



Study

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The Impact of the 2001/2002 Economic Recession on Hispanic Workers: A Cross-Sectional Comparison of Three Generations

by

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Abstract

Currently there are nearly 35 million Hispanics in the U.S., making them the second-largest ethnic group in the country. But the effect of the current recession on this important group is unknown. Yet, it is unlikely that all Hispanics have been similarly affected by the recession. Hispanics are a varied group not just in terms of national origin, but also in terms of time in the U.S., ranging from newly arrived immigrants to U.S.-born Hispanics. This report examines how three generations of Hispanics have fared in September and October 2001, compared to September 2000 and September 1999. The report finds that

- Mexican Americans have had a smaller increase in unemployment than other Hispanics, 6.5 percent compared to 7.7 percent, in October 2001;
- The second generation averages higher unemployment rates for both Mexican Americans (8.7 percent) and other Hispanics (10.1);
- Hispanics in manufacturing, wholesale and retail, and transportation industries have been particularly hard hit;
- Unemployed first-generation Hispanic workers are concentrated in laborer and operator jobs, while second- and third-generation workers are more likely to work in service, and sales and technical occupations;
- Immigrants finding information about jobs through friends, and directly contacting employers;
- Immigrant relatives and second- and third-generation children, in particular, tend to live in a household not their own, perhaps as a way to cope with the adverse effects of unemployment.

I. Introduction

Officially, the United States has been in an economic recession since March 2001. Before officially recognized as a recession in November 2001, increasing unemployment during the summer hinted at problems in the economy, and by the fall, unemployment had risen substantially (Bureau of Labor Statistics, 2001). Consumer confidence, one of the barometers of present and future economic prospects, was especially adversely affected after the terrorist attacks of September 11. While the overall national employment rate was 5.4 percent in October 2001, the slowdown in economic output would be expected to first impact the most vulnerable workers, such as low-skilled and minority workers. In fact, the unemployment rate among operators, fabricators, and laborers was 8.7 percent in October 2001. In addition, Hispanics are susceptible to the recession because they generally have lower levels of education, with the majority also being immigrants or the children of immigrants. This report highlights the status of Hispanic¹ workers during the present economic recession, recognizing that generational status may play an important role in their employment outcomes.

The current rise in unemployment follows media stories that multiple industries and companies have reported decreased revenues and numerous layoffs (Zuckerman, 2001). Perhaps exacerbating the economic downturn were the terrorist attacks on September 11. Since then consumer confidence has declined, along with a reduction in domestic and foreign travel. Recognizing the economic downturn, the Federal Reserve Board has cut interest rates to its lowest level in 30 years. Although, there is hope an economic recovery will be underway by mid-2002, companies have cut back on current production in order to reduce inventories (Norris, 2001). Most likely to be affected by this cutback are assembly-line workers, such as blue- and pink-collar workers, and employees in

¹ For consistency with the data below, “Hispanic” is used rather than “Latino.”

the tourist and service industries. Many of these workers tend to be less educated (i.e. high school diploma or less) and/or minorities, such as Hispanics.

For Hispanics, the impact of an economic recession might be particularly adverse for several reasons. First, male Hispanic householders (especially immigrants) are more likely to be the sole wage earner in their households (Gonzalez, 2002). In addition, a large percentage of Hispanics are either immigrants or the children of immigrants, and may therefore not have fully assimilated into the American labor market. Trejo (1996) and Chapa (1998), for example, note that generational status is closely tied to education, linguistic, and social assimilation. Second- and third-generation Hispanics, then, may face different challenges and experiences in the labor market than first-generation Hispanics. One of these differences may result in different job-search strategies due to education, English ability, and availability of social networks (Massey, 1999).

Another reason Hispanic are particularly sensitive to the current economic downturn is the low level of education that characterizes the majority of Hispanics. Gonzalez (2002), for example, notes that while non-Hispanic whites average 13 years of schooling, Hispanics do not average any college experience (Cubans being an exception). Since education is highly correlated with occupational status, less-educated workers may be among the first class of workers to bear the brunt of layoffs and slowdowns in the nation's factories and workplaces.

Yet the "Hispanic experience" is not uniform. Hispanics are comprised of heterogeneous cultures joined by a common language and colonial history. In the past, the major Hispanic groups (Mexican, Puerto Ricans, and Cubans) lived in particular regions and so a regional analysis generally sufficed when interest lay in a particular Hispanic subgroup. But more and more, Mexicans are moving to the New York City and South, while other Hispanic groups (such as Central and

Southern Americans) have increased in size and have settled throughout the United States. As a consequence, Cubans (who are also more likely than other Hispanics to be of the middle- and upper-classes) are different than Mexicans (who tend to have low levels of education), who are different than Puerto Ricans (a larger percentage of whom are black). For all of these reasons, in order to understand the Hispanic experience, it is important to examine how three generations of the various Hispanic groups are impacted by, and how they respond to, the decline in employment opportunities.

Drawing upon monthly data gathered by the Bureau of Labor Statistics in its Current Population Survey (CPS), this report examines the change in employment outcomes for Hispanics. For the sake of reference, the two most recent surveys, October and September of 2001 are compared to September 2000 and September 1999. The report first presents a demographic profile of the Hispanic population, including generational status, education levels, age, household composition, and national origin (Mexican, Puerto Rican, and other Hispanic). The remainder of the report considers the adult civilian population.

Sections III and IV examines the employment situation of Hispanics, keeping in mind that generational status needs to be considered. In addition to unemployment rates, the occupation and industry of Hispanics is examined. While anecdotal evidence since September hints that tourist- and travel-related industries have been particularly impacted, it is not clear what the implications are for Hispanic workers. Therefore, it is important that employment by industry and occupation be considered.

Of particular importance to policy makers is how out-of-work workers find employment. For this reason, the search strategies for each generation of Hispanic workers are presented in Section IV. A working hypothesis is that Hispanic immigrants tend to rely on migration and ethnic network, but that the ties to these networks declines over generations, and therefore, second- and third-

generation Hispanic job-searchers will use different strategies to find jobs. The duration of unemployment of each generation is also an indicator of vulnerability faced by different segments of the Hispanic population. The report ends by detailing the presence of relatives in a household to examine how household structure differs among unemployed Hispanics.

II. Demographic Profile of Hispanics: October 2001

Hispanics are the second-largest ethnic group in the U.S., currently accounting for about 12.5 percent of the total U.S. population. Table 1 breaks down the Hispanic population into the three major national-origin groups, Mexican, Puerto Rican, and Cuban, and into a fourth category for all other country-of-origin Hispanics. Presently, there are about 34.5 million Hispanic persons in the U.S. Mexican Americans, however, with a population of over 23 million, comprise 67 percent of all Hispanics. The second-largest Hispanic group is the catchall “Other Hispanic” category (about 7 million), while persons of Puerto Rican decent are the third-largest group (about 3.2 million). Cubans make up less than 10 percent of all Hispanics with a population of 1.2 million.

The bottom half of Table 1 gives the adult civilian population. In general, a large percentage of first-generation Mexican Americans and other Hispanics are in the adult civilian population (over 65 percent). At the same time, about 25 percent of the second generation of these groups are in the adult civilian population, implying that second-generation Mexican Americans and other Hispanics are generally too young to be in the labor market.

The distinguishing characteristic of Hispanics is the disproportionate number of immigrants.² While less than 20 percent of all non-Hispanics are

² The first generation is defined as a foreign-born person with foreign-born parents (including Puerto Rico); the second generation includes persons born in the U.S. with at least one foreign-

immigrants, this percentage is over 35 percent for each Hispanic sub-group (with Cubans having the largest proportion (67 percent) of immigrants. In addition, Hispanics as a group represent the largest ethnicity of all first-generation, and lowest of third-generation Americans.

