Pew Hispanic Center

Report

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Jobs Lost, Jobs Gained:
The Latino Experience in the Recession and Recovery

By

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Executive Summary

This report documents the trends in the labor market experience of Hispanic workers since the end of 2000. This time period has witnessed a recession and an extended period of slow recovery. The experience of Hispanic workers is compared with that of non-Hispanic workers, especially non-Hispanic Whites and Blacks. This study finds that the economic slowdown of the past two years has driven the employment of Hispanic and non-Hispanic workers well below potential. Proportional to their respective employment levels, the shortfall is larger for Hispanics than for non-Hispanics.

The gap between actual and potential employment is a consequence of sharp reductions in the rate of growth of employment for all workers. Through the ups and downs of the slowdown, Hispanic workers have managed to maintain a higher rate of growth in employment in comparison to non-Hispanic Whites and non-Hispanic Blacks. However, only the growth rate for non-Hispanic Whites has rebounded to its pre-recession level. Since the end of the recession, the unemployment rate for non-Hispanic Whites has fallen more rapidly than it has for other workers. Consistent with employment trends is the finding that real wage growth for non-Hispanic Whites continues to outpace the real wage growth for Hispanics. Real wages for non-Hispanic Blacks have fallen during the economic slowdown. Thus, full recovery for Hispanics, as well as for non-Hispanic Blacks, is probably farther away than for non-Hispanic Whites.

As employment growth slowed, Hispanic, and non-Hispanic White and Black workers gained and lost jobs largely in the same industries and occupations. There are some industries and occupations in which Hispanics gained jobs while other racial/ethnic groups lost jobs, but the reverse is true in some other industries and occupations. All groups of workers were subject to the same structural shifts in the economy. Thus, employment for all has moved away from goods-producing industries, such as manufacturing, and toward service-sector industries, such as health and education services. Occupational trends have also favored the more skilled occupations, such as managerial and professional specialty occupations, and the better educated workers, regardless of race and ethnicity.

A key difference between the Latino and non-Latino labor forces is that while the former continues to expand, the latter has come to a virtual standstill, especially among non-Hispanic Whites and Blacks. Consequently, Latinos are the principal source of new workers in the economy. The growth in the Latino workforce was sufficient to increase the number of employed Hispanics despite the considerable reduction in the rate of growth in employment. Over the same time period, growth in the non-Latino labor force crawled to a stop, and there was little room for growth in the ranks of employed non-Hispanic Whites and Blacks. The recent economic slowdown, therefore, led to a decline in the absolute number of employed non-Hispanic workers.

Not all Hispanic workers found opportunities for greater employment in the economic slowdown. In fact, the new additions to the stock of first-generation Hispanics were more likely to be unemployed than employed. Native-born Hispanics grabbed a disproportionately high share of the increase in Latino employment. Employment levels also declined among the younger, less educated Hispanic workers, an experience shared with non-Hispanic workers of similar characteristics. On the other hand, the number of college-educated Hispanic workers and their employment level grew by double-digit amounts between the fourth quarters of 2000 and 2003.

The major specific findings of this report are as follows:

- Hispanic employment is estimated to be over 500,000 workers below its potential level, or 3.5 percent of the employment level at the end of 2002. At the same time, non-Hispanic employment is estimated to be more than 3 million workers below potential, a gap equal to 2.5 percent of employment.
- Hispanics comprise about 13 percent of the labor force, but were responsible for over 50 percent of the increase in the labor force over the two-year period covered by this study.
- Prior to the 2001 recession, Hispanic employment was growing at an annual rate of 5 percent per year. By the end of the recession, this rate had fallen to 0 percent and, since then, has increased to the current level of 2 percent, which is still well below the pre-recession rate of growth. For non-Hispanic Whites, employment growth was at 0 percent prior to the recession. It dipped to nearly -2 percent by the end of the recession, and has now returned to the pre-recession rate of growth. The rate of growth in employment of non-Hispanic Blacks plunged from over 2 percent before the 2001 recession to -3 percent by the end of the recession. The current rate of growth in employment of non-Hispanic Blacks is just under 0 percent.
- The unemployment rates for Hispanics, non-Hispanic Whites, and non-Hispanic Blacks peaked in the first quarter of 2002 when they were estimated to be 8.2 percent, 5.2 percent, and 10.7 percent, respectively. Since then, the unemployment rate has dropped the most — by 0.8 percentage points — for non-Hispanic Whites, followed by Hispanics and non-Hispanic Blacks.
- The actual employment of Hispanics was up by nearly 400,000 workers between the fourth quarters of 2000 and 2002. Employment among non-Hispanic Whites and Blacks was down by approximately 1.2 million and 500,000, respectively.
- Of the fifty-one industries studied, Hispanics lost nearly 600,000 jobs in ten industries alone, and gained over 900,000 jobs in ten other industries. Similar concentrations of job gains and losses are observed for non-Hispanic Whites as they gained 2.3 million jobs in one set of ten industries, and lost 3 million jobs in another group of ten industries. This phenomenon is observed for non-Hispanic Blacks also. They gained 400,000 jobs in just ten industries and lost nearly 700,000 jobs in another group of ten industries.
- The tendency for job losses and gains to be concentrated is also observed in the forty-five occupations analyzed. Once again, this pattern holds true for all racial/ethnic groups.
- Job losses for both Hispanics and non-Hispanic Whites emerged primarily in the manufacturing, transportation, communications, and wholesale trade industries. Both groups gained jobs in entertainment and recreation, hospitals and medical services, and educational services. Job losses for non-Hispanic Blacks, however, were more widespread since they also lost jobs in

service-sector industries, such as finance, insurance, and real estate, and other professional services.

- Industries in which Hispanics gained jobs while the employment of other workers declined include construction, and business and auto repair services. The opposite occurred in some other industries, such as private household services. However, there are nuances to these outcomes as the job gains for one group of workers do not always occur in the same geographic region as the losses for another group. For example, employment in construction, and business and auto repair services for Hispanics went up principally in the West, while non-Hispanic Whites and Blacks lost employment in these industries mostly in the Midwest.
- Hispanics increased their employment principally in executive, administrative and managerial, professional specialty, and precision production, craft, and repair occupations. Non-Hispanic Blacks, too, gained jobs in the first two of those occupations. For non-Hispanic Whites, in addition to executive occupations, there were large gains in technicians and related support, and other service occupations. All groups lost a significant number of jobs in administrative support and machine operator occupations. The major occupations in which Hispanics gained jobs while non-Hispanic Whites and Blacks lost jobs are precision production, craft, and repair, and sales occupations
- Older and better educated workers fared better than other workers during the slowdown. Young workers under 24 years of age and those without a high school education were the only age and education categories for Hispanics to witness a reduction in employment between the fourth quarters of 2000 and 2002. Job losses for non-Hispanic Whites and Blacks were also concentrated among the younger, less educated workers.
- The first-generation of Hispanics added nearly 350,000 workers to the labor force during the slowdown. However, 55 percent of these workers failed to find employment. Native-born Hispanics accounted for a disproportionately high share of the employment gain for Hispanics.
- The economic slowdown decreased the rate of growth in real wages for all groups of workers. However, real wages for Hispanics increased by a total of 2.5 percent between 2000 and 2002, somewhat less than the 2.9 percent gain for non-Hispanic Whites. The real wage of non-Hispanic Blacks fell by 0.5 percent during the same time period.

The job losses suffered by Hispanics and non-Hispanics in the past two years are potentially symptomatic of larger structural shifts in the U.S. economy. There is evidence that many sectors that have shed jobs in recent years are unlikely to replace them in the near future, if at all. Therefore, the prospects for an immediate return to long-term-trend rates of growth in employment are doubtful for both Hispanic and non-Hispanic workers. If and when that might happen is uncertain. The road to recovery for Latino and other workers is the same, but its steepness depends on the rate at which output growth recovers in industries that lie on the positive side of the structural change in the economy. It does appear that non-Hispanic White workers are most likely to recoup their losses first, followed by Hispanic workers, and then by non-Hispanic Blacks.

1. Introduction

This report chronicles the labor market experience of Hispanics during the economic recession of 2001 and the subsequent period of recovery through the end of 2002. Collectively, this two-year period is referred to as the "slowdown" in this report. The trends in Hispanic employment are contrasted with the experience of non-Hispanics, in particular, with the experiences of non-Hispanic Whites and non-Hispanic Blacks.[1] The slowdown's impact on these groups of workers is shown to have been similar in some key respects. Most notably, all racial/ethnic groups are currently maintaining employment levels well below their potential. But there are also some important differences in the experiences of Latinos and non-Latinos during the economic slowdown.[2]

In addition to the overall trends in the labor force and employment, the report also details changes in those variables by industry, occupation, region, and other economic and demographic attributes of Hispanic and non-Hispanic workers. When that is done, other similarities and dissimilarities in the recent experiences of the Hispanic and non-Hispanic labor forces begin to emerge. Unless otherwise mentioned, the statistics presented in this report are based on original tabulations created by the Pew Hispanic Center from the Current Population Survey (CPS), a monthly household survey used by the government to generate monthly unemployment reports.

As is well known, the record economic expansion that started in March 1991 came to an end in March 2001 with a recession lasting through November 2001. The period since then has been labeled the "jobless recovery" for good reason. Measuring from the fourth quarter of 2000 to the fourth quarter of 2002, the Pew Hispanic Center estimates that total employment fell by 1.2 million workers, or by just under 1 percent, and the unemployment rate increased from 3.7 percent to 5.5 percent.[3] Hispanics, who account for about 13 percent of the labor force, appear to have fared better as their employment rolls swelled by almost 400,000 workers, or an increase of 2.6 percent. However, the news was not all good for Hispanic workers since the number unemployed also went up by nearly 400,000, and the Latino unemployment rate climbed from 5.5 percent to 7.6 percent during the same time.

Underlying these broad labor market indicators are some key demographic trends. While the Hispanic labor force has been expanding steadily in recent times, the non-Hispanic labor force has been virtually stationary. In the two-year period between the fourth quarters of 2000 and 2002, the Hispanic labor force grew by 4.9 percent, and was responsible for 51.4 percent of the increase in the total labor force. In the meantime, the labor forces for non-Hispanic Whites and Blacks registered miniscule changes of 0.4 percent and 0.03 percent, respectively, and, collectively, accounted for 25.2 percent of the total change in the labor force. These trends are important because they imply that, *on the margin*, job openings, as well as the ranks of the unemployed, are more likely to be filled by Hispanics than by non-Hispanics.

But are there job openings in an economic slowdown? The answer, most absolutely, is yes. The finding that employment fell by 1.2 million workers refers to the net outcome of a simultaneous process of job creation and job destruction. Research at the Bureau of Labor Statistics (BLS) shows that as much as 15 percent of all jobs are either created or destroyed within one calendar quarter.[4] In an economy with over 130 million jobs, that implies a turnover of roughly 20 million jobs — about 10 million created and another 10 million destroyed — every quarter. In a recession or an economic slowdown, job destruction will outpace job creation, but there will still be a substantial opportunity for new employment. Consequently, in view of the existing trends in population and labor force growth, it is not a surprise to find that the overall Hispanic employment situation appears to be better than that for non-Hispanics.

But as jobs are churned in an economic slowdown, it is also the case that the losses and gains for specific racial/ethnic groups will vary across geographic, demographic, and economic characteristics. This report explores these aspects of the current slowdown from the point of view of Hispanics and other racial/ethnic groups. In particular, the report examines trends in employment for Latinos, non-Latino Whites, non-Latino Blacks, and at times, all non-Latinos, by industry, occupation, region, education, and age. Results are also presented by nativity, and for each of three generations of Hispanics. Finally, the report presents trends in wages for Hispanics, non-Hispanic Whites, and non-Hispanic Blacks.

2. Impact of the Slowdown on Hispanics and Non-Hispanics

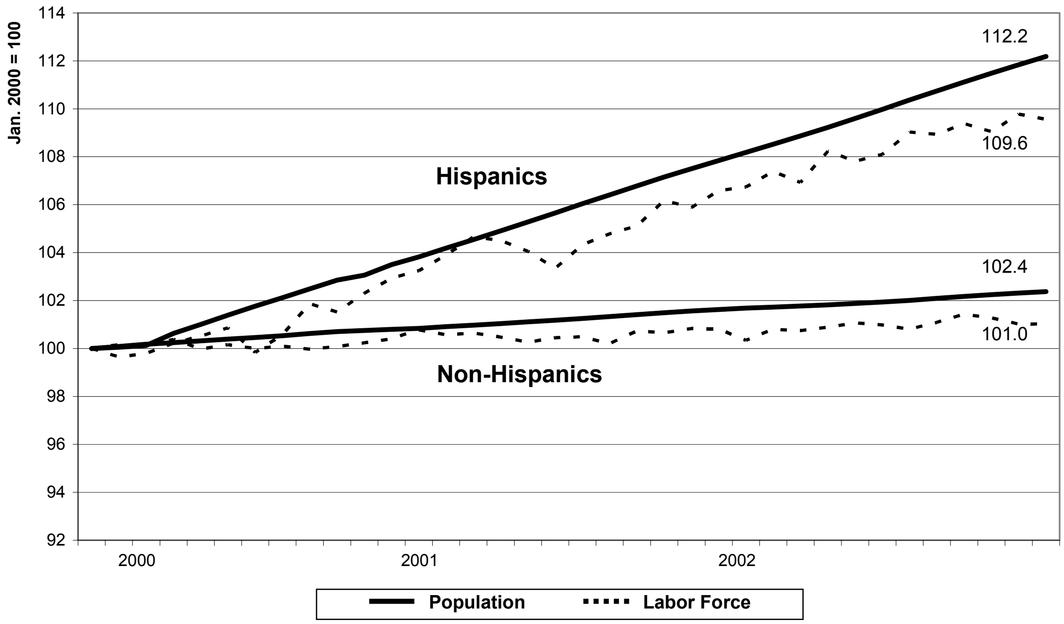
Using monthly data published by the BLS, this section highlights the similarities in the qualitative impact of the slowdown on Hispanic and non-Hispanic workers. Thus, while the slowdown may not have changed the employment and unemployment of Latino and non-Latino workers by the same amount or percent, it did alter the trends in these key labor market variables in the same direction for all workers. Among other things, the slowdown caused a reduction in the rate of growth of employment and an increase in the unemployment rate for all workers.

BLS data on the population and labor force confirm that Hispanics have been the predominant source of new workers in the economy since the turn of the century.[5] Between January 2000 and December 2002, BLS data show that the Hispanic population (age 16 and above) and labor force expanded by 12.2 percent and 9.6 percent, respectively. In contrast, the non-Hispanic population (age 16 and above) grew by only 2.4 percent, and the labor force by just 1.0 percent (Chart 1).[6]

The increase in the labor force begins to lag behind population growth for both Hispanics and non-Hispanics at the beginning of 2001. The emerging gap between the growth in population and the labor force is apparent also in the decline in participation rates (the ratio of the labor force to the population) with the onset of the recession. For Hispanics, the labor force participation rate fell from 70.2 percent to 68.6 percent between January 2000 and December 2002. During the same time period, the participation rate for non-Hispanics also dropped, from 66.9 percent to 66.0 percent (Chart 2). As a result, the proportion of the population that is employed, or the employment-to-population ratio, shrank during the economic slowdown for both groups. In particular, the employment-to-population ratio for Hispanics fell from 66.3 percent to 63.2 percent, and for non-Hispanics, it eased downward from 64.4 percent to 62.3 percent.

