhispanic.org
Areas of specialty: Civic engagement; Hispanic youth; Economics of education

Sue K. Stockly
First Vice President of ASHE and Associate Professor
Eastern New Mexico University
College of Business
Eastern New Mexico University
Portales, NM 88130
(575) 562-2364; fax (575) 562-2252
Sue.Stockly@enmu.edu
Areas of specialty: Hispanic education; Regional economic development

Marie T. Mora
President of ASHE and Professor
Department of Economics and Finance
The University of Texas - Pan American
Edinburg, TX 78539
(956) 316-7913; fax (956) 384-5020
mtmora@utpa.edu
Areas of specialty: Hispanic labor markets; Hispanic Self-employment

This report was released January 29, 2010. For more information about ASHE, please contact ASHE_mail@att.net or visit our website at www.asheweb.net.