Table 1, Total and Adult Civilian Hispanic and Non-Hispanic Populations by Generation, October 2001

	Total	Generation		
		First	Second	Third
Total Population				
Mexican	23,052,347	8,554,608	7,730,324	6,767,415
Puerto Rican	3,183,476	1,117,389	1,210,438	855,649
Cuban	1,210,041	815,683	273,663	120,695
Other Hispanic	7,010,185	3,716,479	1,929,898	1,363,809
Non-Hispanic White	194,066,034	7,539,704	14,125,536	172,400,794
Other Non-Hispanic	48,621,813	9,623,186	4,657,467	34,341,160
Adult Civilian Population				
Mexican	10,619,995	5,529,465	2,099,678	2,990,852
Puerto Rican	1,270,640	524,090	520,840	225,709
Cuban	570,265	425,392	110,121	34,752
Other Hispanic	3,667,296	2,542,590	487,814	636,892
Non-Hispanic White	103,554,993	4,211,457	5,609,504	93,734,032
Other Non-Hispanic	23,142,241	6,247,761	1,155,115	15,739,365

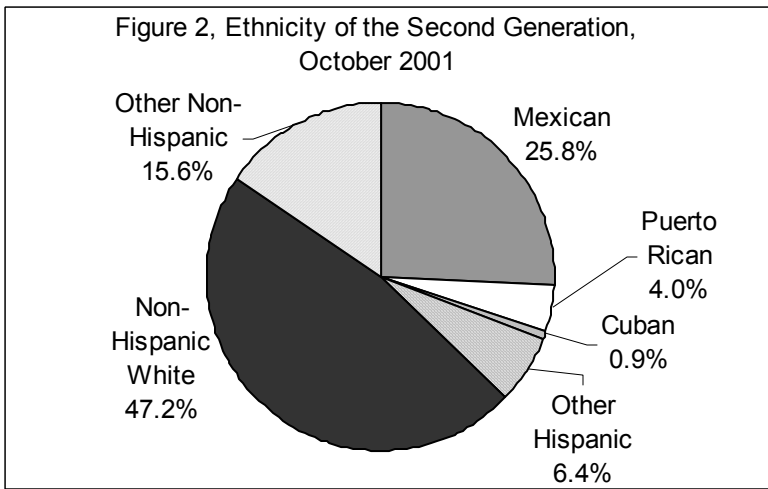
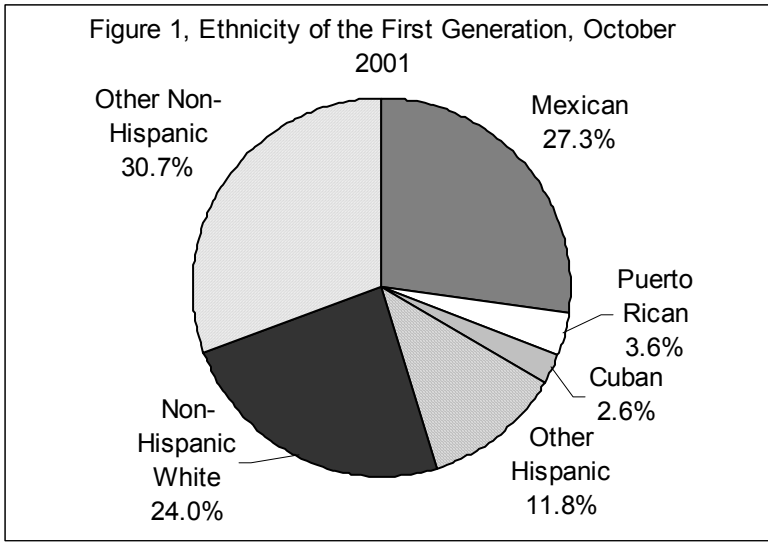
Notes: Excludes persons living in group quarters and non-interview households. The adult civilian population is defined as person 15 years and older not in the armed forces.

Source: Author's tabulations from the Current Population Survey.

Figures 1 – 3 display the ethnic composition of each generation. Among immigrants, Mexicans alone represent the single country-of-origin group, accounting for 27 percent of all immigrants, while Puerto Ricans account for 3.6 percent, Cubans nearly 3 percent, and all other Hispanics about 12 percent of foreign-born persons. Non-Hispanic whites make up nearly 50 percent of all second-generation Americans, and Mexican Americans another 26 percent. The other Hispanic subgroups represent 11 percent of the second generation. In other

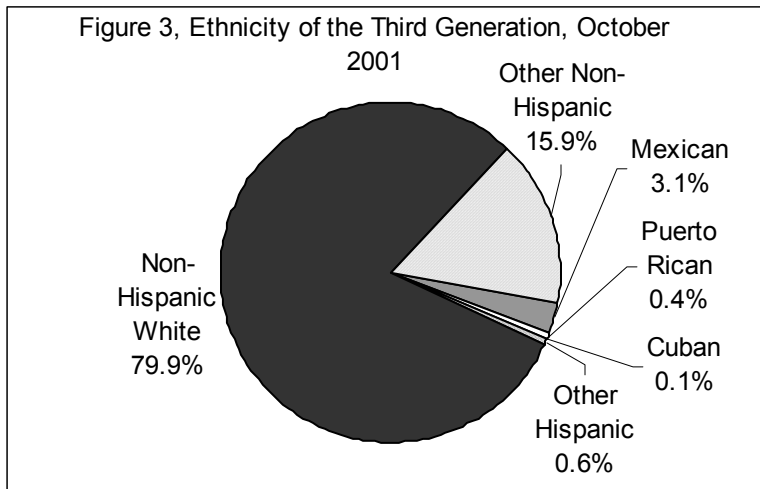
born parent (including Puerto Rico); the third- and higher-generation includes U.S.- or foreign-born- persons (including Puerto Rico) with U.S.-born parents.

words, Hispanics—Mexicans in particular—make up a significant portion of the immigrant and children-of-immigrants population. In fact, 41 percent (27 percent) of first- and second-generation Americans are Hispanic (Mexican), but make up about 12 percent (8 percent) of the total population.



The immigrant experience is particularly salient for Hispanics, and their demographic characteristics reflect this. In Table 2, a brief demographic sketch of

various groups is given, including Mexican Americans and other Hispanics (Puerto Ricans, Cuban Americans, and all other Hispanics).³ Mexican Americans are different from other groups in many respects, regardless of the generation examined.



First of all, they are more likely to have a greater percentage of males, especially among immigrants, than any other group. Second, they are among the youngest of all ethnic groups, averaging 27 years of age in total, compared to 31 – 38 years for other ethnic groups. Thirdly, their 10 years of schooling is the lowest of all groups; only among the third generation do Mexican Americans approach a high school diploma (11.9 years). Lastly, given their youthfulness, Mexican Americans are not as likely to be married as non-Hispanic whites. First-generation Mexican Americans are an exception, however.

Other Hispanics have characteristics somewhat in-between Mexican Americans and non-Hispanic whites. On average, second- and third-generation Hispanics average about 13 years of schooling, but are also extremely young (less than 25 years of age), a pattern shared with Mexican Americans. Although based

³ The Hispanic subgroups are pooled them together given their small sample sizes.

on cross-sectional data, there is a general upward trend in educational attainment among Hispanics of higher generations, especially Mexican Americans.

Table 2, Demographic Characteristics by Generation, October 2001

	NH White	Black	Mexican	Other Hispanic	Total
First					
Male (%)	48.3	50.0	54.0	47.2	50.2
Age	46.6	38.1	34.5	41.9	40.4
Years of school	13.5	12.9	9.0	11.0	11.4
Married (%)	62.8	50.1	59.4	57.0	58.9
L.F. Participation (%)	59.0	75.0	71.0	65.4	66.3
Second					
Male (%)	47.2	50.0	49.1	48.6	48.1
Age	46.6	15.7	18.6	18.9	33.3
Years of school	13.5	13.8	11.6	13.1	13.2
Married (%)	45.4	11.2	18.0	19.0	32.3
L.F. Participation (%)	48.7	65.1	66.0	68.9	54.5
Third					
Male (%)	49.2	46.1	48.0	49.3	48.7
Age	36.7	31.7	26.3	24.4	35.5
Years of school	13.5	12.6	11.9	12.8	13.3
Married (%)	46.8	28.8	33.3	28.8	43.6
L.F. Participation (%)	68.8	64.0	70.0	67.8	68.2
Total					
Male (%)	49.1	46.5	50.6	48.1	48.8
Age	37.8	31.4	26.8	31.4	35.7
Years of school	13.5	12.7	10.3	11.6	13.1
Married (%)	47.3	29.5	37.9	39.9	43.8
L.F. Participation (%)	66.8	65.1	69.7	66.5	66.8

Notes: Excludes persons in group quarters and non-interview households. Completed years of school information is based on the highest grade completed by those 25 years and older, and married status includes those with a spouse present or absent, or who are separated from their spouse.