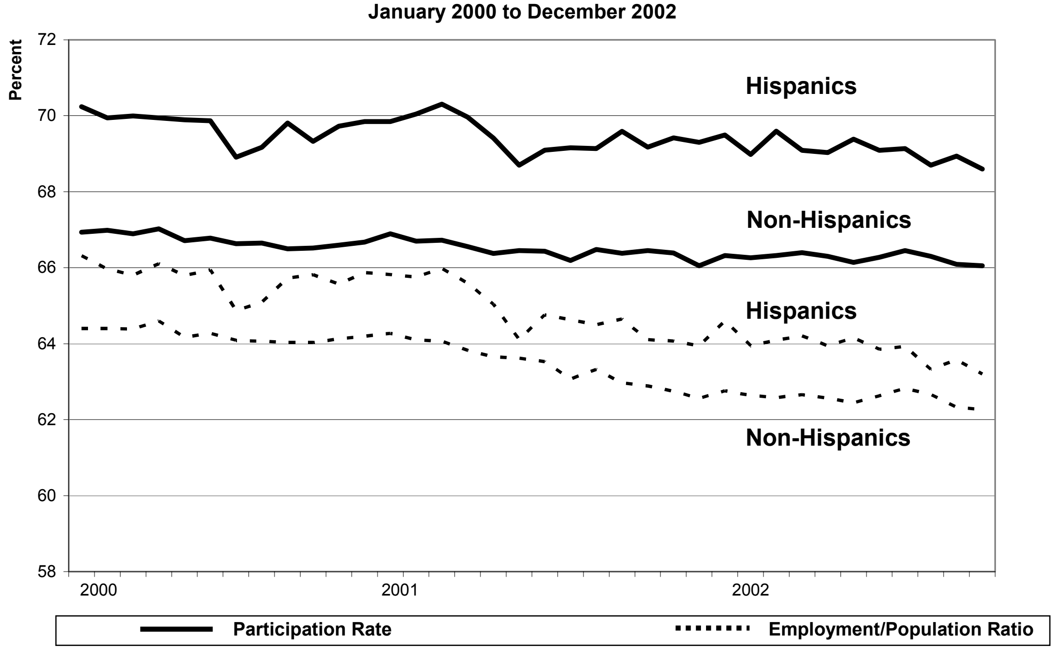
Despite the decline in the participation rate and the employment-to-population ratio, the rapid growth of the Hispanic population and labor force was sufficient to sustain an increase in the number of Hispanic workers with jobs. Thus, compared to January 2000, by December 2002 Hispanic employment was up 6.9 percent even as employment growth was reduced by the recession (Chart 3). Over this same time period, the growth in the non-Hispanic population and labor force was virtually nonexistent. Thus, the slowdown in employment growth translated into 1.0 percent reduction in the number of employed non-Hispanics. Note that in light of the trends in the Hispanic population and labor force, the increase in Latino employment is well below its *potential* for growth. The shortfall in employment below its potential level is perhaps more relevant for measuring the impact of the slowdown on Latinos. Estimates are provided in the following section.

Chart 1
Population (Age 16+) and Labor Force Growth for Hispanics and Non-Hispanics
January 2000 to December 2002



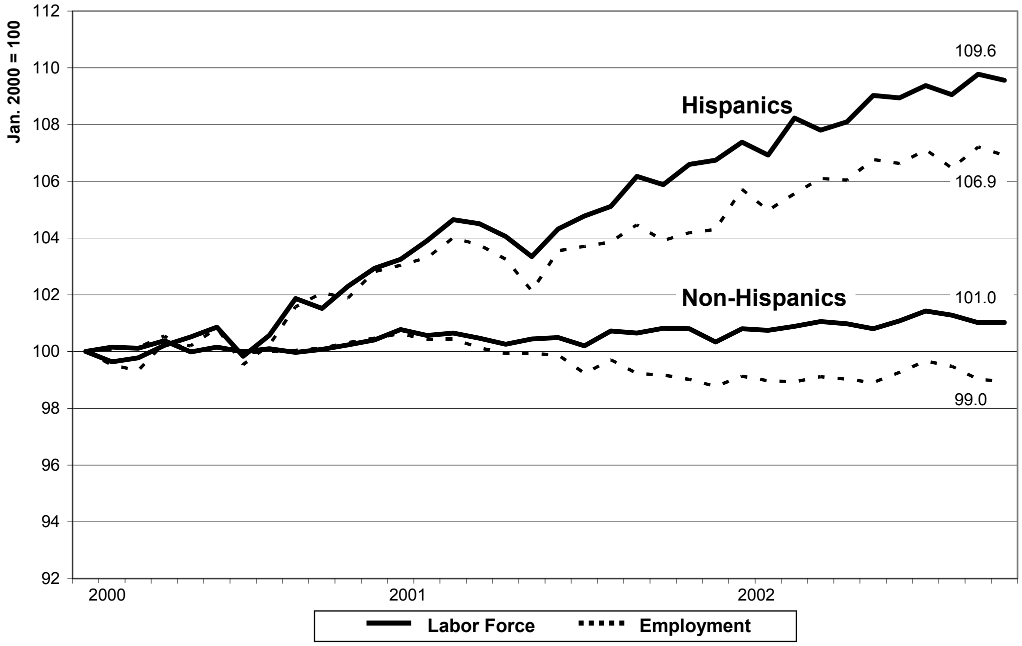
Source: Tabulated by the Pew Hispanic Center from seasonally adjusted monthly data published by the Bureau of Labor Statistics.

Chart 2
Labor Force Participation Rates and Employment/Population Ratios
for Hispanics and Non-Hispanics
January 2000 to December 2002



Source: Tabulated by the Pew Hispanic Center from seasonally adjusted monthly data published by the Bureau of Labor Statistics.

Chart 3
Labor Force and Employment Growth for Hispanics and Non-Hispanics
January 2000 to December 2002



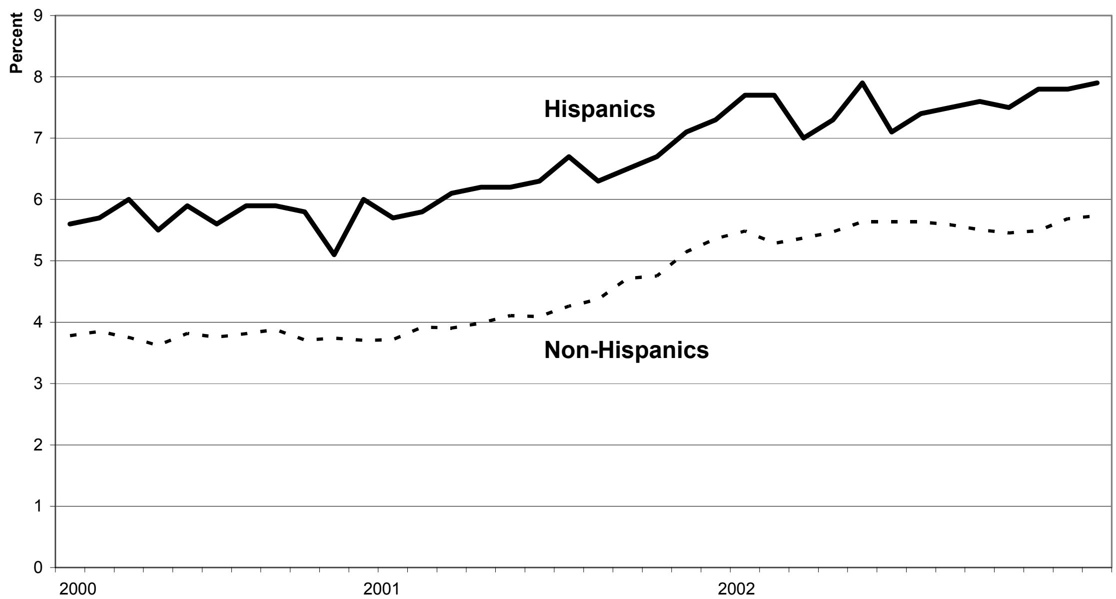
Source: Tabulated by the Pew Hispanic Center from seasonally adjusted monthly data published by the Bureau of Labor Statistics.

For both Hispanics and non-Hispanics, the gap between labor force and employment growth emerged at the beginning of 2001 (Chart 3). That gap, of course, is reflected in the increase in the unemployment rate with the start of the recession (Chart 4). The BLS data show that for Hispanics, the unemployment rate increased by 2.3 percentage points, from 5.6 percent in January 2000 to 7.9 percent in December 2002. The non-Hispanic unemployment rate increased from 3.8 percent to 5.7 percent, or by 1.9 percentage points, maintaining a favorable edge over the Hispanic rate by approximately 2 percentage points.

In summary, the official labor market indicators reveal that Hispanic and non-Hispanic workers were affected by the slowdown in broadly similar terms. For both racial/ethnic groups, the slowdown caused a reduction in the rate of growth of employment and an increase in the unemployment rate. There are, however, some quantitative differences. The number of employed Hispanics increased while employment among non-Hispanics declined. Moreover, compared to non-Hispanics, the unemployment rate for Hispanics increased by a greater amount, and the Hispanic labor force participation rate and the employment-to-population ratio fell by greater amounts over the slowdown.

More recent data released by the BLS show no improvement in the employment situation. The Hispanic unemployment rate reached a five-year high of 8.4 percent in June 2003. In the same month, the BLS data show that the non-Hispanic unemployment rate was 6.1 percent, its highest level in a decade. Since then, the unemployment rates have edged down a bit, standing at 7.8 percent for Hispanics and 5.8 percent for non-Hispanics in August 2003. Current trends in the number of employed Hispanics are also not encouraging. According to the BLS, the number of employed Hispanics in August 2003 was 58,000 less than its peak of 17.4 million in April 2003. This decline constitutes virtually the entire loss of 62,000 employed workers in the economy between April and August 2003.[7]

Chart 4
Unemployment Rate for Hispanics and Non-Hispanics
January 2000 to December 2002



Source: Tabulated by the Pew Hispanic Center from seasonally adjusted monthly data published by the Bureau of Labor Statistics.

Unfortunately, the published data and the tabulations that can be derived from that data do not enable a comparison of the Hispanic experience with the experiences of non-Hispanic Whites and non-Hispanic Blacks. Other detailed analyses of the slowdown's impact also require the preparation of original tabulations. Therefore, the remainder of this report is based on the Pew Hispanic Center's own analysis of the Current Population Survey data.[8]

3. Alternative Measures of the Impact of the Slowdown

Comparing employment at the beginning and end of a recession, or an economic slowdown, provides only a partial glimpse into its full effects. What if a recession had never happened and the labor force and employment had continued to grow at their trend rates? The answer to this question yields an alternative perspective on the effects of a recession. By projecting the labor force based on long-term trends, one can measure the employment that might have been obtained today in the absence of a recession. Suppose that employment at the beginning of a recession was 135 million, and had declined to 134 million by the end of the recession. The employment loss from the recession would then be recorded as 1 million workers in this hypothetical case. But in the absence of a recession, employment would have continued to grow upward from 135 million, say to 135.5 million, by the date on the calendar that marks the end of the recession. The difference between projected and actual employment, which one might term the employment gap, in the present hypothetical example equal to 1.5 million, presents a more comprehensive portrait of the effects of the recession. This principle can also be used to gauge the full effect of the recent economic slowdown, encompassing the 2001 recession and the subsequent recovery.

Using the fourth quarter of 2000 (2000:4) as the baseline, the Pew Hispanic Center projected employment for Hispanics and non-Hispanics to the fourth quarter of 2002 using three alternative scenarios. In the first (Projection 1), it is assumed that the participation rate and the unemployment rate remain fixed at the levels reached in 2000:4. For Hispanics, this scenario assumes that the rate of unemployment remains unchanged at 5.5 percent, instead of increasing to 7.6 percent. It also assumes that the participation rate is constant at 68.7 percent, instead of declining to 67.6 percent. For non-Hispanics, this scenario means that the unemployment rate does not climb from 3.5 percent to 5.3 percent, and the participation rate is unchanged at 67.1 percent, instead of falling to 66.5 percent.[9]

The second projection (Projection 2) assumes that the labor force and employment would have continued to grow from 2000:4 onward at the average rates established over the course of the thirty-year period from 1973 to 2002. This time period encompasses two lengthy expansions in addition to five recessions. The final projection (Projection 3) is based on the average rates of growth in the labor force and employment over the period of 1990–1999. The various growth rates, computed from monthly labor force data published by the BLS, are shown below in Table 1. The data indicate that the growth of the labor force and employment had slowed considerably for Hispanics and non-Hispanics alike in the 1990s as compared to long-run trends.

Table 1
Growth in Labor Force and Employment for Hispanics and Non-Hispanics

	Quarterly Percent Change		Annual Percent Change	
	1973–2002	**1990–1999**	**1973–2002**	**1990–1999**
Hispanics				
Population	0.89	0.86	3.63	3.50
Labor Force	1.02	0.88	4.16	3.56
Employment	1.00	0.92	4.07	3.74
Non-Hispanics				
Population	0.27	0.20	1.10	0.79
Labor Force	0.34	0.21	1.38	0.84
Employment	0.34	0.25	1.35	0.99

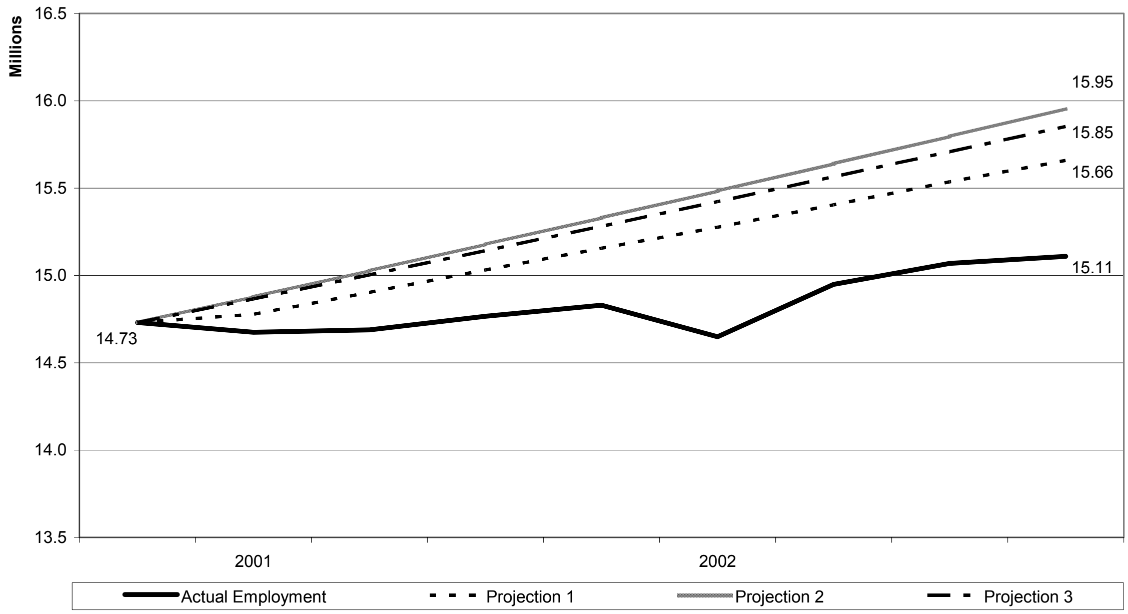
Source: Computed by the Pew Hispanic Center from seasonally adjusted monthly data published by the Bureau of Labor Statistics.

Note: The following months were excluded from the calculation of the average growth rates: March 1974, January 1980, January 1990, and January 2000. Doing so omitted the effect of technical revisions in the BLS time series, which led to upward spikes in the trends.

The outcomes of the three projections are shown in Charts 5(a) and 5(b). For both Hispanics and non-Hispanics, projected employment under any scenario is well in excess of actual employment in 2002:4. At the end of 2000, Latino employment stood at 14.73 million workers and increased to 15.11 million by the end of 2002.[10] Without the slowdown, it is estimated that Hispanic employment in 2002:4 would have been much higher, ranging from 15.66 million to 15.95 million workers. The first scenario, Projection 1, yields the most conservative estimate. It indicates that if the Hispanic participation and unemployment rates had remained frozen at 2000:4 levels, Hispanic employment at the end of 2002 would have been higher by more than 500,000 workers than the level it actually attained (Chart 6). In other words, from the fourth quarter of 2000 to the fourth quarter of 2002, Latino employment would have increased not just by 400,000 workers, as it actually did, but by 900,000 workers under the conditions assumed in the first scenario.

