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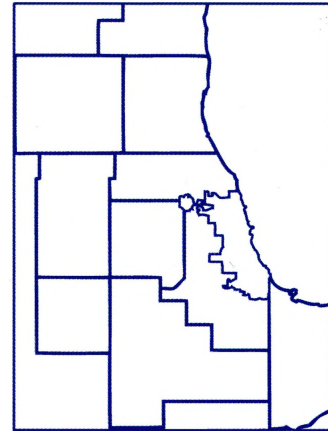
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Cover Page Footnote

This article is from an earlier iteration of *Diálogo* which had the subtitle "A Bilingual Journal." The publication is now titled "Diálogo: An Interdisciplinary Studies Journal."

LATINO INCOME STAGNATION IN THE CHICAGO METROPOLITAN AREA, 1970-2008

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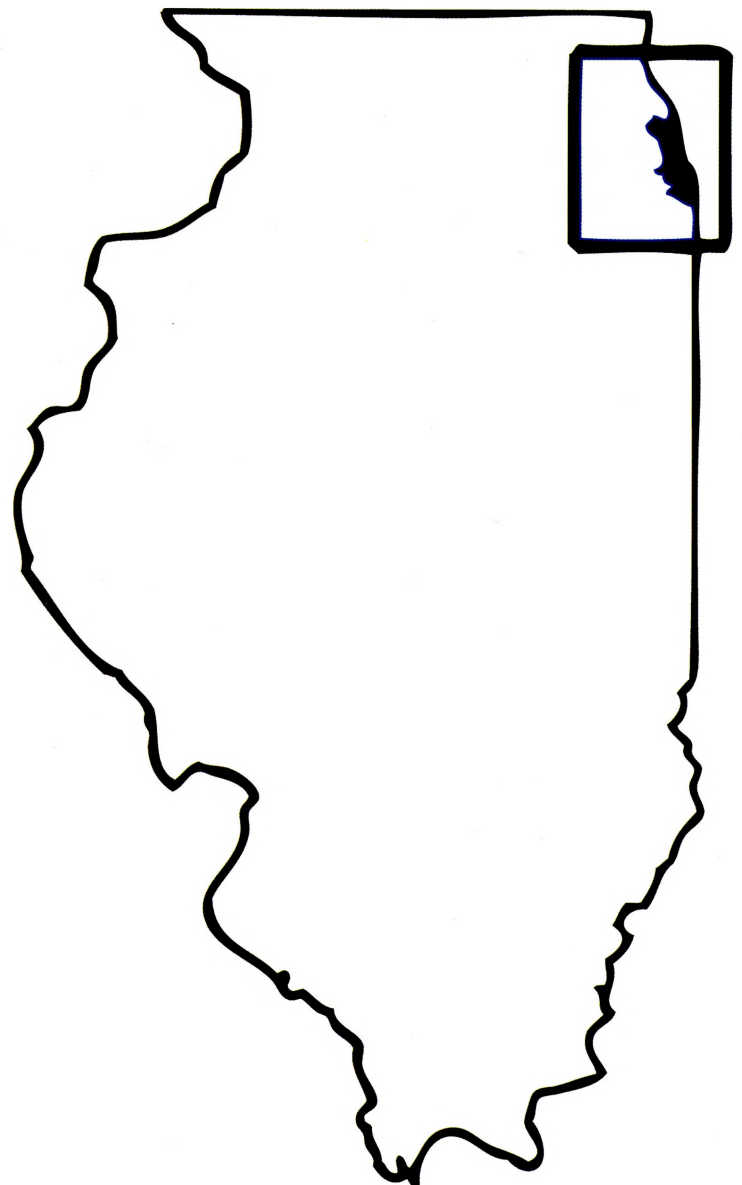
Over the past 40 years, Latinos have played an increasingly important role in the economy of metropolitan Chicago. Their share of the population has increased as has their presence in the labor force. While they are more likely to be in the labor force than are African-Americans or Whites, they are still concentrated in only a handful of occupations. Many Latinos, although not all, work in the low-wage labor market in both the city of Chicago and its surrounding suburbs. As a result the real wage and business income of Latinos has stagnated over the past 40 years.

The labor force includes those who are employed or unemployed and who are actively seeking work. Latinos are very attached to the labor force. Their labor force participation rate is consistently much higher than that of African-Americans and somewhat higher than whites.