Therefore individual-level information reveals that the average Hispanic is different than the average non-Hispanic. This is probably due to the lingering effects of the immigrant experience. In addition, household-level information,

presented next, also reveals a population that is different from the rest of the country's households.

Table 3 presents various characteristics of Hispanic and non-Hispanic households, including the number of households, the average household size, the percentage of households with relatives living at home, the mean number of relatives living in the home (if greater than 0), and the percentage of Spanish-speaking households. In all generations, Hispanics have the largest households, with Mexican Americans having the largest households of all the ethnic groups presented. Additionally, the largest households are found among immigrants of any ethnicity, with household size decreasing in higher generations. Lastly, there are fewer second-generation households than any other generation. When combined with the low average age of this generation, these data points suggest that the second-generation is in the early stages of the life cycle, including labor market experience and family formation.

Table 3 also shows the number of relatives living in the household, such as parents, siblings or relatives of the spouse/partner of the head of household.⁴ This information provides insight into the household strategies in so far that cultural norms or obligations may lead non-immediate-family members to rely on one another for support in times of adverse economic conditions.

Again, Mexican Americans and the first generation, stand out from other groups. About 18 percent of all immigrant households, in contrast to about 8 percent of second- and third-generation households, have non-immediate-family members living in the same household. But 23 – 27 percent of first- and second-generation Mexican Americans have relatives living in the household. Given the presence of relatives in the household, Mexican American households also have the largest number of relatives (although this could be an artifact of having the

⁴ The reference person, or the person who owns or rents the unit is generally the head of household.

highest household size in the first place). On average, Mexican American households have over 2 relatives living at home, compared to 1.6 for black and other Hispanic households.

Table 3, Selected Household Characteristics by Generation, October 2001

	NH White	Black	Mexican	Other Hispanic	Total
First					
Households (in 1,000s)	3,661	1,164	3,077	2,468	10,370
Household size	2.5	2.8	4.0	3.1	3.1
Households w/Relatives (%)	8.1	21.6	26.8	21.2	18.3
Number of relatives	1.6	1.8	2.2	1.6	1.9
Spanish-speaking (%)	2.5	1.4	44.9	33.5	22.3
Second					
Households (in 1,000s)	6,624	231	1,285	658	8,798
Household size	2.1	2.3	3.1	2.9	2.3
Households w/Relatives (%)	5.2	15.9	22.8	15.2	8.8
Number of relatives	1.6	2.4	2.6	2.4	2.2
Spanish-speaking (%)	0.5	0.0	8.7	8.3	2.3
Third					
Households (in 1,000s)	69,687	11,730	1,842	629	83,888
Household size	2.4	2.5	3.1	2.8	2.5
Households w/Relatives (%)	6.2	14.7	14.5	10.4	7.6
Number of relatives	1.4	1.6	1.7	1.4	1.5
Spanish-speaking (%)	0.6	0.4	2.2	4.2	0.6
Total					
Households (in 1,000s)	79,971	13,125	6,204	3,756	103,055
Household size	2.4	2.5	3.6	3.0	2.5
Households w/Relatives (%)	6.2	15.4	22.3	18.3	8.8
Number of relatives	1.4	1.6	2.1	1.6	1.6
Spanish-speaking (%)	0.7	0.5	24.7	24.2	3.0

Notes: "Relatives" is defined to include a grandchildren, parent, sibling, other relative, and any the relative of the householder's partner. Spanish-speaking households are those households where everyone 15 and older speaks only Spanish. Generation and

Another characteristic that distinguishes Mexican Americans from other ethnic groups, including other Hispanics, is Spanish-language use. Nearly half of all Mexican immigrant households are classified as Spanish-speaking households. Other Hispanics are over 10 percentage points less likely to speak only Spanish at

home. By the second generation, however, there is no difference in the percentage of Spanish-only households (about 8 – 9 percent), and by the third generation, Mexican American households are less likely than other Hispanics to speak only Spanish (2 versus 4 percent).

Thus the demographic profile reveals that Hispanics differ in multiple ways from non-Hispanics, and that even Hispanic sub-populations differ from one another. One important way in which Hispanics differ from other groups is in the percentage of first- or second-generation Americans. It is likely that the effects immigrant experience (Spanish use, low socioeconomic status) may spill over into the labor market.

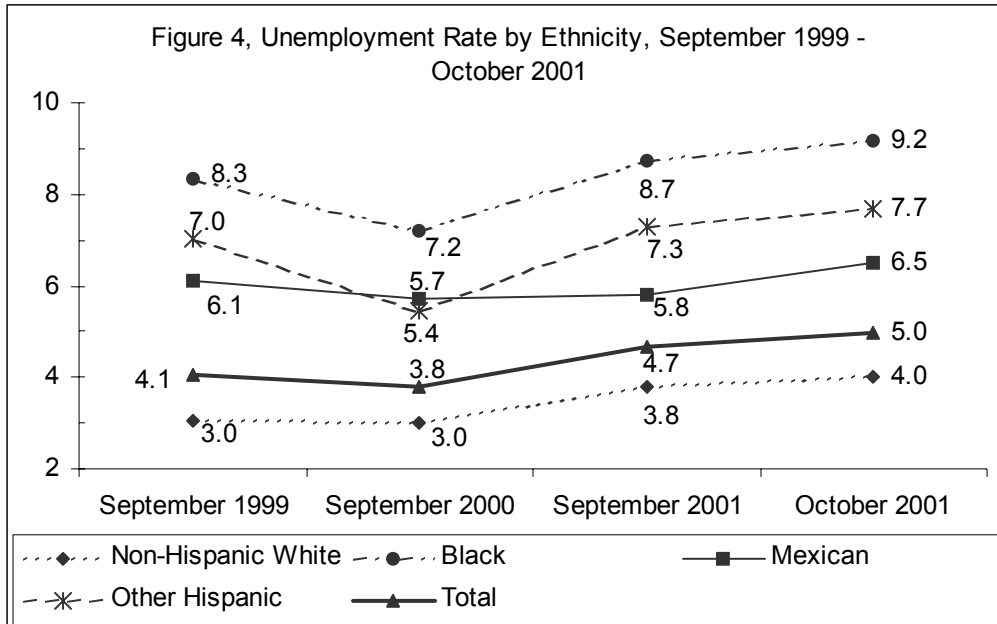
III. Tracking the Hispanic Labor Market Condition

The demographic profile delineates some of the ways Hispanics differ from non-Hispanics. Education and generation status clearly impact employment opportunities, and Hispanics are a population with less than average education and a large number of Spanish-only speaking persons. Yet, generation status is intertwined with many of these socioeconomic variables. Therefore, it is expected that analyzing the employment condition by generation accounts for many of the demographic differences between Hispanics and non-Hispanic whites. Due to the small sample sizes among the adult Hispanic civilian population, the remainder of this report, Hispanics are separated into two groups: Mexican Americans and other Hispanics.

A. Changes in unemployment: September 1999 – October 2001

Figure 4 shows the unemployment rate of the adult civilian labor force spanning three Septembers (from 1999 to 2001) and October 2001. Unemployment for the nation was lowest in September 2000 with 3.8 percent of the labor force (defined as those working or actively looking for work). However, even at this trough, there were substantial employment differences among ethnic

groups: the unemployment rate for non-Hispanic white workers hovered at 3 percent for September 1999 to September 2000, while it decreased from 6.1 to 5.7 percent for Mexican American workers, 7.0 to 5.5 percent for other Hispanics, and 8.3 to 7.2 percent for blacks.