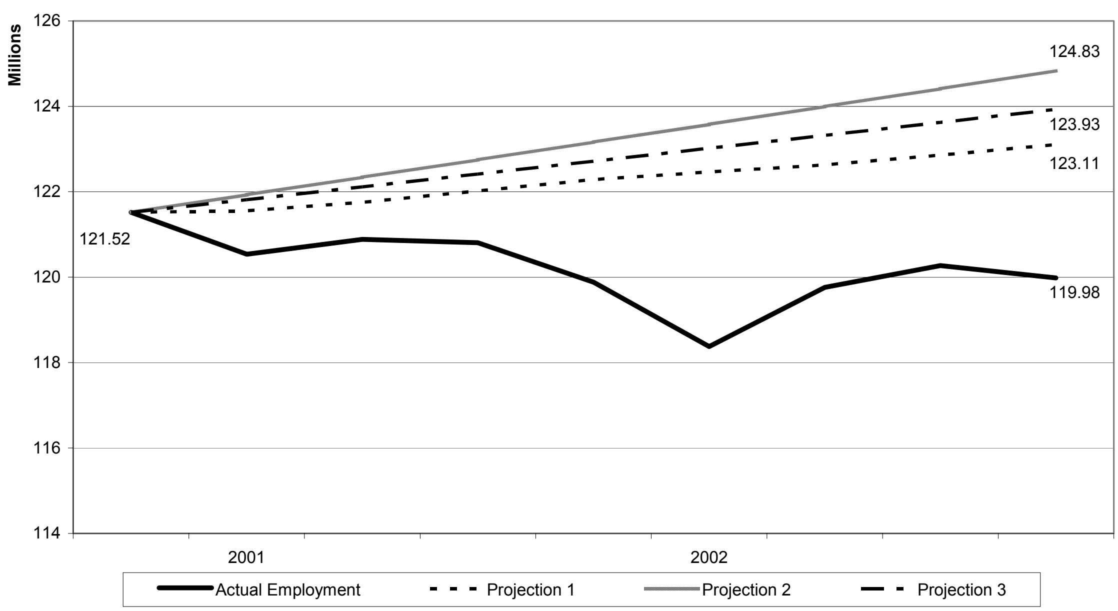
The other two projections suggest that Hispanic employment losses were possibly in the range of 750,000 to 850,000 workers, i.e., Latino employment could have increased by over 1 million workers, instead of just 400,000, between 2000:4 and 2002:4. Are the estimates of potential job loss derived from the second and third scenarios reasonable? As far as unemployment rates are concerned, Projection 2 leads to an increase in

Chart 5(a)
Actual and Projected Employment for Hispanics
Fourth Quarter, 2000 to Fourth Quarter, 2002



Source : Pew Hispanic Center

Chart 5(b)
Actual and Projected Employment for Non-Hispanics
Fourth Quarter, 2000 to Fourth Quarter, 2002

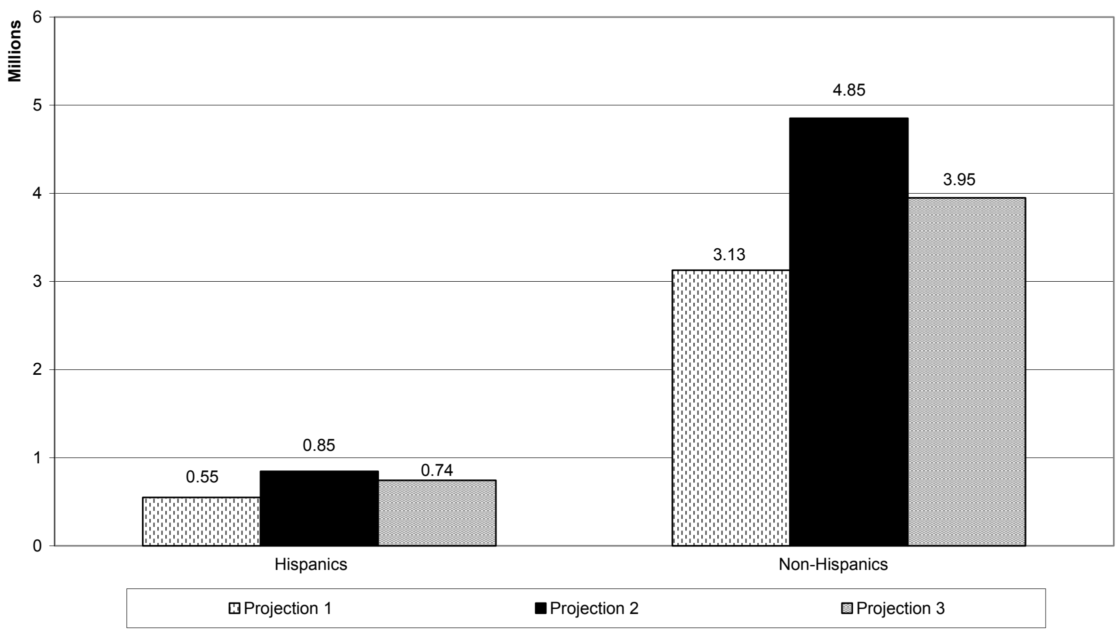


Source: Pew Hispanic Center

the Latino unemployment rate from 5.5 percent in 2000:4 to 5.7 percent in 2002:4. The Latino participation rate also increases from 68.7 percent in 2000:4 to 69.9 percent in 2002:4. While the latter may appear high, the Hispanic participation rate, as reported by the BLS, had hovered at that level prior to the 2001 recession. Projection 3 implies a slight reduction in the Hispanic unemployment rate to 5.2 percent and an increase in the participation rate to 69.1 percent by the end of 2002. Therefore, the estimates of job losses for Hispanics arising from the assumptions underlying the second and third scenario would appear to lie within reasonable parameters.

Similar conclusions also emerge from the employment projections for non-Hispanics. The actual number of employed non-Hispanics dropped from 121.52 million in 2000:4 to 119.98 million in 2002:4. However, the projected employment level for this group is in the range of 123.11 million to 124.83 million workers in 2002:4. This means that non-Hispanic employment losses lie within the range of 3.13 million to 4.85 million workers (Chart 6). With regard to unemployment rates, Projection 2 implies a slight increase in the non-Hispanic unemployment rate from 3.52 percent in 2000:4 to 3.56 percent in 2002:4. The non-Latino participation rate also increases from 67.1 percent in 2000:4 to 67.9 percent in 2002:4. Projection 3 leads to a small reduction in the non-Hispanic unemployment rate from 3.52 percent to 3.24 percent and an increase in the participation rate from 67.1 percent to 67.2 percent from 2000:4 to 2002:4. Once again, these estimates for the unemployment rate and the participation rate are not out of the realm of possibilities if the economy had continued to maintain a trend rate of growth. Therefore, the estimates of job loss for non-Hispanics would also appear to lie within reasonable boundaries.

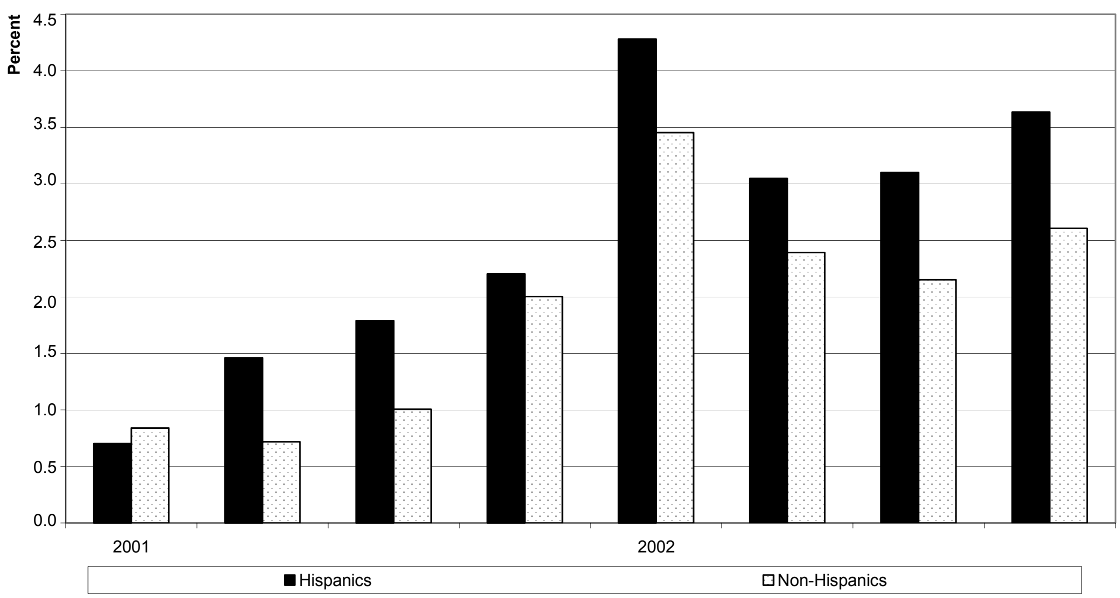
Chart 6
Projected Less Actual Employment for Hispanics and Non-Hispanics
Fourth Quarter, 2002



Source: Pew Hispanic Center

In absolute numbers, the potential employment losses estimated for non-Hispanics are much larger than Hispanic losses, but as a percentage of current employment, the losses suffered by Hispanics are higher. Using the most conservative of the three estimates of projected employment, namely the Projection 1 scenario, Chart 7 presents the gap between projected and actual employment in each of the eight calendar quarters in 2001 and 2002. In all but one quarter, Hispanic losses, when expressed as a percentage of Hispanic employment, exceed the employment shortfall experienced by non-Hispanics. The peak shortfall for both groups occurs in the first quarter of 2002, or just after the end of the recession. At that time, it is estimated that, if it were not for the recession, Hispanic employment would have been 4.3 percent higher than its actual level, and non-Hispanic employment would have been 3.5 percent higher. In absolute numbers, this translates into a loss in employment for over 600,000 Hispanic workers and over 4 million non-Hispanic workers by the end of the 2001 recession.

Chart 7
Employment Gap as a Percent of Actual Current Year Employment for Hispanics and Non-Hispanics
First Quarter, 2001 to Fourth Quarter, 2002



Source: Pew Hispanic Center

It is clear from these estimates that the increase in actual employment for Hispanic workers between 2000:4 and 2002:4 masks the true impact of the slowdown on Latinos. The apparent gains for Hispanics are a reflection of the demographic trends that have characterized the U.S. labor market in recent times, namely a rapidly growing number of Latino workers and a stagnant number of non-Hispanic workers. In fact, it is the case that both Hispanic and non-Hispanic workers were quite severely affected by the economic slowdown, and employment for both groups would have been substantially higher than its present level if not for the slowdown.

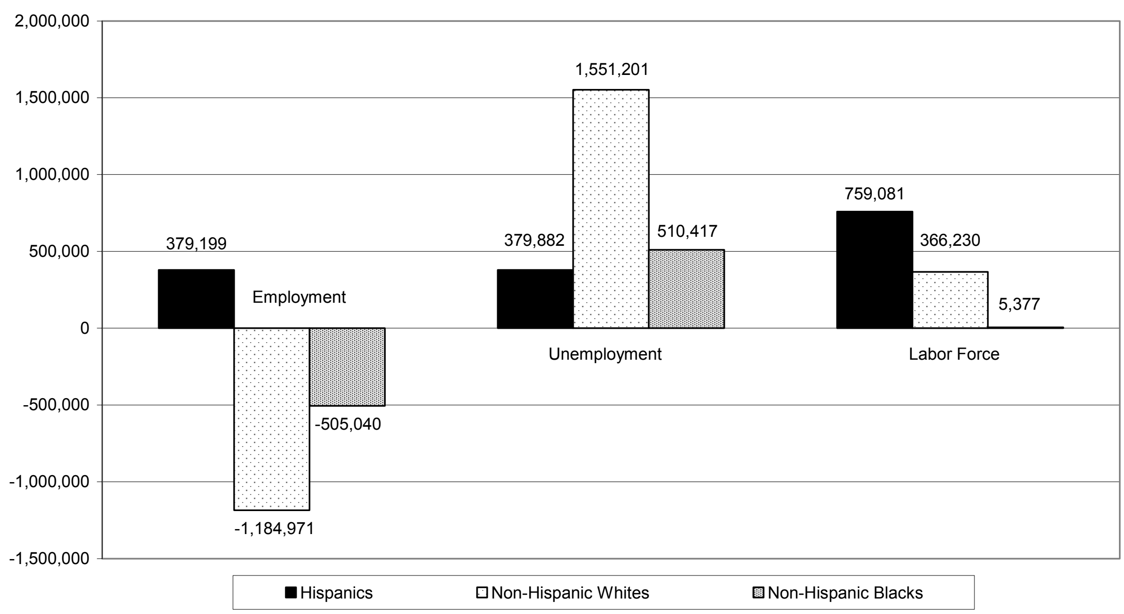
A question that arises is whether Hispanic and non-Hispanic employment is likely to return to the levels indicated by the long-run trends. In the periods following past recessions, it has typically been the case that employment has recovered fairly quickly to levels consistent with the long-run trends. At least in part, such recovery has been driven by the recall of workers to their old jobs as businesses that had laid off workers resumed normal operations.

However, there is emerging evidence that the 2001 recession and the subsequent recovery might be different. A recent study from the Federal Reserve Bank of New York concludes that the economy has been subject to significant structural change during the past two years, and employment levels will recover only as new jobs are created in different industries than in the past.[11] One of the implications of the study is that many jobs in sectors such as manufacturing, transportation, and communications may be gone for good. If that is the case, the road to recovery for Hispanic and non-Hispanic workers could be a lengthy one. The following sections examine the actual changes in employment and unemployment for Hispanic, non-Hispanic White, and non-Hispanic Black workers. The gains and losses for these workers by industry and occupation reveal the extent to which they have been subjected to structural change in the economy.

4. Changes in Employment and Unemployment

This section examines the actual changes in employment and unemployment for Hispanics, non-Hispanic Whites, and non-Hispanic Blacks from the fourth quarter of 2000 to the fourth quarter of 2002. In the two years since the final quarter of 2000, the number of employed Hispanics increased by 379,199. In the meantime, the Hispanic labor force shot up by 759,081 workers and the ranks of the Latino unemployed increased by 379,882 workers (Chart 8). Unemployment is also up for non-Hispanic Whites (1,551,201 additional unemployed) and non-Hispanic Blacks (510,417 additional unemployed). But, in contrast to Hispanics, employment levels for these two groups of workers in 2002:4 were still below the levels attained two years earlier. The count of employed non-Hispanic Whites is down 1,184,971 workers and that of non-Hispanic Blacks is down by 505,040 workers. Also, while the Latino labor force grew considerably, the size of the non-Hispanic labor force was virtually unchanged, increasing by only 366,230 (from a base of over 100 million) for non-Hispanic Whites and by 5,377 for non-Hispanic Blacks.

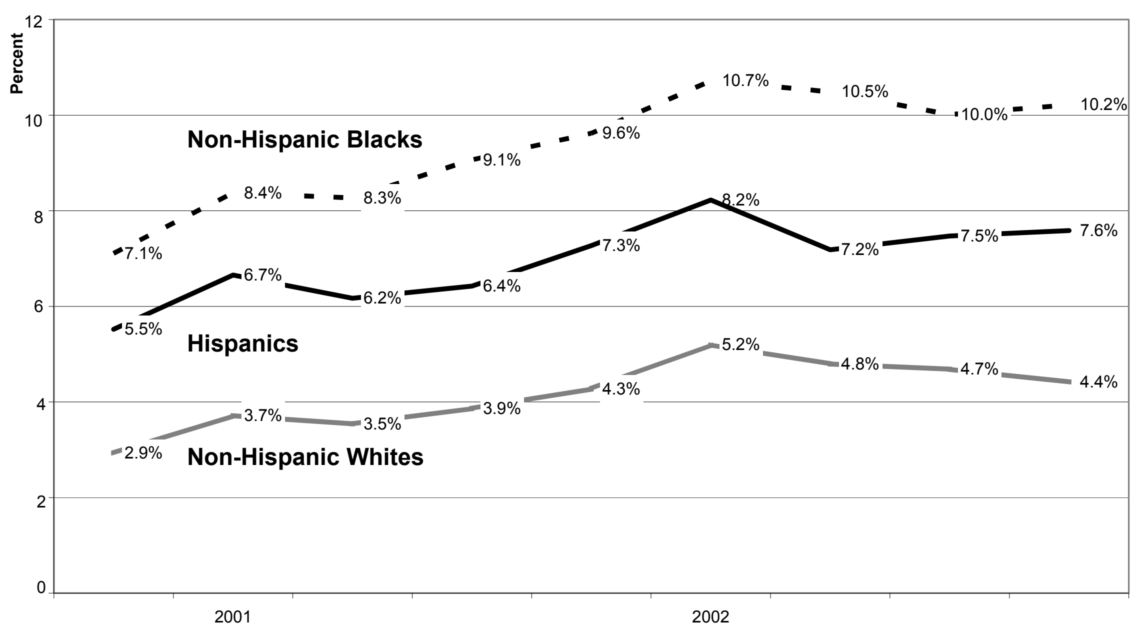
Chart 8
Changes in Employment, Unemployment, and Labor Force for Hispanics and Non-Hispanics
Fourth Quarter, 2000 to Fourth Quarter, 2002



Source: Pew Hispanic Center

Looking merely at the change in the numbers of employed and unemployed workers conceals some of the similarities in the experiences of Latinos and non-Latino Whites and Blacks for the duration of the slowdown. The unemployment rate for all groups began to pick up at the end of 2000. By the start of the recession in 2001, the Latino unemployment rate was 6.7 percent, or 3 percentage points higher than the unemployment rate of 3.7 percent for non-Hispanic Whites (Chart 9). This gap in favor of Whites remained virtually unchanged through the course of the recession and the subsequent year. By the end of 2002, the Latino unemployment rate was 7.6 percent, compared to 4.4 percent for Whites. The unemployment rate for non-Hispanic Blacks — 8.4 percent in the first quarter of 2001 — increased and decreased in tandem with the rates for the other groups. However, the inclines were somewhat steeper and the declines somewhat flatter for Blacks. As a result, the non-Hispanic Blacks' unemployment rate now exceeds the rates for non-Hispanic Whites and Latinos by 5.8 and 2.6 percentage points, respectively. The corresponding gaps in the first quarter of 2001 were 4.7 and 1.7 percentage points in favor of non-Hispanic Whites and Latinos.