PERCENT OF PERSONS PARTICIPATING IN THE CIVILIAN LABOR FORCE CHICAGO METROPOLITAN AREA, 1970-2006

| | 1970 | 1980 | 1990 | 2000 | 2006 |
|--------|-------|-------|-------|-------|-------|
| WHITE | 62.0% | 66.7% | 69.1% | 68.2% | 68.5% |
| BLACK | 57.8% | 58.1% | 61.7% | 59.5% | 60.7% |
| LATINO | 62.1% | 69.2% | 73.2% | 63.0% | 70.8% |

- In each of the included years, the Latino labor force participation rate substantially exceeds that of African-Americans.
- In 2006, the Latino labor force participation rate was 70.8% in contrast to 60.7% for African-Americans.
- With the exception of 2000, the Latino labor force participation rate somewhat exceeded the labor force participation rate of Whites.
- In 2006, the Latino labor force participation rate was 70.8% in contrast to 68.5% for whites.



The unemployed who are actively seeking work are part of the labor force. While Latinos are consistently less likely to be unemployed than African-Americans, they are consistently more likely to be unemployed than whites.

UNEMPLOYMENT RATES: CHICAGO METROPOLITAN AREA, 1970-2006

| | 1970 | 1980 | 1990 | 2000 | 2006 |
|--------|------|-------|-------|-------|-------|
| WHITE | 2.7% | 4.8% | 3.8% | 3.5% | 5.0% |
| BLACK | 6.6% | 14.9% | 17.2% | 15.2% | 16.5% |
| LATINO | 5.8% | 11.1% | 10.3% | 8.4% | 7.8% |

- In each of the included years, the Latino unemployment rate is less, often substantially less than the African-American unemployment rate.
- In 2006, the Latino unemployment rate was 7.8% while the African-American unemployment rate was 16.5%.
- In each of the included years, the White unemployment rate was significantly lower than the Latino unemployment rate.
- In 2006, the white unemployment rate was 5.0% while the Latino unemployment rate was 7.8%.

While unemployment is certainly a problem facing Latinos, the nature of their employment is also problematic. Even though the share of Latinos earning high wages has increased significantly, many other Latinos are part of the “working poor.” Many Latinos work full-time, full-year. In fact, employed Latinos are more likely to work full-time than are employed whites or blacks. Nevertheless, many Latinos working full-time, full-year do not earn enough to support a family. And many other Latinos are not able to find full-time employment throughout the year.

The upshot is that the average total income (wage and business income) of Latinos aged 16 and above is very low. In fact, the average real income of Latinos in 2008 was no higher than it was in 1970. Over this approximately 40 year period, the real income of the Latino community has stagnated.

MEAN TOTAL WAGE AND BUSINESS INCOME [IN 2008 DOLLARS] CHICAGO METROPOLITAN AREA, 1970-2008

| | 1970 | 1980 | 1990 | 2000 | 2006 |
|--------|----------|----------|----------|----------|----------|
| WHITE | \$30,316 | \$31,113 | \$35,018 | \$42,814 | \$41,447 |
| BLACK | \$19,750 | \$18,666 | \$19,037 | \$22,915 | \$20,475 |
| LATINO | \$22,181 | \$21,039 | \$19,923 | \$21,920 | \$22,266 |

- The average real income of Latinos in 2008 was \$22,266, virtually the same as it was in 1970.
- Similarly, the real income of African-Americans in 2008 was virtually the same as it was in 1970.

- Only whites experienced a gain in real income since 1970. White real income in 2008 was more than \$11,000 higher than in 1970, a gain of 37%.
- The real income of Latinos was only 54% that of Whites in 2008.
- The real incomes of Whites and African-Americans increased more rapidly in the booming 1990s than did the real incomes of Latinos.
- The real incomes of Latinos held up much better in the current economic crisis, increasing slightly, while the real incomes of African-Americans fell sharply and the real incomes of Whites fell slightly.

The real income data are averages and cannot address the issue of income mobility over a career. The Latino population has grown sharply in Chicago as has the number of Latinos in the labor market. Newcomers to the labor market affect wage income in two ways. First, they increase competition in the labor market. Second, they lower the average wage as they typically are hired into positions paying low wages. Thus, the stagnation in the real income of Latinos may reflect more the entrance of newly arrived Latinos into low-wage jobs at the bottom of the labor market rather than the stagnation of Latino income over a working career.

Nevertheless, while data on average real income may obscure the gains made by some Latinos they do point to a serious problem. While Latinos are strongly attached to the labor market, many earn low incomes.

Several factors likely restrict the labor market opportunities of Latinos.

- Latinos are the least well educated of the major racial/ethnic groups in the Chicago metropolitan area.
- Foreign born Latinos have weaker English language proficiency than native born Whites.
- Foreign born Latinos have less U.S. labor market experience than Whites.
- Latinos face employer discrimination.

Developing and strengthening programs and policies that address these challenges facing Latinos is crucial for improving the labor market opportunities, economic standing and overall well-being of Latinos in the Chicago metropolitan area.

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