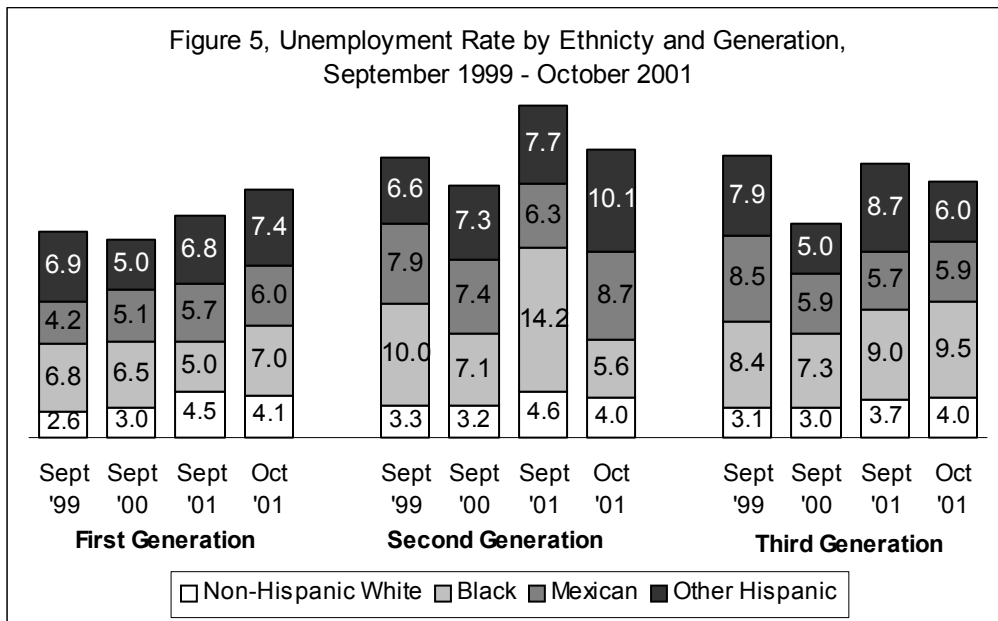


Since September 2000, however, the U.S. has slipped into an economic recession, and there is evidence that the economy suffered a negative shock from the September 11 terrorist attacks. As of September 2001, the unemployment rate increased by about 1 percentage point for the nation and non-Hispanic whites, 1.5 points for blacks, nearly 2 points for other Hispanics. On the other hand, the unemployment rate for Mexican American workers barely increased from the previous September.

Unemployment continued to increase in October 2001, especially given the economic shock of the terrorist attacks. As of October 2001, the unemployment rate is highest among blacks at 9.2, about 2 points higher than its low in September 2000, 7.7 for other Hispanics, up over 2 points from over one

year earlier, 6.5 for Mexican Americans, and 4.0 for non-Hispanic whites, an increase of 1 point from its low. Thus, Mexican American workers seem to have suffered to lowest percentage change (about 13 percent increase in unemployment) while other groups experienced an increase of over 30 percent. Yet, the one-month growth for Mexican Americans is still real (the seven-tenths of a percentage point increase is the largest of all ethnic groups).

Figure 4 fails to distinguish between the three generations. Figure 5, however, separates the total for each ethnic group into three generations, revealing that the economic recession affected Mexican and other Hispanic Americans differently not just in terms of ethnicity, but also in terms of generation. First, all Hispanics have unemployment rates that are higher than non-Hispanic whites regardless of generation, and other Hispanics generally have higher unemployment rates than Mexican Americans.

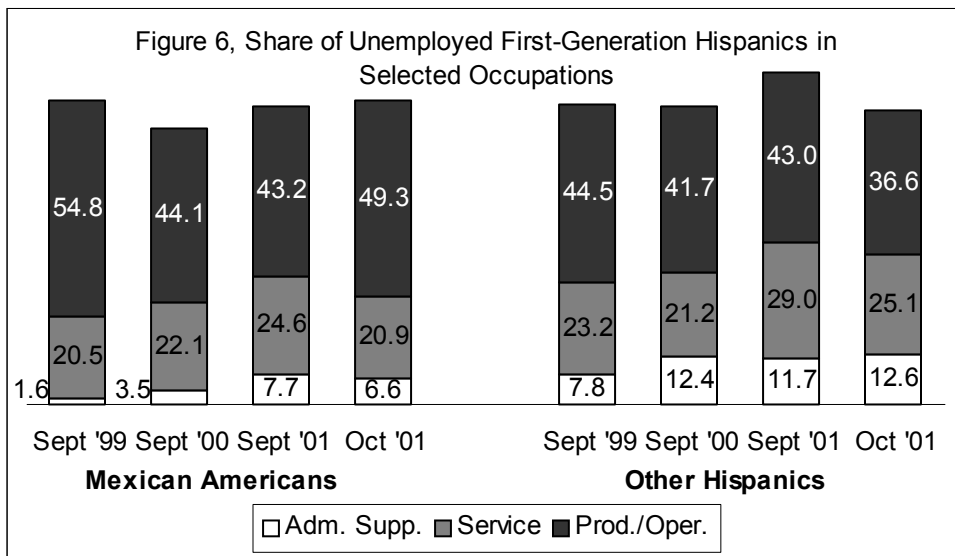


Compared to previous Septembers, the unemployment rate of second- and third-generation among Mexican Americans was actually lower in September

2001. On the other hand, the unemployment rate for non-Hispanic whites increased 1.5 points among the first and second generation, and less than a percentage point for third-generation whites (which is about a 25 percent increase). Other Hispanics also experienced increased unemployment, with the highest increases (1.8 and 3.7 points) befalling the first and third generation.

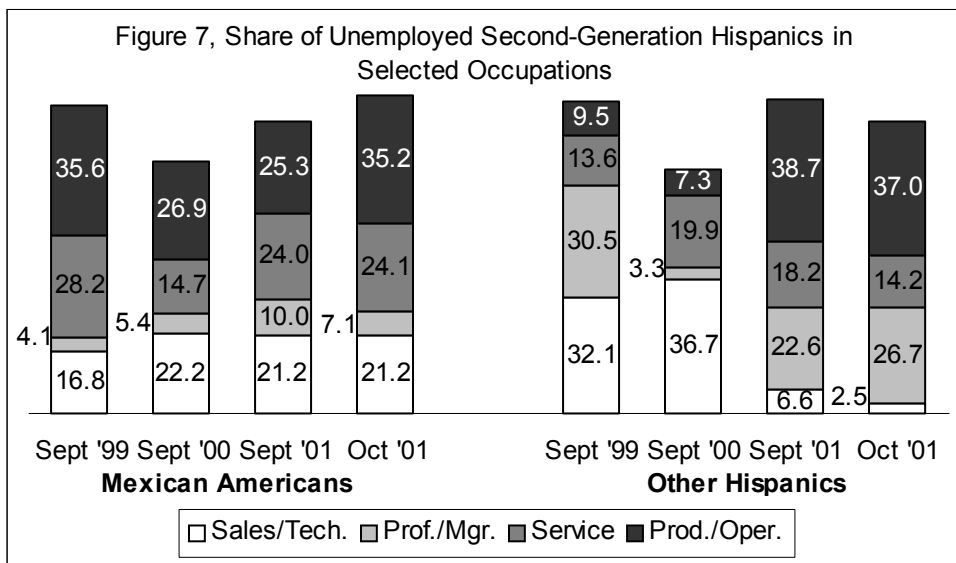
Third, after the terrorist attacks in September, there was an increase in unemployment for all Hispanics (a change of +0.4 and +0.7 points for other Hispanics and Mexican Americans, respectively). Yet, Figure 4 shows that the majority of the change in Hispanic unemployment is mostly a result of increased unemployment among first- and second-generation workers.

B. Occupations with highest Hispanic unemployment: September 1999 – October 2001



The current level of unemployment is not uniformly distributed across occupations. Figures 6 – 8 tracks the changes in unemployment for Mexican Americans and other Hispanics for selected industries, while Appendix Table 1 shows detailed statistics for all occupations.