Chart 9
Unemployment Rate for Hispanics and Non-Hispanics
Fourth Quarter, 2000 to Fourth Quarter, 2002

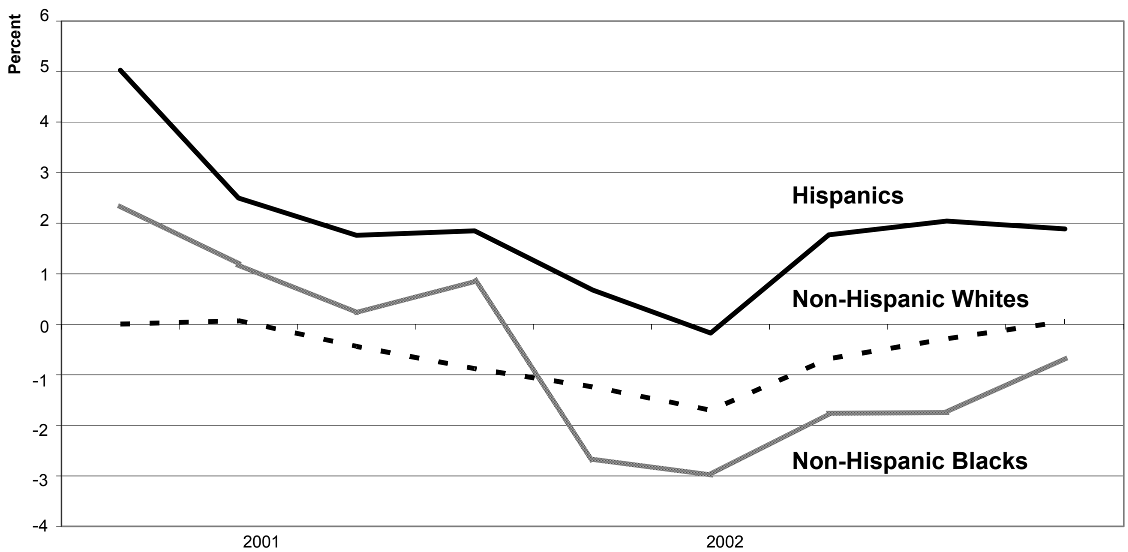


Source: Pew Hispanic Center

Increases in unemployment are mirrored in the reduction in employment growth for all racial/ethnic groups. Hispanic employment in the fourth quarter of 2000 was 5 percent higher than the fourth quarter of 1999 (Chart 10). Following the recession, the annual rate of growth in employment for Hispanics had dropped to just under 0 percent in the first quarter of 2002. Thereafter, the growth rate recovered, reaching nearly 2 percent in 2002:4.[12] This employment growth rate is still well below that attained prior to the recession. Simultaneously, growth in the Hispanic labor force also declined with the recession, but it continued to outstrip the growth in employment, as it never fell below an annual growth rate of 1.5 percent (Chart 11).

The same pattern of decline followed by a rebound is evident in the measures of the labor force and employment for non-Hispanic Whites. A key difference, however, is that the growth rate in both variables for non-Hispanic Whites at the beginning of 2001 was near 0 percent. Starting from this base, the downturn caused by the recession meant that employment growth for Whites turned negative reaching a low point of nearly -2 percent at the end of 2002. At the end of the recession, the employment growth rate had recovered to its pre-recession level of 0 percent. The rate of growth in the labor force for Whites continued to linger in the neighborhood of zero through the end of 2002. In summary, the recession caused the rates of growth in employment for both Hispanic and non-Hispanic White workers to drop below their pre-recession levels. While the growth rate for non-Hispanic Whites has returned to its pre-recession levels, the growth in employment for Latino workers is still well below the rate attained prior to the recession.

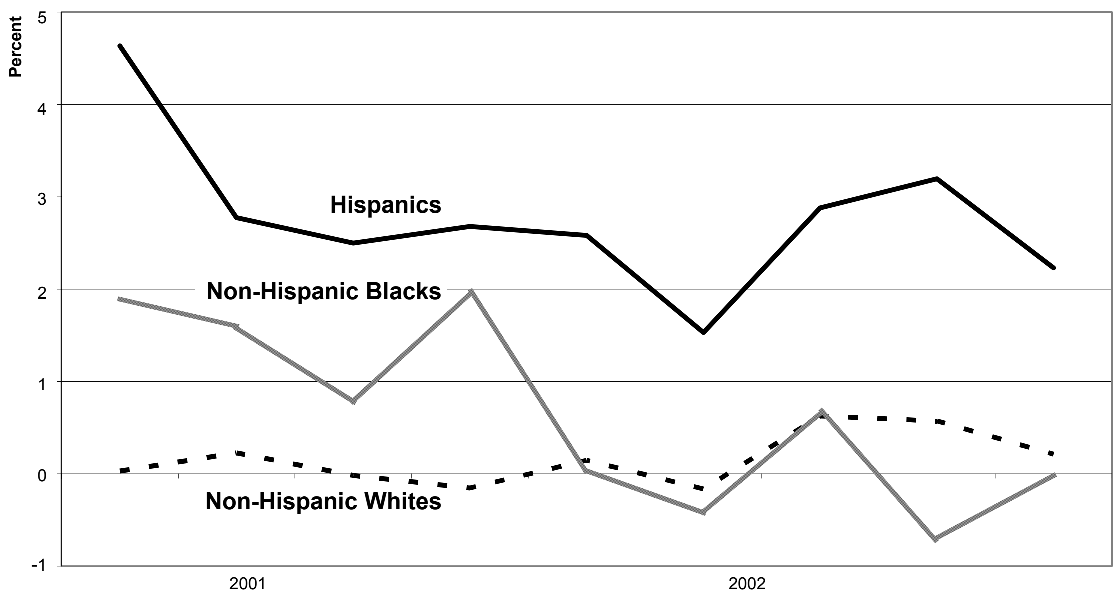
Chart 10
Percentage Change Over the Same Quarter Last Year in Employment for Hispanics and Non-Hispanics
Fourth Quarter, 2000 to Fourth Quarter, 2002



Source: Pew Hispanic Center

With the onset of the recession, the slowdown in employment growth was most severe for non-Hispanic Blacks, dropping from over 2 percent at the end of 2000 to -3 percent by the end of 2001 (Chart 10). At the same time, the growth in the non-Hispanic Black labor force also fell from 2 percent to under 0 percent. As is the case for Hispanics and non-Hispanic Whites, a rebound is underway for this group of workers. However, the recovery for non-Hispanic Blacks is proceeding at a slower pace and employment growth remains in the negative region.

Chart 11
Percentage Change Over the Same Quarter Last Year in the Labor Force for Hispanics and Non-Hispanics
Fourth Quarter, 2000 to Fourth Quarter, 2002



Source: Pew Hispanic Center

5. Gains and Losses by Industry

This section examines the changes in employment of Latinos and non-Latino Whites and Blacks by industry between the fourth quarters of 2000 and 2002. The following section analyzes changes in employment by occupation. Such breakdowns are important to consider because overall changes in employment are composed of a mix of gains and losses across industries and occupations, and they reveal the extent to which the various racial/ethnic groups were subject to the common forces of structural change in the economy. With respect to industries, several, most notably manufacturing, have been on the decline for over a decade, while other industries, mostly in the services sector, have increased their importance in the economy. These trends, which continued through the slowdown, are evident in Table 2, which shows the change in employment for Hispanics, non-Hispanic Whites, and non-Hispanic Blacks by major industry between the fourth quarters of 2000 and 2002.

All workers, regardless of race/ethnicity, lost a large number of jobs in both durable goods and nondurable goods manufacturing. In the two major manufacturing sectors combined, 211,921 fewer Hispanic workers were employed in 2002:4 than in 2000:4. Over the same period, 1,352,478 non-Hispanic Whites and 245,047 non-Hispanic Blacks also exited from manufacturing. These losses were significant both in absolute and percentage terms for all groups of workers. Other principal areas of job loss for all workers were transportation, communications, and wholesale trade. An additional 122,831 Hispanic workers also suffered job losses in the personal services (excluding private household services) industry.

Table 2

Change in Employment of Hispanics and Non-Hispanics by Industry
Fourth Quarter, 2000 to Fourth Quarter, 2002

	Change in Employment			Percent Change in Employment		
	Hispanics	Non-Hispanics		Hispanics	Non-Hispanics	
Industry		Whites	Blacks		Whites	Blacks
Manufacturing–Durable Goods	-48,621	-875,010	-160,688	-4.0	-9.7	-14.8
Manufacturing–Nondurable Goods	-163,300	-477,468	-84,359	-13.7	-9.2	-9.4
Construction	166,181	-119,783	-39,432	11.4	-1.6	-6.3
Transportation	-72,481	-127,130	-15,790	-10.8	-3.0	-1.5
Communications	-21,963	-92,739	-76,210	-12.7	-6.3	-23.2
Utilities and Sanitary Services	2,502	116,400	35,583	2.6	10.5	21.8
Wholesale Trade	-64,835	-687,582	-98,935	-10.0	-16.0	-24.6
Retail Trade	177,798	-32,521	20,395	6.3	-0.2	0.9
Finance, Insurance, and Real Estate	55,380	400,713	-104,021	8.9	6.0	-11.4
Private Household Services	-13,550	79,578	-3,899	-4.8	19.9	-3.5
Personal Services, exc. Private	-122,831	-57,232	-2,987	-19.2	-2.5	-0.6
Business and Auto Repair Services	159,994	-706,712	-42,623	14.8	-9.8	-3.5
Entertainment and Recreation	30,854	212,483	-19,930	12.6	11.5	-8.0
Hospitals and Medical Services	92,958	641,830	63,854	10.3	7.7	3.3
Educational Services	134,545	317,007	103,197	16.1	3.5	8.6
Social Services	43,193	-223,984	49,790	13.0	-9.0	7.6
Other Professional Services	29,156	71,220	- 108,702	8.4	1.3	-21.0
Public Administration	14,861	183,125	-24,374	3.4	4.4	-2.4
Other	-20,640	192,835	4,093	-2.9	6.7	2.8
Total	379,201	-1,184,970	-505,038	2.6	-1.2	-3.3

Source: Pew Hispanic Center

Note: The total changes in employment reported in the table differ slightly from the numbers shown in Chart 8 because some individuals in the CPS sample have missing data on major industry codes. Missing observations can affect estimates of the total number employed and unemployed.

Employment gains for most workers tended to be in the service-sector industries. Finance, insurance, and real estate (FIRE), entertainment and recreation, hospital and medical services, and educational services were important contributors to job gains for Hispanics and non-Hispanic Whites. The experience of non-Hispanic Blacks cut against the grain in the services sector, unlike other groups, as they registered job losses in FIRE, entertainment and recreation, and other professional services. The Hispanic experience in construction, and business and auto repair services is unique in the sense that Latinos gained jobs in these industries whereas both non-Hispanic Whites and Blacks lost jobs. But while construction produced the second largest employment gain for Latinos in absolute numbers, it was numerically a less significant source of loss for non-Hispanic Whites and Blacks, who suffered greater losses in several other industries. One of those industries is business and auto repair services, which proved to be a major source of job loss — a decline of 706,712 workers employed — for non-Hispanic Whites.

It is important to note, however, that Latino gains and non-Latino losses in the aforementioned industries did not occur in the same regions. It is shown in section 7 below that Hispanic employment in construction and business and auto repair services went up principally in the West, while non-Hispanic Whites and Blacks lost employment in these industries mostly in the Midwest. There are also some industries — private household services and others (including agriculture, forestry and fisheries, and mining) — in which non-Hispanic Whites gained jobs, while Hispanic employment declined.

With some exceptions, the data on job loss by major industries reveal that Hispanics and non-Hispanics tended to gain and lose jobs in the same industries over the course of the slowdown. To confirm this impression, the Pew Hispanic Center tabulated changes in employment for Hispanics, non-Hispanic Whites, and non-Hispanic Blacks in each of the fifty-one detailed industries listed in the household survey data. The tabulations show that in thirty-two of the fifty-one industries, both Hispanics and non-Hispanic Whites either lost or gained employment simultaneously (Table 3). There were eleven industries in which Hispanic employment went up, while the employment of non-Hispanic Whites decreased. Conversely, there were eight industries in which Hispanics lost jobs even as non-Hispanic White workers increased in number.

Industries were then ranked according to the change in employment for Hispanics, and then again, according to change in employment for non-Hispanic Whites. If the economic slowdown led to job losses and gains for Hispanics and non-Hispanic Whites in the same industries, one would expect to find a fair degree of coincidence in the two sets of ranks. In other words, an industry that ranked high in employment gains for Hispanics should also rank high in employment gains for non-Hispanic Whites. The same should be true of industries that led to job losses for Latinos and non-Latino Whites. Statistically, the relationship between the two sets of ranks can be summarized by the correlation coefficient. A positive value for the correlation coefficient would imply that employment gains and losses for Hispanics and non-Hispanic Whites are generally taking place in the same industries. In the present context, the correlation between the industry ranks for Latinos and non-Latino Whites was estimated to be 0.32, both positive and significant.[13] That is statistical confirmation of the observation that the slowdown tended to generate job losses and gains for the two groups of workers in the same industries.

Table 3

Number of Industries with Increases or Decreases in the Employment of Hispanics, Non–Hispanic Whites, and Non–Hispanic Blacks Fourth Quarter, 2000 to Fourth Quarter, 2002

	Hispanic Employment	
	Increase	Decrease
Non-Hispanic White Employment		
Increase	12	8
Decrease	11	20
Non-Hispanic Black Employment		
Increase	9	10
Decrease	14	18

Source: Pew Hispanic Center

Note: The industries referenced in this table are the fifty-one detailed two-digit industries classified in the Current Population Survey.

Table 3 also shows that Hispanics and non-Hispanic Blacks either lost or gained employment simultaneously in twenty-seven of fifty-one industries. There were fourteen industries in which Hispanic employment increased while the employment of non-Hispanic Blacks decreased, and ten industries in which the opposite happened. Industries were then ranked, based first on the change in employment for Hispanics, and then again, based on the change in employment for non-Hispanic Blacks. The correlation among these ranks was estimated to be 0.14, not as large as the rank correlation reported above for Hispanics and non-Hispanic Whites, but confirmation again that the slowdown generated job losses and gains for Latinos and non-Latino Blacks generally in the same industries.

Furthermore, the Pew Hispanic Center tabulated the change in Hispanic employment in the ten industries responsible for the largest gains and losses for Latino workers.[14] The ten industries with the largest gains for Latinos yielded employment for an additional 925,802 Hispanics between 2000:4 and 2002:4 (Table 4[a]). These industries were also beneficial for non-Hispanic Whites, netting jobs for an additional 479,014 workers. The ten industries responsible for dropping the largest numbers of Hispanics — a total of 569,160 Latino workers — were also not kind to the other workers, as employment for non-Hispanic Whites in those industries decreased by 1,506,544 workers. Detailed industries were also sorted by their importance to non-Hispanic Whites with respect to employment change.[15] The ten industries with the highest employment gain for non-Hispanic Whites yielded work for an additional 2,303,084 Whites and 298,765 more Hispanics. The concentration of employment losses for non-Hispanic Whites was also high, with 2,975,178 Whites losing jobs in ten industries alone. The Hispanic experience in these industries was the reverse, as the employment of Latinos went up 306,056 workers. This gain, however, is only a small proportion — 10.3 percent — of the loss for non-Hispanic Whites. Job losses for both Hispanics and non-Hispanic Whites appear fairly well scattered across the remaining thirty-one industries. The data in Table 4(a) attest to the fact that the vast majority of Hispanic gains in employment are associated with an increase in the employment of non-Hispanic Whites.

Table 4(a)

Concentration of Employment Gains and Losses for Hispanics and Non-Hispanic Whites by Industry Fourth Quarter, 2000 to Fourth Quarter, 2002

Industry Groups	Change in Employment: Hispanics	Change in Employment: Non-Hispanic Whites
Top ten gainers for Hispanics	925,802	479,014
Top ten losers for Hispanics	-569,160	-1,506,544
Other industries	22,560	-157,435
Total	379,202	-1,184,965
Top ten gainers for Non-Hispanic Whites	298,765	2,303,084
Top ten losers for Non-Hispanic Whites	306,056	-2,975,178
Other industries	-225,619	-512,871
Total	379,202	-1,184,965

Source: Pew Hispanic Center

Note: The total changes in employment reported in the table differ slightly from the numbers shown in earlier charts and tables because some individuals in the CPS sample have missing data on detailed industry codes. Missing observations can affect estimates of the total number employed and unemployed.

