

The Rio Grande Rises

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ACCORDING to a recent report from the Census Bureau, poverty fell from about 12.6 percent in 2005 to about 12.3 percent last year. That's about 500,000 fewer people living in poverty, the first statistically significant decline since 2000. (In 2006, the poverty line was \$20,614 for a family of four.)

As usual, there was much commentary in the news media about poverty's intractability: today's poverty rate is hardly lower than it was in 1968, when it was about 12.8 percent.

But a closer look at the experience of one group, Hispanics, tells a very different story. As a group, Hispanics are enjoying substantial economic progress. Their poverty rate has dropped by a third from its high 12 years ago, falling from 30.7 percent in 1994 to 20.6 percent in 2006.

These numbers come from the Census Bureau's Current Population Survey, widely used by pro- and anti-immigration groups alike as a reasonably reliable source of information about illegal as well as legal immigrants. They show that although Hispanics still have a long way to go to achieve the full promise of the American Dream, as a group they are clearly on the economic up escalator.

In the past 30 years, the United States has experienced a tremendous amount of immigration, predominantly Hispanic. In 1975, a little more than 11 million Hispanics made up just over 5 percent of the population. Today's nearly 45 million Hispanics are now about 15 percent of the country.

This influx of Hispanics has resulted in a higher poverty rate in the United States, mainly because many immigrants are low-skilled workers and women with young children. If the proportion of Hispanics in the population in 2006 had been the same as it was in 1975, then the overall American poverty rate in 2006 would have been 7 percent lower (11.4 percent rather than 12.3 percent). That would be 2.4 million fewer people, all Hispanics, in poverty.

This rough calculation leaves out the indirect impact that Hispanics have had on the job prospects and earnings of other low-skilled workers, especially African-Americans, probably keeping more of them in poverty. Economists argue about the size of this effect, but we see evidence of it all around us.

Consider the Hispanic success in obtaining skilled, blue-collar jobs, as measured by the census category for precision production, craft and repair occupations. From 1994 to 2006, as the total number of these jobs grew, the percentage held by whites fell from 79 percent to 65 percent. The percentage held by blacks remained constant at about 8 percent, and the percentage held by Hispanics more than doubled, rising to 25 percent from 11 percent. As whites left these relatively well-paid jobs, Hispanics rather than blacks moved into them.

Between 1994, the high point for Hispanic poverty, and 2006, the last year with comprehensive data, median Hispanic household income rose 20 percent, from about \$31,500 a year in 2006 dollars to about \$37,800 a year. The median income of Hispanic individuals rose 32 percent, to about \$20,500 from about \$15,500.

These incomes do not make Hispanics wealthy, of course, but they did allow about 70 percent of them to send remittances home last year. According to the best estimate, the total sent was \$45 billion — \$4 billion more than the entire

amount distributed to Americans by the Earned Income Tax Credit.

One explanation for this economic progress is increased education. From 1994 to 2005, the percentage of 18- to 24-year-old Hispanics who graduated from high school or obtained a general equivalency diploma rose to about 66 percent from about 56 percent. About 25 percent are now enrolled in college, up from about 19 percent in 1994. Hispanics are moving rapidly into many management, professional and other white-collar occupations.

Because of the large and continuing influx of usually low-skilled Hispanic immigrants, economists have expected the poverty rate among Hispanics to rise or at least to remain flat. Instead, it is falling. However one feels about immigration, the falling Hispanic poverty rate testifies to the ability of Hispanic immigrants to take advantage of the opportunities that they have found in this country.

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