Among first-generation Mexican Americans, those in administrative support and production/operator occupations have had the greatest increase in unemployment compared to the previous year, September 2000. The share of unemployed production/operator workers rose by 10 percent in October 2001 from September 2000. Similarly, administrative support workers doubled their share of the unemployed in October 2001 (about 7 percent), compared to September 2000.

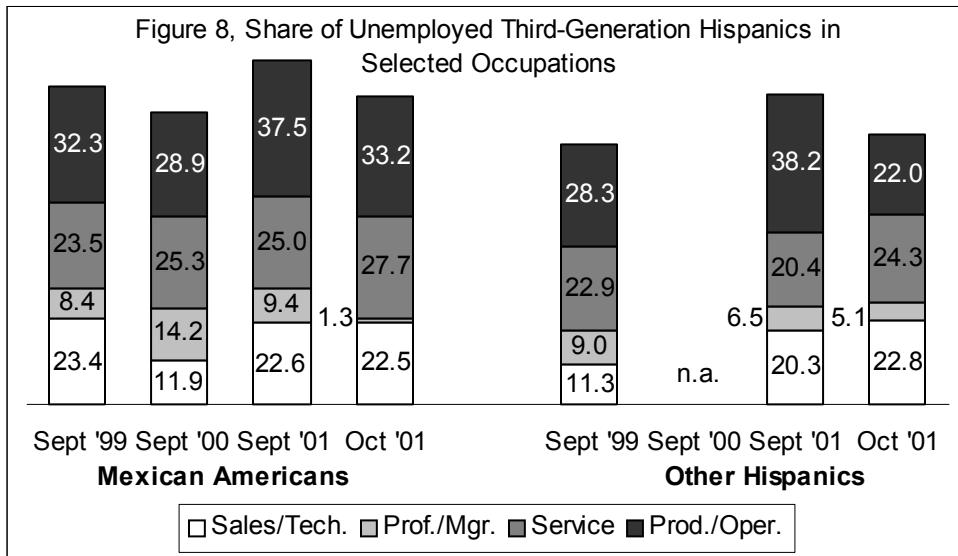


For first-generation other Hispanics, service is the only occupation that increased its share in September and October 2001 from previous years. The share of out of work service workers increased 4 – 8 points during this time.

Those employed as service or production/operator workers seemed to have fared the worst among second-generation Mexican American workers, although professionals and managers have also been affected. Whereas service workers comprised about 15 percent of the unemployed in September 2000, this percentage increased to 24 percent in September and October 2001, or an increase of over 60 percent. Although there was no change in the share of unemployed

production workers in September 2001 from the previous year, by October, there was a substantial (30 percent) increase in the number of unemployed production and operators. So while the share of unemployed production workers increased by 30 percent, the actual number of unemployed production workers doubled (to over 49,000) from the previous September.

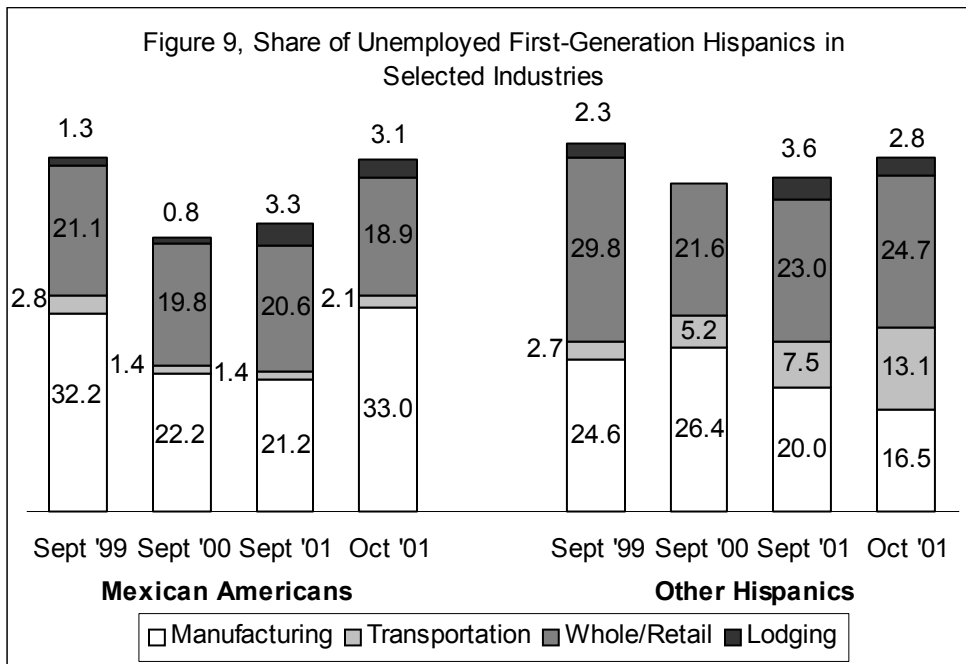
In the case of second-generation other Hispanics, there is a great deal of variation from one year to the next, yet production/operator workers represent the largest share of the unemployed, accounting for about 38 percent in September and October 2001, compared to about 8 percent the previous two years. Managers and professionals also comprise a large percentage of the currently unemployed (27 percent), but it is difficult to assess this percent in light of the large fluctuation and lack of data in September 2000.



For most months, around 80 percent of unemployed third-generation Mexican American workers are in the sales/technical, service, or production/operator occupations. Sales/technical and production/operator workers, however, were affected the most in September 2001, compared to the

previous September, with their individual share of the unemployed increasing by about 9 percentage points. Production/operator workers also comprise the largest percentage of unemployed persons among third-generation other Hispanics in both September and October 2001 (38 and 22 percent, respectively). Like Mexican Americans, however, sales/technical and service workers comprise over 20 percent of unemployed workers in these two months.

C. Industries with highest Hispanic unemployment: September 1999 – October 2001



While production/operator, service, and sales/technical workers comprised the majority of occupations affected since September 2001, this section examines the industries that have been affected the most by the economic recession. Due to the terrorist attacks on September 11, 2001, of particular interest is the impact on travel- and tourist-related industries. Yet consistent with the previous discussion

regarding the affected occupations, the majority of unemployed workers are in the manufacturing or in wholesale/retail trade industries.

Figure 9 shows that the main difference between first-generation Mexican Americans and other Hispanics is that unemployed Mexican Americans tend to be concentrated in these two industries, while other Hispanics tend to be more evenly distributed over all industries (see Appendix Table 2 for details). In terms of changes in unemployment from previous years for Mexican immigrants, manufacturing and wholesale/retail trade industries are not necessarily out of line with their previous shares. Yet, even though the share of unemployment stayed the same, the number of unemployed Mexican immigrant manufacturing workers nearly doubled from about 58,000 in September 2000 and 53,000 in September 2001 to 101,000 in October 2001.

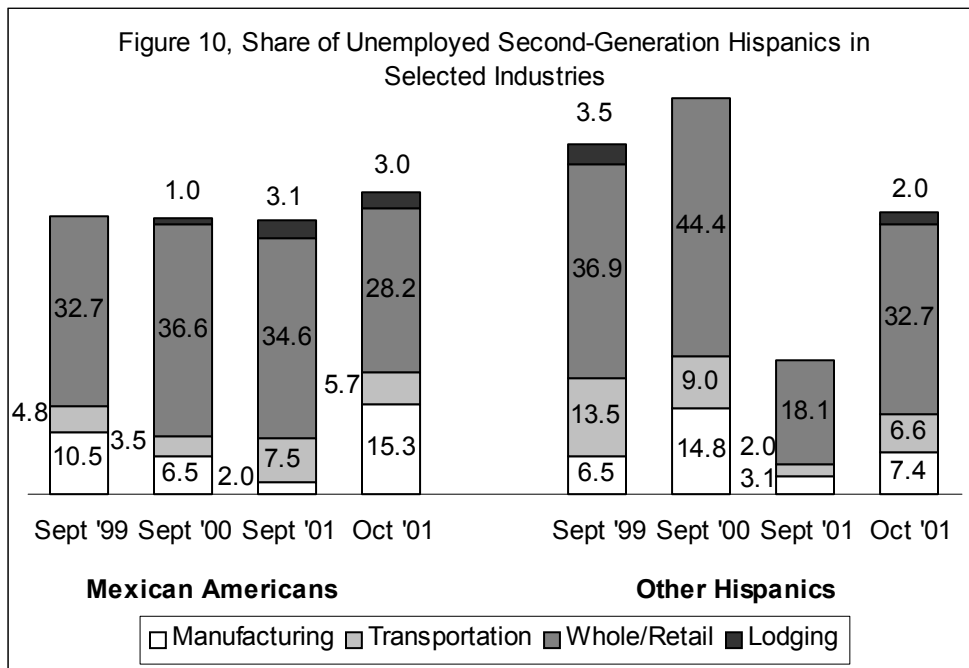
For other Hispanic immigrants, the wholesale and retail trade industries account for the largest share of unemployed workers in September and October 2001. However, the 25-point share in October 2001 is actually 5 points less than in September 1999.