Table 4(b) replicates the above for Hispanics and non-Hispanic Blacks. The ten industries with the largest gains for Latinos also provided employment for an additional 144,129 non-Hispanic Blacks between 2000:4 and 2002:4. The ten industries responsible for dropping the largest numbers of Hispanics also eliminated 311,089 non-Hispanic Black workers. When sorted by their importance to non-Hispanic Blacks with respect to employment change, it is found that 400,127 non-Hispanic Blacks gained employment in ten industries alone accompanied by 462,247 more Hispanic workers. The concentration of employment losses for non-Hispanic Blacks was also notable, with 662,949 of those workers losing jobs in ten industries alone.[16] The Hispanic experience in these industries was the reverse, as the employment of Latinos went up 328,660 workers. This contrast in experience, however, is an exception to the principal lesson that emerges from Table 4(b), namely, the largest gains in Hispanic employment are correlated with job gains for non-Hispanic Blacks.

Table 4(b)
Concentration of Employment Gains and Losses for Hispanics and Non-Hispanic Blacks by Industry Fourth Quarter, 2000 to Fourth Quarter, 2002

Industry Groups	Change in Employment: Hispanics	Change in Employment: Non-Hispanic Blacks
Top ten gainers for Hispanics	925,802	144,129
Top ten losers for Hispanics	-569,160	-311,089
Other industries	22,560	-338,081
Total	379,202	-505,041
Top ten gainers for Non-Hispanic Blacks	462,247	400,127
Top ten losers for Non-Hispanic Blacks	328,660	-662,949
Other industries	-411,705	-242,219
Total	379,202	-505,041

Source: Pew Hispanic Center

Note: The total changes in employment reported in the table differ slightly from the numbers shown in other charts and tables because some individuals in the CPS sample have missing data on detailed industry codes. Missing observations can affect estimates of the total number employed and unemployed.

6. Gains and Losses by Occupation

As is the case with industries, the general pattern of employment gains and losses across occupations also looks similar for Hispanics and other groups. Hispanics increased their employment by 305,935 workers in executive, administrative, and managerial, and professional specialty occupations. These two occupational categories, generally regarded as among the more skilled ones, were also the source of increased employment for non-Hispanic Whites (an increase of 223,940 workers) and non-Hispanic Blacks (an increase of 146,318 workers). Hispanics also registered notable gains in employment — a total of 252,382 workers — in precision production, craft, and repair occupations, and service occupations (excluding protective and private household). The move toward more skilled occupations, at least in part, is a reflection of two other trends: the Hispanic and non-Hispanic labor forces becoming more educated and growing older between the fourth quarters of 2000 and 2002. In particular, there was double-digit growth in the number of Hispanics in the labor force with either a college degree or a graduate degree. The evidence on these trends is presented in section 8 below.

Table 5

Change in Employment for Hispanics and Non-Hispanics by Occupation
Fourth Quarter, 2000 to Fourth Quarter, 2002

Occupation	Change in Employment			Percent Change in Employment		
	Hispanics	Non-Hispanics		Hispanics	Non-Hispanics	
		Whites	Blacks		Whites	Blacks
Executive, Administrative, and Managerial	164,392	179,603	49,985	15.5	1.1	3.5
Professional Specialty Occupations	141,543	44,337	96,333	14.4	0.3	5.4
Technicians and Related Support	2,804	215,651	-42,218	0.9	6.6	-8.4
Sales Occupations	50,266	-399,785	-92,972	3.7	-3.1	-6.2
Administrative Support	-28,309	-649,938	-250,849	-1.5	-4.8	-9.6
Private Household Occupations	-9,112	62,246	-3,105	-3.4	18.1	-3.3
Protective Service Occupations	40,536	163,216	57,160	19.6	10.2	11.9
Other Service Occupations	95,956	302,299	-15,983	3.8	3.3	-0.6
Precision Production, Craft, and Repair	156,426	-596,225	-151,021	7.5	-5.4	-12.8
Machine Operators, Assemblers, etc.	-289,727	-556,343	-132,061	-19.7	-12.6	-12.6
Transportation and Material Moving	64,931	9,698	-7,131	9.3	0.2	-0.8
Handlers, Equipment Cleaners, etc.	-18,699	-160,964	-7,503	-1.6	-4.8	-1.0
Farming, Forestry, and Fishing	8,191	201,232	-5,675	1.2	9.0	-3.5
Total	379,198	-1,184,973	-505,040	2.6	-1.2	-3.3

Source: Pew Hispanic Center

Note: The total changes in employment reported in the table may differ slightly from the numbers shown in other charts and tables because some individuals in the CPS sample have missing data on major occupation codes. Missing observations can affect estimates of the total number employed and unemployed.

Table 5 also shows that, but for two exceptions, namely, sales occupations, and precision production, craft, and repair occupations, Hispanic gains are coincidental with gains in employment for non-Hispanic Whites. In the case of private household occupations, increases in employment for non-Hispanic Whites are in contrast to losses for both Hispanics and non-Hispanic Blacks. Losses for non-Hispanic Blacks are generally more widespread and appear even in occupations in which both Hispanics and non-Hispanic Whites gained jobs.

A more detailed analysis of occupations reveals that Hispanics and non-Hispanic Whites gained or lost employment coincidentally in twenty-seven of the forty-five occupations classified in the household survey data (Table 6). There are fourteen occupations in which Hispanic employment increased even as non-Hispanic Whites were exiting, and four occupations in which the reverse occurred. The detailed occupations were then ranked, based first on the change in employment for Hispanics, and then again, based on the change in employment for non-Hispanic Whites. The correlation among these ranks was estimated as 0.19, positive as in the case of industries, but reduced in size and significance. Nonetheless, it statistically verifies that the economic slowdown has tended to create and take away opportunities for Latinos and non-Latinos in the same occupations.

Table 6 also shows that there are twenty-seven occupations in which Hispanics and non-Hispanic Blacks saw their employment increase or decrease simultaneously. In addition, there are sixteen occupations in which Hispanic employment increased while that of non-Hispanic Blacks decreased, and two occupations in which the opposite happened. The detailed occupations were then ranked, based first on the change in employment for Hispanics, and then again, based on the change in employment for non-Hispanic Blacks. The correlation among these ranks was estimated to be 0.34, larger and more significant than in the case of industries. Again, this is verification of the general pattern observed in the data, that is, the economic slowdown created and destroyed opportunities for Latinos and non-Latino Blacks mostly in the same occupations.

Table 6
Number of Occupations with Increases or Decreases in the Employment of Hispanics, Non-Hispanic Whites, and Non-Hispanic Blacks
Fourth Quarter, 2000 to Fourth Quarter, 2002

	Hispanic Employment	
	Increase	Decrease
Non-Hispanic White Employment		
Increase	15	4
Decrease	14	12
Non-Hispanic Black Employment		
Increase	13	2
Decrease	16	14

Source: Pew Hispanic Center

Note: The occupations referenced in this table are the forty-five detailed two-digit occupations classified in the CPS.

Focusing on the ten occupations with the largest increases and decreases in employment for Hispanics and non-Hispanic Whites again reveals the common threads in the experiences of the two groups.[17,18] The ten occupations in which Hispanics lost the most employment — a total of 522,994 workers — were also responsible for the loss in employment of 1,100,268 non-Hispanic Whites (Table 7[a]). The top ten occupations that combined to generate an increase of 700,896 Hispanic workers were of little consequence to non-Hispanic White workers, as employment for those workers was down by only 6,748 persons. In the remaining twenty-five occupations, Hispanic employment was up 201,300, while non-Hispanic White employment was down 77,958. These data show that the overwhelming number of occupational employment gains for Hispanics are correlated with minimal losses for Whites, and large losses for Hispanics are correlated with the same for non-Hispanic Whites. When attention is focused on the ten occupations with the largest gains for non-Hispanic Whites, Table 7(a) shows that an employment gain of 1,231,937 for non-Hispanic Whites was matched by an increase of 140,636 in the ranks of Hispanic workers. Similarly, the ten occupations with the largest concentration of employment losses for non-Hispanic Whites (2,104,074 workers) were also witness to a loss in work for 367,057 Hispanics.

The correlation between job losses and gains is also found to have occurred in the case of Hispanics compared to non-Hispanic Blacks.[19] The ten occupations that combined to generate an increase of 700,896 Hispanic workers also made room for an additional 86,213 non-Hispanic Black workers between 2000:4 and 2002:4 (Table 7[b]). At the same time, the ten occupations that were the most important to non-Hispanic Blacks from the point of view of job gains yielded work for 323,333 more non-Hispanic Blacks, as well as 357,028 more Hispanic workers. The data in Table 7(b) suggest that the majority of occupational employment gains for Hispanics are correlated with employment gains for non-Hispanic Blacks, and that losses for the two groups also tended to run together in the same occupations.

Table 7(a)

Concentration of Employment Gains and Losses for Hispanics and Non-Hispanic Whites by Occupation Fourth Quarter, 2000 to Fourth Quarter, 2002

Occupation Groups	Change in Employment: Hispanics	Change in Employment: Non-Hispanic Whites
Top ten gainers for Hispanics	700,896	-6,748
Top ten losers for Hispanics	-522,994	-1,100,268
Other occupations	201,300	-77,958
Total	379,202	-1,184,974
Top ten gainers for Non-Hispanic Whites	140,636	1,231,937
Top ten losers for Non-Hispanic Whites	-367,057	-2,104,074
Other occupations	605,623	-312,837
Total	379,202	-1,184,974

Source: Pew Hispanic Center

Note: The total changes in employment reported in the table differ slightly from the numbers shown in other charts and tables because some individuals in the CPS sample have missing data on detailed occupation codes. Missing observations can affect estimates of the total number employed and unemployed.

Table 7(b)

Concentration of Employment Gains and Losses for Hispanics and Non-Hispanic Blacks by Occupation Fourth Quarter, 2000 to Fourth Quarter, 2002

Occupation Groups	Change in Employment: Hispanics	Change in Employment: Non-Hispanic Blacks
Top ten gainers for Hispanics	700,896	86,213
Top ten losers for Hispanics	-522,994	-297,210
Other occupations	201,300	-294,042
Total	379,202	-505,039
Top ten gainers for Non-Hispanic Blacks	357,028	323,333
Top ten losers for Non-Hispanic Blacks	-115,655	-625,456
Other occupations	137,829	-202,916
Total	379,202	-505,039

Source: Pew Hispanic Center

Note: The total changes in employment reported in the table differ slightly from the numbers shown in other charts and tables because some individuals in the CPS sample have missing data on detailed occupation codes. Missing observations can affect estimates of the total number employed and unemployed.

7. Regional Variations in Employment Trends

Are there regions in which Hispanics and non-Hispanics fared particularly well or poorly over the course of the recession and the slow recovery thereafter? Pew Hispanic Center estimates show that Hispanics found a disproportionate number of job opportunities in the Midwest, and non-Hispanic Whites, counter to their trend in the rest of the country, registered gains in employment in the Northeast. Non-Hispanic Blacks suffered through declining employment in all regions, but their losses in the South were surprisingly light in view of their representation in that region. Overall, a deeper look into the distribution of gains and losses by region and industry reveals diversity in the experiences of Hispanic and non-Hispanic groups.

Table 8
Labor Force Distribution and Employment Change for Hispanics and Non-Hispanics by Region Fourth Quarter, 2000 to Fourth Quarter, 2002

	Labor Force Distribution		Change in Employment	
	2000:4	2002:4	2000:4 to 2002:4	
	Percent	Percent	Number	Percent
Hispanics				
Midwest	7.9	8.7	155,683	41.1
Northeast	12.9	13.0	41,262	10.9
South	36.4	35.8	63,463	16.7
West	42.9	42.5	118,791	31.3
Total	100.0	100.0	379,199	100.0
Non-Hispanic Whites				
Midwest	27.7	27.5	-458,065	-38.7
Northeast	19.8	20.1	2,170	0.2
South	32.5	32.1	-625,654	-52.8
West	20.0	20.2	-103,421	-8.7
Total	100.0	100.0	-1,184,970	-100.0
Non-Hispanic Blacks				
Midwest	18.5	17.9	-192,861	-38.2
Northeast	16.9	16.3	-159,513	-31.6
South	55.4	56.7	-62,641	-12.4
West	9.2	9.0	-90,024	-17.8
Total	100.0	100.0	-505,039	-100.0

Source: Pew Hispanic Center

Note: Reflecting the overall decrease in their employment, the percent change in employment for non-Hispanic Whites and non-Hispanic Blacks is defined to sum to -100 percent.

In the final quarter of 2002, Hispanic workers were, as always, concentrated in the South and West, and only 8.7 percent of the Hispanic labor force was situated in the Midwest. This was slightly higher than the 7.9 percent share of this region in the Hispanic labor force in the closing quarter of 2000. And yet, as shown in Table 8, the Midwest was responsible for 41.1 percent of the net gain in Hispanic employment in this two-year period.

There is no obvious explanation for why Hispanic workers fared so well in the Midwest. The answer instead is to be found in the cumulative effect of a series of gains and losses by industry. For Hispanics, the biggest absolute reductions in employment took place in nondurable goods manufacturing, personal services (excluding private household), transportation, and wholesale trade (Table 2 and Table 9). In two of these industries — nondurable goods manufacturing and transportation — Hispanic losses in the Midwest were below expectation. For example, the Midwest accounted for 11.3 percent of Hispanic employment in nondurable goods manufacturing in 2000:4, but only 3.8 percent of total Hispanic losses in this industry originated in the Midwest (Table 9). In personal services (excluding private household), Hispanic losses in the Midwest were higher than what might have been expected based on the proportion of Latinos in this industry and located in that region. Finally, in contrast to the other regions, Hispanic employment in the wholesale trade industry in the Midwest increased between the fourth quarters of 2000 and 2002.

With respect to job gains, the key industries for Hispanics were construction, retail trade, business and auto repair services, educational services, and hospital and medical services. Of these, the retail trade industry proved to be a key contributor to Hispanic gains in the Midwest. Hispanic employment in retail trade in the Midwest went up by 70,284 workers (Table 9). This gain was part of a broader regional trend as non-Hispanic Whites and non-Hispanic Blacks also scored impressive gains in the retail trade industry in the Midwest. Retail trade employment in the Midwest for those two groups increased by 147,735 and 35,139 workers, respectively (Table 10 and Table 11). Hispanic gains in other industries in the Midwest were modest in number but generally above expectation. For example, only 5.2 percent of Hispanic employment in the hospital and medical services industry is situated in the Midwest. Between 2000:4 and 2002:4, Hispanics increased their employment in this industry by 20,912 workers in the Midwest. This is a relatively modest number, but it accounted for 22.5 percent of the total increase in Hispanic employment in hospital and medical services. Several other modest, but above average, changes of this qualitative nature (e.g., in educational services and social services) contributed to making the Midwest an important source of the total increase in employment for Hispanics.

For non-Hispanic Whites, the Northeast proved to be a surprising source of job gains in retail trade. An additional 69,395 non-Hispanic Whites found employment in this industry even as a total of 31,974 Hispanics and non-Hispanic Blacks lost employment in the retail trade industry in the Northeast between the fourth quarters of 2000 and 2002 (Table 10). Non-Hispanic Whites also found higher employment in construction in the Northeast even though those gains were more than negated by losses in the Midwest and West. Job gains in the entertainment and recreation industry, and hospitals and medical services were also well above expectation for non-Hispanic Whites in the Northeast. For instance, the Northeast accounted for 16.9 percent of non-Hispanic White employment in entertainment and recreation in 2000:4, but 63.9 percent of the employment gain for this group in this industry occurred in the Northeast. Overall, these factors combined to yield an increase in employment for non-Hispanic Whites in the Northeast between the fourth quarters of 2000 and 2002.

The key industries that stand out in the South for non-Hispanic Blacks are retail trade, hospitals and medical services, and personal services (excluding private household). In personal services, non-Hispanic Blacks increased their employment by 26,816 in the South, while Hispanic and non-Hispanic White employment went down by 37,113 and 58,119, respectively (Table 11). The South was also responsible for an additional 41,428 non-Hispanic Blacks finding employment in retail trade, or over 200 percent of the total change in this industry for non-Hispanic Blacks. Similarly, the hospitals and medical services industry provided additional employment for 108,972 non-Hispanic Blacks in the South, a particularly impressive gain in light of the employment increases of 283 and 140,465 for Hispanics and non-Hispanic Whites, respectively. For these reasons, the South, despite the fact that it provides employment for over 50 percent of non-Hispanic Blacks, accounted for only 12.4 percent of the employment losses suffered by this group over the course of the last two years.

Table 9
Employment Distribution and Employment Change for Hispanics by Industry and Region
Fourth Quarter, 2000 to Fourth Quarter, 2002

	Employment by Region, 2000:4				Regional Distribution of Employment (%)			
Industry	**Midwest**	**Northeast**	**South**	**West**	**Midwest**	**Northeast**	**South**	**West**
Manufacturing–Durable Goods	213,598	121,595	361,464	531,768	17.4	9.9	29.4	43.3
Manufacturing–Nondurable Goods	134,448	197,093	405,759	451,067	11.3	16.6	34.1	38.0
Construction	97,033	101,199	672,101	593,519	6.6	6.9	45.9	40.5
Transportation	52,931	99,551	265,635	253,734	7.9	14.8	39.5	37.8
Communications	5,651	13,842	72,582	81,324	3.3	8.0	41.9	46.9
Utilities and Sanitary Services	4,862	8,414	35,024	49,165	5.0	8.6	35.9	50.4
Wholesale Trade	50,745	78,384	220,959	301,296	7.8	12.0	33.9	46.3
Retail Trade	225,430	398,176	1,044,803	1,162,119	8.0	14.1	36.9	41.1
Finance, Insurance, and Real Estate	51,656	121,326	204,302	248,323	8.3	19.4	32.7	39.7
Private Household Services	3,441	40,378	93,483	146,793	1.2	14.2	32.9	51.7
Personal Services, exc Private	47,210	66,816	233,765	292,578	7.4	10.4	36.5	45.7
Business and Auto Repair Services	84,180	167,122	405,197	422,297	7.8	15.5	37.6	39.1
Entertainment and Recreation	17,611	18,727	99,510	109,140	7.2	7.6	40.6	44.5
Hospitals and Medical Services	46,914	172,901	342,552	341,550	5.2	19.1	37.9	37.8
Educational Services	47,808	101,374	327,694	358,956	5.7	12.1	39.2	42.9
Social Services	10,036	49,017	126,553	147,593	3.0	14.7	38.0	44.3
Other Professional Services	15,052	64,921	124,651	141,391	4.4	18.8	36.0	40.9
Public Administration	18,980	45,373	150,148	217,730	4.4	10.5	34.7	50.4
Other	31,678	27,338	231,517	409,498	4.5	3.9	33.1	58.5
Total	1,159,264	1,893,547	5,417,699	6,259,841	7.9	12.9	36.8	42.5

	Employment Change, 2000:4 to 2002:4				Regional Distribution of Employment Change (%)			
Industry	**Midwest**	**Northeast**	**South**	**West**	**Midwest**	**Northeast**	**South**	**West**
Manufacturing–Durable Goods	-29,246	19,668	-43,015	3,969	-60.1	40.4	-88.5	8.2
Manufacturing–Nondurable Goods	-6,244	-85,641	-34,570	-36,846	-3.8	-52.4	-21.2	-22.6
Construction	13,961	29,346	21,101	101,773	8.4	17.7	12.7	61.2
Transportation	-3,568	1,606	-23,421	-47,099	-4.9	2.2	-32.3	-65.0
Communications	6,896	892	-3,091	-26,660	31.4	4.1	-14.1	-121.4
Utilities and Sanitary Services	1,056	-1,255	-1,422	4,124	42.2	-50.1	-56.8	164.8
Wholesale Trade	7,153	-15,161	-9,592	-47,235	11.0	-23.4	-14.8	-72.9
Retail Trade	70,284	-7,564	66,705	48,374	39.5	-4.3	37.5	27.2
Finance, Insurance, and Real Estate	-1,315	13,135	19,678	23,882	-2.4	23.7	35.5	43.1
Private Household Services	4,083	-10,076	26,290	-33,846	30.1	-74.4	194.0	-249.8
Personal Services, exc Private	-15,154	5,313	-37,113	-75,878	-12.3	4.3	-30.2	-61.8
Business and Auto Repair Services	15,470	-16,658	63,653	97,530	9.7	-10.4	39.8	61.0
Entertainment and Recreation	-6,493	16,128	-3,712	24,932	-21.0	52.3	-12.0	80.8
Hospitals and Medical Services	20,912	19,440	283	52,323	22.5	20.9	0.3	56.3
Educational Services	16,242	32,784	35,145	50,375	12.1	24.4	26.1	37.4
Social Services	13,355	30,143	-6,777	6,471	30.9	69.8	-15.7	15.0
Other Professional Services	25,812	-8,174	14,081	-2,565	88.5	-28.0	48.3	-8.8
Public Administration	8,146	12,648	-6,979	1,047	54.8	85.1	-47.0	7.0
Other	14,335	4,689	-13,783	-25,881	69.5	22.7	-66.8	-125.4
Total	155,685	41,263	63,461	118,790	41.1	10.9	16.7	31.3

Source: Pew Hispanic Center
Note: If the total change in employment in an industry is negative, e.g., -48,624 in manufacturing–durable goods, the total percentage change in that industry is defined to be -100 percent when the sum is taken across regions.

Table 10
Employment Distribution and Employment Change for Non-Hispanic Whites by Industry and Region
Fourth Quarter, 2000 to Fourth Quarter, 2002

	Employment by Region, 2000:4				Regional Distribution of Employment (%)			
Industry	**Midwest**	**Northeast**	**South**	**West**	**Midwest**	**Northeast**	**South**	**West**
Manufacturing–Durable Goods	3,400,505	1,667,012	2,416,178	1,505,347	37.8	18.5	26.9	16.7
Manufacturing–Nondurable Goods	1,668,847	1,165,366	1,786,409	555,005	32.2	22.5	34.5	10.7
Construction	2,021,882	1,317,621	2,481,890	1,482,734	27.7	18.0	34.0	20.3
Transportation	1,165,467	839,799	1,412,561	778,219	27.8	20.0	33.7	18.5
Communications	328,649	295,408	537,746	301,849	22.5	20.2	36.7	20.6
Utilities and Sanitary Services	285,204	180,234	420,007	222,299	25.7	16.3	37.9	20.1
Wholesale Trade	1,252,259	768,558	1,484,926	801,165	29.1	17.8	34.5	18.6
Retail Trade	4,581,095	3,154,936	5,529,181	3,245,436	27.7	19.1	33.5	19.7
Finance, Insurance, and Real Estate	1,717,209	1,531,631	2,138,947	1,329,146	25.6	22.8	31.8	19.8
Private Household Services	98,472	88,695	118,930	93,967	24.6	22.2	29.7	23.5
Personal Services, exc Private	521,067	377,519	724,966	631,062	23.1	16.7	32.2	28.0
Business and Auto Repair Services	1,795,515	1,362,784	2,312,333	1,725,504	25.0	18.9	32.1	24.0
Entertainment and Recreation	446,179	310,967	564,875	518,083	24.2	16.9	30.7	28.2
Hospitals and Medical Services	2,399,680	1,817,689	2,587,640	1,550,271	28.7	21.8	31.0	18.6
Educational Services	2,304,804	2,018,593	2,789,951	1,961,587	25.4	22.2	30.7	21.6
Social Services	709,886	528,721	702,408	547,082	28.5	21.3	28.2	22.0
Other Professional Services	1,334,799	1,255,906	1,824,262	1,181,456	23.9	22.4	32.6	21.1
Public Administration	902,497	803,499	1,587,329	881,761	21.6	19.2	38.0	21.1
Other	812,226	326,089	1,107,121	617,051	28.4	11.4	38.7	21.6
Total	27,746,242	19,811,027	32,527,660	19,929,024	27.7	19.8	32.5	19.9

	Employment Change, 2000:4 to 2002:4				Regional Distribution of Employment Change (%)			
Industry	**Midwest**	**Northeast**	**South**	**West**	**Midwest**	**Northeast**	**South**	**West**
Manufacturing–Durable Goods	-288,137	-124,607	-270,286	-191,980	-32.9	-14.2	-30.9	-21.9
Manufacturing–Nondurable Goods	-109,933	-177,785	-269,653	79,904	-23.0	-37.2	-56.5	16.7
Construction	-204,277	71,276	85,929	-72,710	-170.5	59.5	71.7	-60.7
Transportation	-30,097	-60,644	-47,792	11,401	-23.7	-47.7	-37.6	9.0
Communications	-36,942	-38,186	-52,209	34,599	-39.8	-41.2	-56.3	37.3
Utilities and Sanitary Services	-9,915	55,762	17,698	52,855	-8.5	47.9	15.2	45.4
Wholesale Trade	-270,213	-88,069	-277,998	-51,304	-39.3	-12.8	-40.4	-7.5
Retail Trade	147,735	69,395	-180,407	-69,244	454.3	213.4	-554.7	-212.9
Finance, Insurance, and Real Estate	192,996	-2,965	134,199	76,484	48.2	-0.7	33.5	19.1
Private Household Services	17,776	-16,691	47,821	30,674	22.3	-21.0	60.1	38.5
Personal Services, exc Private	6,280	63,885	-58,119	-69,278	11.0	111.6	-101.5	-121.0
Business and Auto Repair Services	-279,521	-150,737	-193,985	-82,469	-39.6	-21.3	-27.4	-11.7
Entertainment and Recreation	-52,282	135,722	-13,188	142,231	-24.6	63.9	-6.2	66.9
Hospitals and Medical Services	214,273	212,428	140,465	74,664	33.4	33.1	21.9	11.6
Educational Services	197,208	40,353	103,593	-24,148	62.2	12.7	32.7	-7.6
Social Services	-52,022	-2,688	-61,724	-107,549	-23.2	-1.2	-27.6	-48.0
Other Professional Services	-13,235	-45,222	83,948	45,728	-18.6	-63.5	117.9	64.2
Public Administration	14,454	-8,148	125,458	51,361	7.9	-4.4	68.5	28.0
Other	97,787	69,089	60,597	-34,639	50.7	35.8	31.4	-18.0
Total	-458,065	2,168	-625,653	-103,420	-38.7	0.2	-52.8	-8.7

Source: Pew Hispanic Center
Note: If the total change in employment in an industry is negative, e.g., -875,010 in manufacturing–durable goods, the total percentage change in that industry is defined to be -100 percent when the sum is taken across regions.

Table 11

Employment Distribution and Employment Change for Non-Hispanic Blacks by Industry and Region
Fourth Quarter, 2000 to Fourth Quarter, 2002

	Employment by Region, 2000:4				Regional Distribution of Employment (%)			
Industry	**Midwest**	**Northeast**	**South**	**West**	**Midwest**	**Northeast**	**South**	**West**
Manufacturing–Durable Goods	307,886	123,248	576,997	79,603	28.3	11.3	53.0	7.3
Manufacturing–Nondurable Goods	140,310	94,239	604,110	59,296	15.6	10.5	67.3	6.6
Construction	96,104	115,272	359,991	52,365	15.4	18.5	57.7	8.4
Transportation	183,485	203,705	529,288	120,963	17.7	19.6	51.0	11.7
Communications	69,885	42,478	194,366	22,330	21.2	12.9	59.1	6.8
Utilities and Sanitary Services	26,174	38,697	76,068	22,219	16.0	23.7	46.6	13.6
Wholesale Trade	53,695	30,146	287,315	31,768	13.3	7.5	71.3	7.9
Retail Trade	352,090	330,296	1,373,885	222,667	15.4	14.5	60.3	9.8
Finance, Insurance, and Real Estate	184,800	178,109	470,053	77,343	20.3	19.6	51.6	8.5
Private Household Services	4,953	32,116	70,884	3,464	4.4	28.8	63.6	3.1
Personal Services, exc Private	85,747	49,052	291,008	49,280	18.0	10.3	61.3	10.4
Business and Auto Repair Services	246,433	192,459	629,849	133,796	20.5	16.0	52.4	11.1
Entertainment and Recreation	46,950	37,049	113,010	50,879	18.9	14.9	45.6	20.5
Hospitals and Medical Services	364,825	456,844	908,481	180,271	19.1	23.9	47.6	9.4
Educational Services	208,997	206,664	699,807	88,240	17.4	17.2	58.1	7.3
Social Services	111,296	145,277	332,684	68,677	16.9	22.1	50.6	10.4
Other Professional Services	103,956	103,868	262,418	47,472	20.1	20.1	50.7	9.2
Public Administration	167,777	172,794	581,982	103,200	16.4	16.8	56.7	10.1
Other	9,367	7,970	123,610	5,313	6.4	5.4	84.5	3.6
Total	2,764,730	2,560,283	8,485,806	1,419,146	18.2	16.8	55.7	9.3

	Employment Change, 2000:4 to 2002:4				Regional Distribution of Employment Change (%)			
Industry	**Midwest**	**Northeast**	**South**	**West**	**Midwest**	**Northeast**	**South**	**West**
Manufacturing–Durable Goods	-53,463	-54,153	-19,111	-33,961	-33.3	-33.7	-11.9	-21.1
Manufacturing–Nondurable Goods	-29,773	1,632	-21,153	-35,067	-35.3	1.9	-25.1	-41.6
Construction	-19,571	-5,504	-16,824	2,467	-49.6	-14.0	-42.7	6.3
Transportation	-4,765	-10,113	11,775	-12,686	-30.2	-64.1	74.6	-80.3
Communications	-28,341	5,201	-69,803	16,733	-37.2	6.8	-91.6	22.0
Utilities and Sanitary Services	-634	-10,208	32,624	13,801	-1.8	-28.7	91.7	38.8
Wholesale Trade	16,823	4,095	-120,869	1,015	17.0	4.1	-122.2	1.0
Retail Trade	35,139	-24,410	41,428	-31,761	172.3	-119.7	203.1	-155.7
Finance, Insurance, and Real Estate	-4,065	-27,100	-80,612	7,755	-3.9	-26.1	-77.5	7.5
Private Household Services	10,789	-11,344	-2,638	-705	276.8	-291.0	-67.7	-18.1
Personal Services, exc Private	-25,746	4,425	26,816	-8,482	-861.9	148.1	897.8	-284.0
Business and Auto Repair Services	-65,545	7,005	20,390	-4,474	-153.8	16.4	47.8	-10.5
Entertainment and Recreation	7,989	2,263	-7,005	-23,178	40.1	11.4	-35.1	-116.3
Hospitals and Medical Services	-21,329	29,333	108,972	-53,120	-33.4	45.9	170.7	-83.2
Educational Services	-4,956	-6,357	74,864	39,646	-4.8	-6.2	72.5	38.4
Social Services	60,802	-6,427	-39,480	34,896	122.1	-12.9	-79.3	70.1
Other Professional Services	-35,606	-24,572	-31,267	-17,258	-32.8	-22.6	-28.8	-15.9
Public Administration	-34,265	-31,230	36,320	4,800	-140.6	-128.1	149.0	19.7
Other	3,654	-2,049	-7,068	9,555	89.3	-50.1	-172.7	233.5
Total	-192,863	-159,513	-62,641	-90,024	-38.2	-31.6	-12.4	-17.8

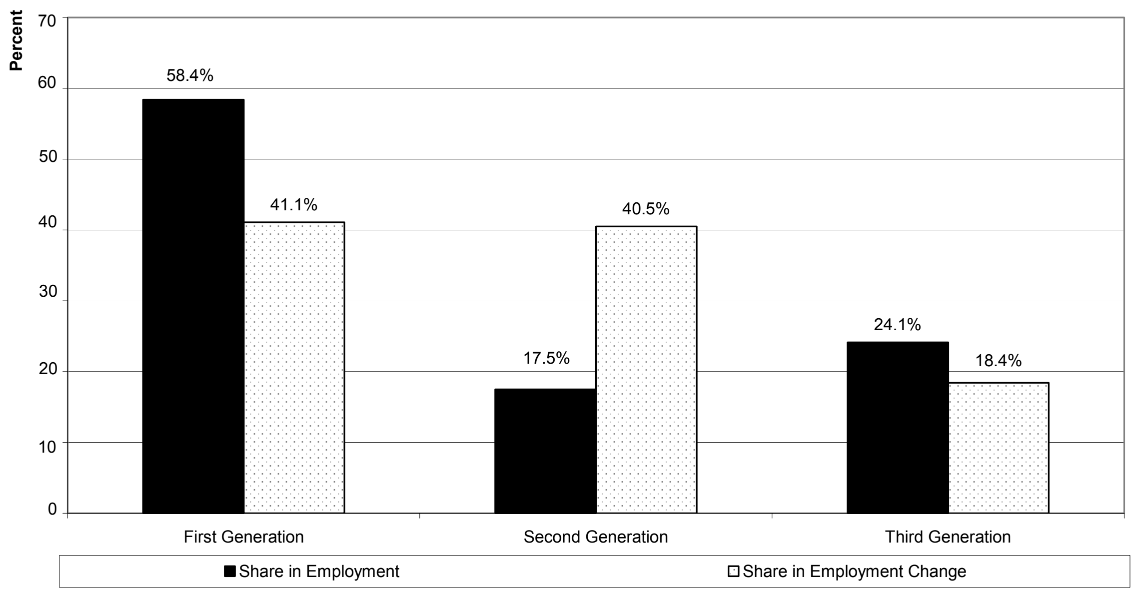
Source: Pew Hispanic Center
Note: If the total change in employment in an industry is negative, e.g., -160,688 in manufacturing–durable goods, the total percentage change in that industry is defined to be -100 percent when the sum is taken across regions.