For both Mexican Americans and other Hispanics, the transportation, communications, and public utilities industries are a significant contributor to unemployment compared to previous years. For other Hispanics, the 13 percent share in October 2001 was nearly a 100 percent increase from the previous month, and over a 125 percent increase from the previous year. For Mexican Americans, transportation's share of unemployed Mexican Americans increased 50 percent from September 2000/2001 to October 2000, even though it comprised only 2 percent of all unemployed workers.

Hotel and lodging industries also account for a small share of unemployment among first-generation Mexican Americans and other Hispanics (3 – 4 percent), yet this percentage is large compared to previous years, especially for Mexican immigrants. Furthermore, the number of out-of-work hotel and

lodging Mexican immigrants quadrupled from about 2,100 in September 1999/2000 to about 9,500 in September and October 2001.

Second-generation Mexican Americans in transportation and hotel and lodging have also been disproportionately affected recently (Figure 10). For Mexican Americans, they jointly accounted for 9 – 10 percent of all unemployed workers in September and October 2001 compared to 4 percent in previous years. Other Hispanics do not seem to have been affected as much as Mexican Americans, yet there was a three-fold increase in unemployment in transportation industries, as well as a spike of 2 percentage points in the hotel and lodging industry during October 2001, when there had been no previous indications of unemployment in that industry in the previous year.



The wholesale and retail trades account for a greater percentage (38 percent) of unemployed third-generation Mexican American workers than of the first or second generation. Additionally, unemployment in manufacturing

significantly increased during the most recent two months (about 16 percent), doubling from September 2000/2001. Despite the growth in unemployment in services from September 2001 to October 2001, these percentages (9 and 13 percent) are not necessarily out of line with previous years. The construction and mining industries also figure significantly in September 2001 when compared to the previous Septembers, although by October 2001, the percentage and number of workers had return to the figures from previous years (see Appendix Table 2).

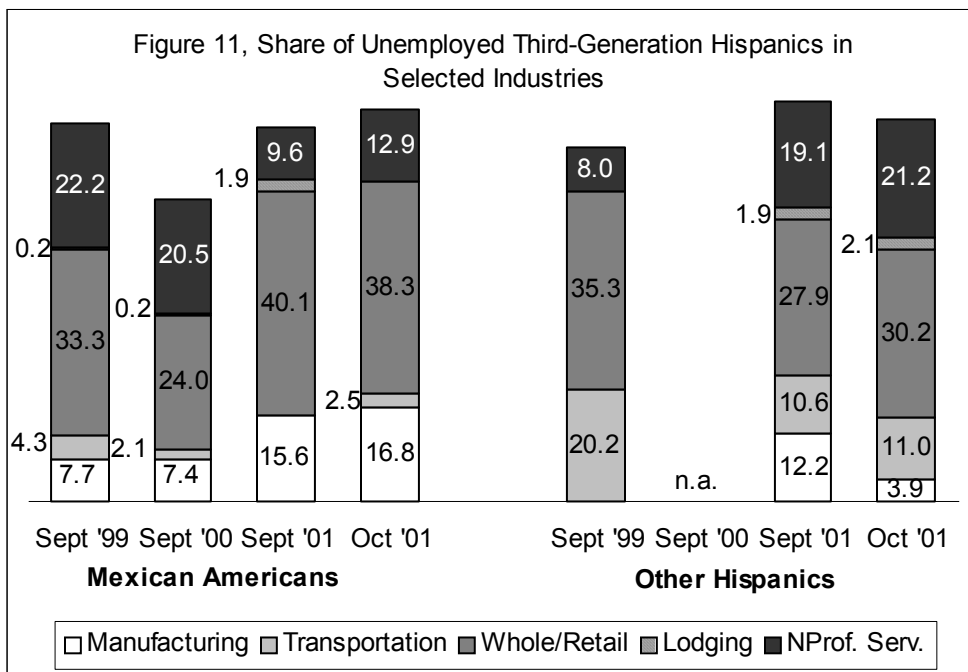


Figure 11 reveals that for third-generation other Hispanics, non-professional services and wholesale/retail trades are significant sources of unemployment in each of the months examined. By October 2001, however, transportation and professional services jointly accounted for nearly a 25 percent share of unemployed workers. And despite the small sample sizes, hotel and lodging is an industry from which around 2 percent of other Hispanics lost work, whereas there were no reported job-losses in 2000 or 1999. Similarly, around 2

percent of third-generation Mexican Americans lost jobs in the hotel industry in September 2001, where there had been virtually no job loss in previous years.

In conclusion, unemployment for Hispanics is highest among the manufacturing and wholesale/retail trade industries. Additionally, the service industry is also a significant source of unemployment. However, Mexican Americans are more likely to be out of work from manufacturing jobs, while other Hispanics are more likely to be out of work from wholesale and retail trade and transportation industries. First-generation Hispanics are generally more likely to be unemployed from manufacturing as well as transportation. The share of unemployed workers in the wholesale and retail and service industries is higher among second- and third-generation workers.

D. Discussion: Second-Generation Hispanics; Manufacturing, and Transportation and Hotel/Lodging workers

The second generation has the highest unemployment rate among all Hispanics. The demographic information presented in Table 2 hints that their youthfulness is one possible explanation. In particular, tabulations not presented here reveal that unemployed second-generation Hispanics average the lowest ages of all unemployed persons, 26 years for Mexican Americans and 28 for other Hispanics. The youthfulness implies that they have less work experience and less seniority, and are therefore susceptible to being among the first laid off workers.

According to the Bureau of Labor Statistics, about 1.4 million manufacturing jobs have been lost since July 2000 (BLS, 2001). Specifically, 1/3 of manufacturing jobs lost occurred in electrical equipment and mechanical machinery, with significant job losses also in the fabricated and primary metals, apparel, printing and publishing, and rubber and miscellaneous plastics (*ibid.*). Among unemployed Hispanic immigrant manufacturing workers, 19 percent of them were employed in apparel-related industries. Machinery (including

electrical) represented another 13 percent of unemployed first-generation Hispanic manufacturing workers. Furniture and fixtures made up another 8 percent unemployed manufacturing workers. Lastly, 14 percent of unemployed manufacturing workers were in “miscellaneous manufacturing industries.”

Among the second generation, the majority of out-of-work Hispanics are in the machinery (including electrical) (33 percent), and metal (steel mills, blast furnaces, etc.) (17 percent) industries. Another 21 percent of unemployed manufacturing workers are in the dairy and canned, and frozen, preserved fruits and vegetables industries.

For third-generation Hispanics, food preparation industries account for 21 percent of unemployed manufacturing workers, while machinery industries account for 27 percent of the unemployed in manufacturing.

In the transportation, communications, and other public utilities industries, unemployment in trucking industry alone accounts for about 27 percent of the unemployment rate within this major industry grouping for first- and second-generation Hispanics. Trucking also accounts for 54 percent of the unemployment for third-generation transportation workers. For the third generation, air transportation represents another 1/3 of the unemployment rate, and 20 and 13 percent for the first and second generation.

Lastly, the plurality of the unemployment in the wholesale and retail trade industry is attributable to eating and drinking places. The shares range from 38 percent for the second generation, to 46 and 49 percent for the first and third generation. Unemployment in October 2001 is also affected by job losses in department stores, accounting for 8 – 10 percent of unemployment in wholesale and retail industries. All three generations of Hispanics seem to be affected in a similar matter within the wholesale and retail industries.

Thus, unemployment for Hispanics is consistent with job losses on the national level. The most generational variability in job losses occurred in

manufacturing, with machinery and apparel industries accounting for many of these losses. While in transportation and the wholesale and retail industries, all three generations seem to be affected similarly.

IV. Dealing with Unemployment: September and October 2001

Table 4 shows how Hispanics dealt with unemployment during September and October of 2001 in terms of weeks spent looking for work, and the strategies used to find work. Third-generation Mexican Americans spent the least amount of time looking for work than any other Hispanic group, averaging 7 – 9 weeks in unemployment. First- and second-generation Mexican Americans averaged 10 – 12 weeks looking for work. With the exception of the third generation in October, other Hispanics spent much longer (17 – 19 weeks) out of work.

First-generation Hispanics look for jobs in a different manner than the second or third generation. In particular, immigrants tend to contact employers, friends and relatives, and public employment agencies to find jobs. The use of friends and relatives by immigrants suggests the existence of and reliance on social networks. In addition, they seem to “hit the streets” and rely on public employment agencies much more than second- and third-generation Hispanics. In contrast, second- and third-generation Hispanics are more likely to send resumes or fill out applications, although they too contact employers directly. This suggests that they use more formal job-search methods.

Other Hispanics tend to use the same search strategies as Mexican Americans of the same generation with the exception that they are more likely to use advertisements, either by looking at or placing them, to find jobs.

Table 4, Unemployment: Duration and Job Search by Hispanics in 2001

	First		Second		Third	
	Sept.	Oct.	Sept.	Oct.	Sept.	Oct.
Mexican American						
Weeks looked	12.20	10.82	11.44	10.54	6.65	8.96
<i>Search Strategies:</i>						
Employer directly/int.	61.9	61.6	66.0	39.9	54.5	48.3
Pub. empl. agency	11.7	4.8	8.5	10.9	4.6	10.0
Priv. empl. agency	2.9	0.7	--	1.2	--	4.4
Friends/relatives	7.4	8.0	5.2	2.2	0.5	7.2
Sch. empl. center	--	--	1.6	0.8	--	1.4
Sent resumes/filled out appl.	9.8	18.9	12.5	34.1	30.0	25.9
Union/prof. Registry	2.0	1.6	0.8	0.5	--	--
Placed/answered ads	--	1.1	3.6	1.6	2.0	0.2
Other active	--	--	--	2.2	0.9	0.5
Looked at ads	4.3	3.4	1.8	6.3	7.5	2.1
Nothing	--	--	--	0.2	--	--
Other passive	--	--	--	--	--	--
Other Hispanic						
Weeks looked	16.87	19.01	19.11	17.81	18.23	10.83
<i>Search Strategies:</i>						
Employer directly/int.	59.8	55.4	62.5	53.3	55.5	45.6
Pub. empl. agency	7.1	6.7	1.7	0.4	--	8.9
Priv. empl. agency	1.4	2.3	--	5.6	--	--
Friends/relatives	5.3	4.8	4.7	7.8	--	--
Sch. empl. center	--	--	--	2.3	4.5	2.6
Sent resumes/filled out appl.	15.1	13.9	19.0	14.7	30.0	28.2
Union/prof. Registry	1.2	1.5	--	--	--	--
Placed/answered ads	4.1	4.0	--	3.7	--	--
Other active	--	0.9	1.7	--	1.6	4.7
Looked at ads	6.0	10.5	10.4	11.9	8.3	--
Nothing	--	--	--	--	--	--
Other passive	--	--	--	0.4	--	--

Notes: -- indicates no observations.

Lastly, Table 5 considers another strategy in dealing with unemployment. Since unemployment entails the loss of income over an extended period of time, it is possible that dire economic conditions may motivate individuals to move in with relatives. It is also possible that given the uncertainty about long-term employment prospects, vulnerable individuals move in with relatives in case they lose their jobs. Furthermore, the existence of social networks that aids the immigration process in the first place may still be in place in the U.S. to make this strategy feasible. In particular, social networks carry a sense of reciprocation between immigrants, and these bonds are perhaps stronger among immigrant family members.

Table 5, Relation to Reference Person of Unemployed Hispanics by Generation, 2001

	First		Second		Third	
	Sept.	Oct.	Sept.	Oct.	Sept.	Oct.
Mexican American						
Reference person	36.4	39.9	41.7	33.7	42.7	30.0
Spouse	23.5	25.5	13.7	4.2	17.5	16.0
Child	9.9	12.1	34.5	53.3	22.3	42.3
Other relative	21.5	18.5	10.1	6.8	11.0	7.3
Non-relative	8.7	4.0	--	1.9	6.7	4.4
<i>Total Unemployed</i>	<i>299,714</i>	<i>328,866</i>	<i>123,419</i>	<i>180,598</i>	<i>165,603</i>	<i>173,839</i>
Other Hispanic						
Reference person	38.9	40.0	33.9	41.0	43.2	37.2
Spouse	20.5	22.7	10.9	8.6	11.1	23.8
Child	16.9	14.1	34.0	35.2	32.7	27.9
Other relative	14.4	19.4	16.2	8.1	8.7	6.6
Non-relative	9.3	3.8	5.0	7.2	4.3	4.5
<i>Total Unemployed</i>	<i>245,509</i>	<i>256,254</i>	<i>90,988</i>	<i>111,891</i>	<i>73,077</i>	<i>52,949</i>

Notes: -- indicates no observations.

Out of work first-generation Hispanics are more likely to report being the relative of the head of household than either second or third generation relatives. Approximately 20 percent of Hispanic immigrants, and 14 – 19 percent of other Hispanic immigrants report being a relative of the head of household. These percentages drop to around 10 percent in the second and third generation. Lastly,

the percent of immigrants in household not there own seems to generally decline from September to October 2001.

With the exception of second-generation Mexican Americans, the number of unemployed spouses increased from September to October. The largest increase, however, occurred among Hispanic immigrants (8,000 to 13,000), translating into a 2-percentage point increase during October.

Second- and third-generation children of the head of household, however, represent the largest share of the unemployed living with the head of household, and in the case of Mexican Americans, the number of unemployed second- and third-generation children increased from September to October to over 40 percent. While not as high for other Hispanics, the percentages are over 30 percent. Clearly, Hispanic children rely on their parents to help them through unemployment periods.

V. Summary: Hispanic Unemployment in the Present Recession

This report detailed the labor market condition of Hispanics in September and October 2001 and considered how generation status affects the various outcomes. Hispanic households and individuals are less educated and have a larger percentage of immigrants and second-generation members than the rest of the U.S. population. As a consequence they are particularly vulnerable to economic downturns that affect blue-collar and service workers.

Hispanic unemployment has increased since September 2000, but more so for other Hispanics than for Mexican American. Many unemployed Hispanics are concentrated in production, operator and service occupations. However, the second and third generation has a larger percentage of wholesale and retail, and transportation workers. Consistent with the notion that managers and professionals may not have been as impacted by the recession and the terrorist attacks as blue-collar workers, the percentage of out of work professionals and

managers is relatively low, the exception being second-generation other Hispanics (about 25 percent of all workers).

The most affected industries manufacturing, wholesale/retail, and transportation industries. Workers in these industries account for the majority of unemployed Hispanics. Mexican Americans, especially immigrants, however, are more likely to be in manufacturing than other Hispanics, while other Hispanics are more likely to be employed in the wholesale and retail industries.

Of particular note is the appearance of unemployed hotel and lodging, and transportation workers in September and October 2001. Given media reports about the decline in tourism and the financial problems that airlines and tourists destinations like New York City and Las Vegas have had, it is not surprising that the data in this report finds evidence that Hispanic workers have been affected. Around 3 percent of the total Hispanic unemployment can be attributed to job losses in the hotel and lodging industry.