8. Employment by Nativity, Education, and Age

8.1 Employment Trends for Hispanics by Nativity

First-generation Hispanics dominate the Latino labor force and employment. These workers, defined as foreign-born persons, accounted for 58.4 percent of Hispanic employment in the fourth quarter of 2000 (Chart 12 and Table 12). Second-generation Hispanics, that is, native-born persons with at least one foreign-born parent, comprised only 17.5 percent of employed Latinos. At the end of 2000, the unemployment rate among second-generation Hispanics — 6.7 percent — was the highest relative to other Hispanic groups. The first-generation rate of unemployment was 5.3 percent, and the third-generation rate of unemployment was only 5.1 percent.

Chart 12
Shares of Hispanic Generations in Employment and Change in Employment



Source: Pew Hispanic Center

Note: Employment shares are measured as of the fourth quarter of 2000, and the change in employment is measured from the fourth quarter of 2000 to the fourth quarter of 2002.

Despite its dominance in the Hispanic labor force, the first generation did not fare well during the slowdown relative to the other generations of Latinos. As shown in Chart 12, the first generation accounted for 41.1 percent of the increase in Hispanic employment from 2000:4 to 2002:4, well below the 58.4 percent share of this generation in total Latino employment. Another notable aspect of the slowdown for Hispanic immigrants is that they added 193,424 workers to the ranks of unemployed Hispanics. This was higher than the net increase of 155,860 in the number of employed Latino immigrants. In other words, the evidence shows that the likelihood of a new Hispanic immigrant finding work in the period from the fourth quarter of 2000 to the fourth quarter of 2002 was lower than the likelihood of that immigrant remaining unemployed.

Relative to their share in Hispanic employment, second-generation Hispanics surged forth during the economic slowdown, and were responsible for 40.5 percent of the increase in Latino employment (Chart 12). Overall, native-born Hispanics accounted for 58.9 percent of the total increase in the numbers of employed Hispanics between the fourth quarters of 2000 and 2002. However, it was not all good news for the second generation. One reason behind the impressive increase of 6 percent in second-generation Latino employment is the 9.9 percent increase in the size of the labor force of this group between 2000:4 and 2002:4 (Table 12). Consequently, the unemployment rate for second-generation Hispanics also shot up from 6.7 percent to 10 percent. This increase of 3.3 percentage points was much higher than the increase in the unemployment rate for the other generations of Hispanics between the fourth quarters of 2000 and 2002. Thus, the second generation of Latinos, despite making impressive strides in increasing its share in the labor force and the number employed, had a tough time during the slowdown with proportionately larger increases in unemployment.

Table 12
Hispanic Labor Force by Nativity
Fourth Quarter, 2000 to Fourth Quarter, 2002

	2000:4	2002:4	Change, 2000:4 to 2002:4	
			Number	Percent
First Generation				
Labor Force	9,085,157	9,434,441	349,284	3.8
Employed	8,600,660	8,756,520	155,860	1.8
Unemployed	484,497	677,921	193,424	39.9
Unemployment Rate	5.3%	7.2%	1.9	---
Second Generation				
Labor Force	2,762,506	3,034,687	272,181	9.9
Employed	2,576,354	2,729,877	153,523	6.0
Unemployed	186,152	304,810	118,658	63.7
Unemployment Rate	6.7%	10.0%	3.3	---
Third Generation				
Labor Force	3,743,136	3,880,751	137,615	3.7
Employed	3,553,337	3,623,152	69,815	2.0
Unemployed	189,799	257,599	67,800	35.7
Unemployment Rate	5.1%	6.6%	1.6	---

Source: Pew Hispanic Center

Did the various generations fare similarly across the different regions in the country? At the end of 2000, the three generations of Hispanics were similarly distributed across the four major Census regions (Table 13). The main exception was that only 5.1 percent of third-generation Hispanics were situated in the Northeast. For all groups, the South and West regions were the overwhelming source of employment. With respect to employment change, however, there is diversity in the experiences of the three generations. The Midwest and the West were important sources of jobs for the first generation as these two regions accounted for 87.5 percent of the employment increase for Hispanic immigrants. The surprise was a lackluster increase of 1.2 percent in first-generation Latino employment in the South. The gains for second-generation Hispanics were spread across all regions. It is worth noting that second-generation gains were perhaps below expectation in the West and above expectation in the Midwest. For third-generation Hispanics, virtually all of the gain in employment between 2000:4 and 2002:4 was recorded in the Midwest and, contrary to the trend for other Latino generations, this generation lost jobs in the Northeast.

Table 13
Regional Shares in Employment and Employment Change for Hispanics by Nativity
Fourth Quarter, 2000 to Fourth Quarter, 2002

	Shares in Employment, 2000:4 (%)				
Nativity	**Midwest**	**Northeast**	**South**	**West**	**All Regions**
First Generation	8.1	15.5	35.7	40.7	100.0
Second Generation	8.0	14.8	33.6	43.6	100.0
Third Generation	7.1	5.1	41.8	46.1	100.0
All Hispanics	7.9	12.9	36.8	42.5	100.0

	Shares in Employment Change from 2000:4 to 2002:4 (%)				
Nativity	**Midwest**	**Northeast**	**South**	**West**	**All Regions**
First Generation	45.5	11.3	1.2	42.0	100.0
Second Generation	19.9	18.7	32.3	29.1	100.0
Third Generation	77.8	-7.3	17.3	12.2	100.0
All Hispanics	41.1	10.9	16.7	31.3	100.0

Source: Pew Hispanic Center

8.2 Employment Trends by the Education of Workers

The education of a worker had a clear impact on his or her labor market outcome during the economic slowdown. Table 14 shows the distribution of Hispanics, non-Hispanic Whites, and non-Hispanic Blacks by their level of education and the change in employment for each education group between 2000:4 and 2002:4. Hispanics are the least educated of the three racial/ethnic groups. Over two-thirds of Hispanics have no college experience, and only 11.4 percent possessed a college degree in the fourth quarter of 2000. By contrast, 30.5 percent of non-Hispanic Whites and 19.2 percent of non-Hispanic Blacks were college graduates.

Having a college degree proved beneficial during the slowdown. Even as overall employment of non-Hispanic Whites was decreasing, those with a college degree or a graduate degree increased their employment level by 0.8 percent and 2.8 percent, respectively, from 2000:4 to 2002:4. Among Hispanics, the only education group to witness a decline in employment was Latinos with less than a high school level of education. The percentage change in employment for Latinos also increased with the level of education. In particular, an additional 14 percent of Hispanics with a college degree and another 9.8 percent of Hispanics with a graduate degree were employed in 2002:4 in comparison to 2000:4. The increase in the employment of college-educated Hispanics also coincides with double-digit increases in the numbers of college-educated Latinos in the labor force. Thus, as is the case with non-Hispanic Whites, Latinos went to college in relatively greater numbers, and those workers succeeded in grabbing a larger share of employment.

The experience of non-Hispanic Blacks was somewhat mixed. Not having a college degree was clearly detrimental, as only non-Hispanic Blacks with a college degree were able to grab more employment. However, employment among non-Hispanic Blacks with a graduate degree declined by 6.2 percent between 2000:4 and 2002:4. This decline in employment probably reflects the fact that the population and labor force of non-Hispanic Blacks with a graduate degree were also shrinking during this time.[20]

Table 14
Change in Employment and Labor Force for Hispanics and Non-Hispanics by Education

	Employment, 2000:4		Employment Change, 2000:4 to 2002:4		Labor Force Change, 2000:4 to 2002:4
	Number	Share (%)	Number	Percent	Percent
Hispanics					
Less than High School	5,497,447	37.3	-155,745	-2.8	-0.1
High School	4,433,133	30.1	154,634	3.5	5.5
Some College	3,123,946	21.2	166,657	5.3	8.1
College Degree	1,189,258	8.1	165,913	14.0	15.3
Graduate Degree	486,567	3.3	47,740	9.8	11.2
Total	14,730,351	100.0	379,199	2.6	4.9
Non-Hispanic Whites					
Less than High School	8,463,517	8.5	-596,469	-7.0	-4.8
High School	31,120,714	31.1	-680,545	-2.2	-0.6
Some College	29,939,503	29.9	-349,415	-1.2	0.6
College Degree	20,305,869	20.3	155,549	0.8	2.1
Graduate Degree	10,184,352	10.2	285,909	2.8	3.8
Total	100,013,955	100.0	-1,184,971	-1.2	0.4
Non-Hispanic Blacks					
Less than High School	1,984,842	13.0	-157,644	-7.9	-2.8
High School	5,364,012	35.2	-88,277	-1.6	0.9
Some College	4,967,960	32.6	-214,919	-4.3	-0.1
College Degree	2,052,461	13.5	9,340	0.5	3.0
Graduate Degree	860,689	5.7	-53,540	-6.2	-4.5
Total	15,229,964	100.0	-505,040	-3.3	0.0

Source: Pew Hispanic Center

8.3. Changes in Employment by the Age of Workers

Just as Hispanic workers are less educated, they are also younger than their non-Hispanic counterparts. Nearly one-half of the Latinos employed — 49.5 percent to be exact — are of age 34 or less. The comparable shares of this age group among non-Hispanic Whites and Blacks are 34.9 percent and 41.3 percent, respectively (Table 15). From the point of view of employment gains between 2000:4 and 2002:4, being older was an advantage. Among Hispanics, the employment level for the youngest — less than 25 years old — declined by 3.6 percent. However, Latinos of age 55 or over experienced employment gains of over 20 percent from the fourth quarter of 2000 to the fourth quarter of 2002. It is also notable that, although Hispanics of age 55 to 64 constituted only 6.3 percent of the Latinos employed in 2000:4, they represented over 50 percent of the increase in Hispanic employment from then until the fourth quarter of 2002. Non-Hispanic Whites of age 45 to 64 also found a greater number of jobs between 2000:4 and 2002:4, and virtually all of the employment loss suffered by non-Hispanic Whites was confined to workers of age 44 or under. The same can be said of non-Hispanic Blacks. In summary, the labor force and the composition of the employed for all three racial/ethnic groups shifted toward older workers.

Table 15
Change in Employment and Labor Force for Hispanics and Non-Hispanics by Age

	Employment, 2000:4		Employment Change, 2000:4 to 2002:4		Labor Force Change, 2000:4 to 2002:4
	Number	Share (%)	Number	Percent	Percent
Hispanics					
Age 16–24	2,990,321	20.3	-108,344	-3.6	0.0
Age 25–34	4,307,734	29.2	77,108	1.8	4.6
Age 35–44	3,962,494	26.9	155,929	3.9	4.9
Age 45–54	2,360,409	16.0	15,985	0.7	4.3
Age 55–64	934,589	6.3	196,283	21.0	20.4
Age 65+	174,804	1.2	42,238	24.2	21.6
Total	14,730,351	100.0	379,199	2.6	4.9
Non-Hispanic Whites					
Age 16–24	14,407,069	14.4	-555,938	-3.9	-2.0
Age 25–34	20,477,671	20.5	-1,115,371	-5.4	-3.6
Age 35–44	26,814,177	26.8	-1,708,732	-6.4	-4.8
Age 45–54	23,470,772	23.5	592,433	2.5	3.7
Age 55–64	11,196,033	11.2	1,628,540	14.5	15.9
Age 65+	3,648,232	3.6	-25,903	-0.7	0.5
Total	100,013,954	100.0	-1,184,971	-1.2	0.4
Non-Hispanic Blacks					
Age 16–24	2,392,009	15.7	-332,657	-13.9	-6.8
Age 25–34	3,905,834	25.6	-269,980	-6.9	-3.6
Age 35–44	4,325,492	28.4	-175,496	-4.1	-0.9
Age 45–54	3,030,822	19.9	152,069	5.0	7.1
Age 55–64	1,252,096	8.2	116,891	9.3	12.5
Age 65+	323,712	2.1	4,132	1.3	1.5
Total	15,229,965	100.0	-505,041	-3.3	0.0

Source: Pew Hispanic Center

9. Wage Trends Before and During the Slowdown

As demonstrated in the preceding sections, the economic slowdown led to diminished prospects for workers of all racial/ethnic groups: current employment levels for Hispanics and non-Hispanics are well below their potential. Another key dimension of economic well-being is the wage earned by a worker. Did the slowdown in the economy cause wages to decline? Did any one group see its wages increase or decrease faster than any other group?

The principal question regarding wages is addressed in Table 16. To lend some perspective to the issue, the table shows the mean and median real weekly wages for Hispanics, non-Hispanic Whites, and non-Hispanic Blacks from the first quarter of 1995 onward.[21] Starting from 1995 enables us to compare the pre-recession wage trends with the trends during the economic slowdown. The mean values reported in Table 16 are the simple averages of weekly wages across workers in the various racial/ethnic categories. The median represents the middle of wage distribution in the sense that one-half of workers in a racial/ethnic category earn more than the median weekly wage, while the other one-half of workers earn less than the median weekly wage. A comparison of the growth rates of mean and median wages is instructive because it can reveal the direction in which income inequality is moving for a group of workers. For example, income inequality rises when wages increase for workers in the top income brackets only. When that happens, the mean wage increases, but the median wage remains unchanged because the wage that divides workers into two halves is not affected in this example. In general terms, if the rate of growth in the mean wage exceeds the rate of increase in the median, it is a signal that income inequality is on the rise, and vice versa.

Summary statistics on wage growth are presented at the bottom of Table 16. Between the fourth quarters of 1995 and 2000, i.e., during the second half of the most recent economic expansion, the mean weekly wage for Hispanics, expressed in the price level of the fourth quarter of 2002, increased from $443.62 to $485.53. This change meant an overall increase of 9.4 percent at an average quarterly rate of growth of 0.45 percent. During the same time, the median weekly wage for Hispanics increased from $354.10 to $374.89 in real terms. This translates into a total increase of 5.9 percent at the rate of 0.29 percent per quarter. The faster rate of growth in the mean as compared to the median is notable because, as explained above, it indicates an increasing degree of inequality in the income distribution of Hispanics between 1995 and 2000.

The growth in average earnings slowed considerably for Hispanics in the period since the fourth quarter of 2000. Mean weekly earnings increased from $485.53 to $497.87 by the end of 2002, a total increase of 2.5 percent at the rate of 0.31 percent per quarter. But median weekly wages now rose faster than the mean — at an average quarterly rate of 0.81 percent. The total increase in the median wage between 2000:4 and 2002:4 was 6.7 percent, higher even than the 4 percent increase during the much longer time period from 1995 and 2002. The faster increase in the median wage during the slowdown is indicative of a reduction in wage inequality within the Hispanic work force in the past two years.[22]

Average earnings for non-Hispanic Whites increased faster than for Hispanics during the slowdown and in the period preceding the slowdown. From 1995:4 to 2000:4, mean weekly earnings for non-Hispanic Whites increased from $621.93 to $690.01, or by a total of 10.9 percent at the rate of 0.52 percent per quarter. The quarterly growth rate slowed to 0.36 percent from 2000:4 to 2002:4, but this rate was still faster than the rate of increase for Hispanics during the same time. The most notable contrast between the experience of Hispanics and non-Hispanic Whites is that, for the latter, the median weekly wage grew at a much slower rate than the mean weekly wage. In particular, the median weekly wage for non-Hispanic Whites grew at 0.46 percent per quarter from 1995:4 to 2000:4, and then at 0.18 percent per quarter between 2000:4 and 2002:4. The fact that median weekly wages increased at a rate slower than the rate of increase in mean weekly wages means that a rising degree of inequality continues to characterize the income distribution of non-Hispanic Whites.

The contrast between the slowdown and the preceding period is most dramatic in the case of non-Hispanic Blacks. Wage growth for this group was fairly rapid prior to the slowdown with the mean weekly wage increasing by a total of 9.8 percent and the median weekly wage registering an increase of 10.9 percent. However, both the mean and median wages of non-Hispanic Blacks have stagnated since then with the mean weekly wage declining slightly from $538.05 to $535.28, and the median weekly wage declining from $458.20 to $453.00 between 2000:4 and 2002:4.