Once out of work, Mexican Americans spend less time looking for work than other Hispanics by around 5 – 7 weeks. Immigrants rely on more informal and direct methods, while second- and third-generation workers rely on formal and indirect methods, such as sending resumes to the employers rather than directly contacting them or applying to them.

It is possible that first-generation immigrants and second- and third-generation children rely on family members to deal with economic adversity. A bigger percentage of unemployed first generation Hispanics are the relatives of the head of household (and hence living in a home other than their own) compared to the second or third generation. This figure is close to 20 percent for the first generation versus less than 10 percent in most other cases. Besides having the largest unemployment rate of all Hispanics, the second generation also relies on their family for support by living at home. Therefore, Hispanics that suffer

from layoffs rely on family and relatives not only for job leads and information, but also for financial support in the form of housing.

The majority of Hispanic unemployment results when manufacturing, transportation, and wholesale and retail jobs are lost. In addition, immigrants acquire information by asking friends, public agencies or employers directly about job opportunities. However, it is not clear if these informal and somewhat haphazard methods result in employment, nor if the methods used by different generations of Hispanics can be improved upon. For example, how can public employment agencies, like state unemployment offices, be better centers of information for potential employees and employers? Furthermore, even though other Hispanics use similar search methods as Mexican Americans, it takes them longer to find a job. It is not clear, however, if the job-methods are to blame or whether the economic recession has limited their employment prospects in their particular industries and occupations. Future research into how various Hispanic subgroups acquire information about jobs and the eventual outcome of this information would greatly enhance our understanding of the most active population in the labor force, as well as provide possible avenues that would benefit Hispanics who may have lost their jobs due to circumstances outside of their control.

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Appendix Table 1, Distribution of Occupation of Unemployed Hispanics by Generation,
September 1999 - October 2001

	Mexican American				Other Hispanic			
	Sept '99	Sept '00	Sept '01	Oct '01	Sept '99	Sept '00	Sept '01	Oct '01
First								
Prof./Mgr.	3.0	1.7	1.6	1.5	9.3	13.6	8.4	12.9
Sales/Tech.	7.7	5.2	3.9	4.9	9.7	9.9	7.0	11.7
Adm. Supp.	1.6	3.5	7.7	6.6	7.8	12.4	11.7	12.6
Service	20.5	22.1	24.6	20.9	23.2	21.2	29.0	25.1
Prod./Oper.	54.8	44.1	43.2	49.3	44.5	41.7	43.0	36.6
Farming	12.3	23.3	19.0	16.9	5.5	1.2	0.9	1.1
<i>Total Unempl.</i>	<i>180,404</i>	<i>239,517</i>	<i>291,443</i>	<i>306,575</i>	<i>235,931</i>	<i>161,951</i>	<i>227,824</i>	<i>230,256</i>
Second								
Prof./Mgr.	4.1	5.4	10.0	7.1	30.5	3.3	22.6	26.7
Sales/Tech.	16.8	22.2	21.2	21.2	32.1	36.7	6.6	2.5
Adm. Supp.	5.5	14.4	6.2	10.1	14.3	32.9	13.9	19.6
Service	28.2	14.7	24.0	24.1	13.6	19.9	18.2	14.2
Prod./Oper.	35.6	26.9	25.3	35.2	9.5	7.3	38.7	37.0
Farming	9.7	16.4	13.3	2.3	--	--	--	--
<i>Total Unempl.</i>	<i>101,631</i>	<i>93,547</i>	<i>98,120</i>	<i>140,243</i>	<i>67,003</i>	<i>67,257</i>	<i>71,728</i>	<i>94,867</i>
Third								
Prof./Mgr.	8.4	14.2	9.4	1.3	9.0	--*	6.5	5.1
Sales/Tech.	23.4	11.9	22.6	22.5	11.3	--*	20.3	22.8
Adm. Supp.	12.4	15.6	3.7	13.7	28.6	--*	14.6	19.0
Service	23.5	25.3	25.0	27.7	22.9	--*	20.4	24.3
Prod./Oper.	32.3	28.9	37.5	33.2	28.3	--*	38.2	22.0
Farming	0.2	4.1	1.8	1.6	--	--*	--	6.8
<i>Total Unempl.</i>	<i>188,205</i>	<i>159,189</i>	<i>157,617</i>	<i>165,823</i>	<i>59,056</i>	<i>30,059</i>	<i>55,708</i>	<i>51,029</i>

Notes: -- denotes no observations; --* Insufficient weighted observations (less than 50,000) for meaningful inference. The occupation refers to the occupation of the primary job.

Appendix Table 2, Distribution of Unemployed Hispanics by Industry and Generation,
September 1999 - October 2001

	Mexican American				Other Hispanic			
	Sept '99	Sept '00	Sept '01	Oct '01	Sept '99	Sept '00	Sept '01	Oct '01
First								
Agriculture	12.3	24.8	15.2	17.4	4.4	1.2	3.1	2.4
Const./Mining	18.6	11.6	9.7	5.5	5.9	8.7	8.4	9.8
Manufacturing	32.2	22.2	21.2	33.0	24.6	26.4	20.0	16.5
Transportation	2.8	1.4	1.4	2.1	2.7	5.2	7.5	13.1
Whole/Retail	21.1	19.8	20.6	18.9	29.8	21.6	23.0	24.7
Finance/Insur.	--	1.4	4.0	5.0	1.0	6.0	5.0	3.5
NProf. Serv.	7.3	10.6	17.8	10.7	17.7	17.9	14.7	15.8
Prof. Services	4.4	7.3	6.7	4.3	11.5	13.0	14.7	11.3
Lodging	1.3	0.8	3.3	3.1	2.3	--	3.6	2.8
<i>Total Unempl.</i>	<i>180,404</i>	<i>239,517</i>	<i>291,443</i>	<i>306,575</i>	<i>235,931</i>	<i>161,951</i>	<i>227,824</i>	<i>230,256</i>
Second								
Agriculture	7.6	11.8	15.1	5.1	--	--	--	--
Const./Mining	10.0	8.9	4.5	5.9	3.2	--	5.3	8.9
Manufacturing	10.5	6.5	2.0	15.3	6.5	14.8	3.1	7.4
Transportation	4.8	3.5	7.5	5.7	13.5	9.0	2.0	6.6
Whole/Retail	32.7	36.6	34.6	28.2	36.9	44.4	18.1	32.7
Finance/Insur.	3.7	--	4.3	6.8	5.9	3.6	8.4	5.7
NProf. Serv.	9.5	12.9	5.3	9.7	14.8	8.8	37.2	25.5
Prof. Services	21.2	18.7	23.7	20.3	15.6	19.4	25.8	11.3
Lodging	--	1.0	3.1	3.0	3.5	--	--	2.0
<i>Total Unempl.</i>	<i>101,631</i>	<i>93,547</i>	<i>98,120</i>	<i>140,243</i>	<i>67,003</i>	<i>67,257</i>	<i>71,728</i>	<i>94,867</i>
Third								
Agriculture	0.2	8.0	--	--	1.5	--*	--	6.8
Const./Mining	7.7	11.9	16.9	10.1	2.4	--*	8.6	4.7
Manufacturing	7.7	7.4	15.6	16.8	--	--*	12.2	3.9
Transportation	4.3	2.1	--	2.5	20.2	--*	10.6	11.0
Whole/Retail	33.3	24.0	40.1	38.3	35.3	--*	27.9	30.2
Finance/Insur.	10.2	9.4	5.6	1.8	10.5	--*	3.0	7.7
NProf. Serv.	22.2	20.5	9.6	12.9	8.0	--*	19.1	21.2
Prof. Services	14.3	16.5	10.3	17.7	22.2	--*	16.6	12.4
Lodging	0.2	0.2	1.9	--	--	--*	1.9	2.1
<i>Total Unempl.</i>	<i>188,205</i>	<i>159,189</i>	<i>157,617</i>	<i>165,823</i>	<i>59,056</i>	<i>30,059</i>	<i>55,708</i>	<i>51,029</i>

Notes: -- denotes no observations; --* Insufficient weighted observations (less than 50,000) for meaningful inference. The industry refers to the industry of the primary job.