Table 16
Mean and Median Weekly Wages for Hispanics and Non-Hispanics in Real Dollars
1995 to 2002

	Hispanics		**Non-Hispanic Whites**		**Non-Hispanic Blacks**	
Year and Quarter	Mean	Median	Mean	Median	Mean	Median
1995:1	448.50	360.44	625.17	528.64	479.19	392.78
1995:2	447.71	357.36	630.49	524.13	481.43	393.09
1995:3	449.05	355.72	626.61	521.73	492.58	403.15
1995:4	443.62	354.10	621.93	519.35	490.21	413.12
1996:1	447.99	351.13	628.19	526.69	481.12	405.15
1996:2	435.09	347.32	625.66	520.98	472.74	400.57
1996:3	448.15	363.06	626.36	530.18	476.36	398.96
1996:4	449.25	351.73	627.59	527.59	477.32	400.09
1997:1	446.44	354.99	632.06	527.09	481.92	397.59
1997:2	444.49	353.31	631.85	529.41	479.17	407.67
1997:3	451.92	360.80	638.71	541.19	489.60	405.90
1997:4	457.39	359.23	645.14	538.85	496.85	404.14
1998:1	463.06	362.82	659.13	538.37	507.76	413.47
1998:2	462.46	367.50	661.00	537.54	506.95	428.32
1998:3	479.22	388.34	669.40	544.81	518.42	438.49
1998:4	479.13	375.87	684.10	552.74	519.82	433.35
1999:1	478.73	385.74	673.39	551.06	524.24	440.85
1999:2	480.01	371.98	679.98	545.43	517.13	436.34
1999:3	487.77	390.59	684.31	553.77	539.80	439.63
1999:4	473.80	377.04	690.00	561.03	526.39	430.90
2000:1	490.98	384.38	692.05	566.71	545.25	447.51
2000:2	477.30	380.57	686.67	559.06	533.32	444.00
2000:3	491.25	393.45	699.78	568.14	532.39	440.66
2000:4	485.53	374.89	690.01	568.84	538.05	458.20
2001:1	477.31	381.58	704.47	577.52	532.55	436.31
2001:2	493.70	392.40	692.17	571.34	535.86	455.04
2001:3	498.62	403.53	706.06	577.48	545.58	459.63
2001:4	487.43	393.46	707.95	588.66	562.45	449.67
2002:1	492.59	397.68	714.47	588.28	570.43	470.62
2002:2	486.85	395.57	710.80	581.73	542.63	465.38
2002:3	492.09	401.33	710.00	578.84	540.61	441.46
2002:4	497.87	400.00	710.31	576.92	535.28	453.00
Total Change (%)						
1995:4 to 2000:4	9.4	5.9	10.9	9.5	9.8	10.9
2000:4 to 2002:4	2.5	6.7	2.9	1.4	-0.5	-1.1
Rate of Change (%)						
1995:4 to 2000:4	0.45	0.29	0.52	0.46	0.47	0.52
2000:4 to 2002:4	0.31	0.81	0.36	0.18	-0.06	-0.14

Source: Pew Hispanic Center

Note: All wages are expressed in 2002:4 dollars using the Consumer Price Index (CPI). The rates of change in wages are computed on a quarterly basis.

10. Conclusions

This report has analyzed the experiences of Hispanic and non-Hispanic workers, especially non-Hispanic White and Black workers, during the economic slowdown encompassing the 2001 recession and the subsequent recovery. The analysis found many similarities in the experiences of the various racial/ethnic groups, but it also uncovered several distinctive aspects of the trends in the Hispanic labor force. A key similarity is that the employment of Latino and non-Latino workers is currently well below potential. In particular, Hispanic employment in the fourth quarter of 2002, even though higher than in the fourth quarter of 2000, is estimated to be about 500,000 workers below its long-run potential. Similarly, non-Hispanic employment is calculated to be approximately 3 million workers below its potential. The shortfall in Hispanic employment translates into 3.5 percent of Latino employment in the fourth quarter of 2002, while the non-Hispanic employment gap is 2.5 percent of this group's employment at the end of 2002.

Underlying the gaps between actual and potential employment is the fact that the slowdown caused a sharp decline in the rate of growth of employment for all workers. While Hispanic workers have maintained a higher rate of growth in employment in comparison to non-Hispanic Whites and non-Hispanic Blacks, only the growth rate for non-Hispanic Whites has rebounded to its pre-recession level. At the same time, the unemployment rate for non-Hispanic Whites has fallen more rapidly since the end of the recession than it has for the other workers. Thus, full recovery for Hispanics, and especially for non-Hispanic Blacks, is potentially farther away than for their non-Hispanic White counterparts.

Hispanic workers, while they account for only about 13 percent of the labor force, were found to have been responsible for over one-half of the increase in the supply of new workers in the two-year period examined by this report. This large relative increase in the Hispanic labor force translated into a net gain in the actual employment of Latino workers between the fourth quarters of 2000 and 2002. However, the increase in Latino employment was well below the increase in the labor force, and Hispanic unemployment also increased considerably during the slowdown. At the same time, the labor force of non-Hispanic Whites and non-Hispanic Blacks was at a virtual standstill and, as the economy slowed, the employment level for both groups dropped.

This report also examined changes in the employment of Hispanics and non-Hispanics by industry, occupation, region, and other economic and demographic attributes of workers. With respect to industries, the principal finding is that jobs for all workers have been shifting away from the goods-producing industries and into the service-sector industries. The main industries in decline, using employment as a yardstick, are manufacturing, transportation, and communications. For Hispanics, the Pew Hispanic Center estimates a decline of over 300,000 workers employed in these three industries alone. That loss amounts to nearly 2 percent of all Hispanics currently employed in the economy. The proportional loss for non-Hispanics is similar — approximately 2 million, or a little over 1.5 percent of all employed non-Hispanics, have exited these three sectors since the fourth quarter of 2000. Evidence is emerging that these job losses may be symptomatic of long-term structural changes in the economy. If so, there is the possibility that many of these jobs may never be recovered, and both Hispanic and non-Hispanic workers face a long road to recovery. While the time to full recovery may not be known, the road certainly passes through the service industries where Hispanic and non-Hispanic workers have been finding new employment.

The analysis of occupations also reveals a move among Hispanics and non-Hispanics in the direction of more skilled occupational categories, such as executive, administrative and managerial occupations, and professional specialty occupations. The shift in favor of skilled occupations is consistent with the other finding that Latino, non-Latino White, and non-Latino Black workers all increased their level of education. Indeed, there was double-digit growth in the number of Latinos in the labor force with at least a college degree. As the labor forces for all groups became more educated, they also all aged upwards. Increases in the labor forces for Hispanics, non-Hispanic Whites, and non-Hispanic Blacks were driven primarily by middle-aged workers.

While there is a large degree of agreement in the industry and occupation trends for Hispanic and non-Hispanic workers, there are some industries in which Latinos gained jobs and non-Latinos lost jobs, and vice versa. Notable examples of Hispanic gains associated with non-Hispanic losses are the construction industry and the business and auto repair services industry. A closer examination revealed that Latino gains in these industries occurred primarily in the West, while non-Latino losses in the same industries were concentrated in the Midwest. Overall, there is little evidence that the different racial/ethnic groups were substituting for one another in any industry or occupation.

The regional analysis revealed considerable diversity in the experiences of Latinos and non-Latinos. The Midwest, through the convergence of several small but positive events, proved to be an important source of new jobs for Hispanics. The Northeast provided additional employment for non-Hispanic Whites even as they lost jobs in other regions. And the South, where most non-Hispanic Blacks are located, was the source of minimal job losses for them. The regional variations are the cumulative effect of a series of changes, and there is no single leading explanation for the phenomenon.

While older, more educated workers fared well during the slowdown, the same could not be said of younger or less educated workers. Workers with less than a high school education are the largest single category in the Hispanic labor force. Similarly, the age group of 16–24 years occupies a significant proportion of the Latino work force. These were the only two education and age categories for Hispanics to witness a reduction in employment between the fourth quarters of 2000 and 2002. Job losses for non-Hispanic Whites and Blacks were also concentrated among the younger, less educated workers.

In light of what is observed to have been the effects of education and age in weathering the recession and recovery, it is not surprising to find that first-generation Hispanics had a very mixed experience during the slowdown. Most notably, the net addition to the stock of Hispanic immigrant workers was more likely to join the unemployment line than it was to find gainful employment between 2000 and 2002. Native-born Hispanics, especially second-generation Hispanics, outperformed the first generation of Latinos in the job market.

Despite the 2001 recession, real wages for Hispanics and non-Hispanic Whites have increased over the past two years, albeit at a slower rate than the period prior to 2000. One reason for the ongoing increase in real wages might be the shift in employment toward more educated workers in “higher-end” occupations. The most severe reduction in wage growth was felt by non-Hispanic Blacks, whose real wages declined slightly between the fourth quarters of 2000 and 2002. The trends in Hispanic wages suggest a move toward greater equality in the income distribution, but that may be just a consequence of the exit of younger, less educated workers from the ranks of the Latino employed, rather than a relative increase in the earnings of those workers.

With economic indicators continuing to send mixed signals, the outlook for a prompt return to long-term trends in employment is unfavorable. The Hispanic labor force continues to expand, and the numbers of both employed and unemployed Latino workers increased during the slowdown. Non-Hispanic Black workers have the highest rate of unemployment, and their real weekly wages declined during the slowdown. The unemployment rate for non-Hispanic Whites has fallen faster than for other workers since the end of the recession, and they are the only group for whom the rate of growth in employment has rebounded to its pre-recession level. Thus, non-Hispanic White workers are likely to recover first from the effects of the recession and its aftermath, followed by Hispanics, and then by non-Hispanic Black workers.•

Endnotes

[1] Note that the non-Hispanic category encompasses more than just non-Hispanic Whites and non-Hispanic Blacks. One group of non-Hispanics not analyzed separately in this report is Asians. However, Asians and other racial/ethnic groups are included when references are made to all non-Hispanics, or simply non-Hispanics, in this report. Such workers comprise roughly 5 percent of the working-age population in the U.S.

[2] The terms "Hispanic" and "Latino" are used interchangeably in this report.

[3] It is common to hear that the U.S. economy has lost 3 million jobs since the beginning of the 2001 recession. That estimate is based on payroll data published by the Bureau of Labor Statistics (BLS). Employment data based on payroll data have historically differed from employment data based on household surveys for a number of technical reasons. However, payroll data are of little use for the current analysis because they do not identify individual workers. Unless otherwise mentioned, the figures reported in this paper are derived by the Pew Hispanic Center from the Current Population Survey (CPS) data. This monthly survey of approximately 60,000 households is conducted by the Census Bureau, and it is also the source of the unemployment data published by the BLS. However, BLS-published data from the household survey are used sparingly in this report for several reasons. One reason is that they contain several breaks in the time series due to technical revisions in sample weights and other factors. These revisions are often significant in the case of Hispanics. Second, the tabulations prepared by the BLS for the White and Black racial categories do not separate Hispanics from non-Hispanics. Finally, the BLS does not directly publish many of the data series reported in this paper. While some series reported in this paper, e.g., the unemployment rate for all non-Hispanics, are derived from data published by the BLS, many other series, such as the unemployment rate for non-Hispanic Whites, must be derived from the source data in the CPS.

[4] See the paper by Timothy R. Pivetz, Michael A. Searson, and James R. Spletzer, "Measuring Job and Establishment Flows with BLS Longitudinal Microdata," *Monthly Labor Review*, April 2001.

[5] Population in the context of this paper is defined more precisely as the working-age population, i.e., of age 16 and above. The labor force is the segment of the working-age population that is either at work (employed) or seeking work (unemployed). The gap between the population and the labor force consists of individuals not seeking work or discouraged from seeking work.

[6] The non-Hispanic population includes Whites, Blacks, Asians, and others.

[7] See U.S. Department of Labor, Bureau of Labor Statistics, "The Employment Situation: August 2003," USDL 03-467, September 5, 2003.

[8] The number of observations on Hispanics and other minorities in any given month of the CPS is not large enough to permit detailed cross tabulations of employment by race/ethnicity with other variables, such as industry and occupation. Therefore, the analysis of this report is conducted on a quarterly basis where the data for each quarter are derived by combining three months' worth of CPS data. Comparisons over time are generally limited to the same quarter over the preceding year to eliminate seasonal effects. That is not an issue with the published tabulations as they are seasonally adjusted by BLS prior to publication.

[9] A corollary of these assumptions is that employment growth is roughly equal to the rate of growth of the population.

[10] These estimates of Hispanic employment are below those published by the BLS because the BLS made a retroactive adjustment to its data to account for the findings from the 2000 Decennial Census.

[11] See Erica L. Groshen and Simon Potter, "Has Structural Change Contributed to a Jobless Recovery?" *Current Issues in Economics and Finance*, Volume 9, Number 8, August 2003, Federal Reserve Bank of New York.

[12] Growth is measured over the same quarter in the last year to avoid the effect of seasonal variations in employment.

[13] The reference here is to significance in size as well as to statistical significance. Note that the correlation coefficient can range in value from -1 to +1. A value of 0 would indicate the absence of any correlation. A value of +1 means the presence of perfect and positive correlation. When the coefficient is -1, the correlation is perfect but in the opposing direction, i.e., high values for one variable are correlated with low values of the other variable.

[14] The ten industries with the largest employment gains for Hispanics are as follows: Business Services; Construction; Other Retail Trade; Educational Services; Goods Producing Agricultural Services; Insurance and Real Estate; Hospitals; Health Services excluding Hospitals; Social Services; and Eating and Drinking Places. The ten industries generating the largest losses in employment for Latinos are as follows: Personal Services except Private Households; Goods Producing Other Agricultural; Apparel and Other Finished Textile Products; Transportation; Wholesale Trade; Printing, Publishing, and Allied Industries; Fabricated Metals; Food, and Kindred Products; Communications; and Machinery except Electrical.

[15] The ten industries with the largest employment gains for non-Hispanic Whites are as follows: Health Services except Hospitals; Insurance and Real Estate; Educational Services; Other Public Administration; Entertainment and Recreation Services; Eating and Drinking Places; Utilities and Sanitary Services; Goods Producing Other Agricultural; Goods Producing Agricultural Services; and Private Household Services. The ten industries generating the largest losses in employment for non-Hispanic Whites are as follows: Wholesale Trade; Business Services; Machinery except Electrical; Electrical Machinery; Social Services; Rubber and Miscellaneous Plastic Products; Printing, Publishing, and Allied Industries; Other Retail Trade; Transportation; and Construction.

[16] The ten industries with the largest employment gains for non-Hispanic Blacks are as follows: Educational Services; Other Retail Trade; Social Services; Utilities and Sanitary Services; Hospitals; Health Services except Hospitals; Furniture and Fixtures; Lumber and Wood Products except Furniture; Justice, Public Order, and Safety; and Goods Producing Agricultural Services. The ten industries generating the largest losses in employment for non-Hispanic Blacks are as follows: Other Professional Services; Wholesale Trade; Banking and Other Finance; Communications; Electrical Machinery; Business Services; Eating and Drinking Places; Chemicals and Allied Products; Construction; and Motor Vehicles and Equipment.

[17] The ten occupational categories with the largest employment gains for Hispanics are as follows: Other Executive, Administrative, and Managerial; Construction Trades; Teachers except College and University; Personal Service; Other Transportation and Material Moving; Other Professional Specialty Occupations; Sales Supervisors and Proprietors; Protective Service; Construction Laborers; and Sales Workers – Retail and Personal Services. The ten occupational categories with the largest employment losses for Hispanics are as follows: Machine Operators and Tenders except Precision; Other Handlers, Equipment Cleaners, Helpers, and Laborers; Secretaries, Stenographers, and Typists; Fabricators, Assemblers, Inspectors, and Samplers; Sales Representatives – Commodities except Retail; Engineers; Technicians except Health, Engineering and Science; Mechanics and Repairers; Mail and Message Distribution; and Lawyers and Judges.

[18] The ten occupational categories with the largest employment gains for non-Hispanic Whites are as follows: Health Service; Protective Service; Health Diagnosing Occupations; Management-Related Occupations; Personal Service; Farm Operators and Managers; Farm Workers and Related Occupations; Engineering and Science Technicians; Lawyers and Judges; and Officials and Administrators – Public Administration. The ten occupational categories with the largest employment losses for non-Hispanic Whites are as follows: Other Precision Production, Craft, and Repair; Other Administration Support including Clerical; Fabricators, Assemblers, Inspectors, and Samplers; Machine Operators and Tenders except Precision; Secretaries, Stenographers, and Typists; Sales Representatives – Commodities except Retail; Mathematical and Computer Scientists; Sales Supervisors and Proprietors; Mechanics and Repairers; and Other Handlers, Equipment Cleaners, Helpers, and Laborers.

[19] The ten occupational categories with the largest employment gains for non-Hispanic Blacks are as follows: Other Professional Specialty Occupations; Other Executive, Administrative, and Managerial; Protective Service; Health Assessment and Treating Occupations; Personal Service; Health Technologists and Technicians, Teachers except College and University; Freight, Stock, and Material Handlers; Other Handlers, Equipment Cleaners, Helpers, and Laborers; and Health Service. The ten occupational categories with the largest employment losses for non-Hispanic Blacks are as follows: Other Administration Support including Clerical; Other Precision Production, Craft, and Repair; Fabricators, Assemblers, Inspectors, and Samplers; Machine Operators and Tenders except Precision; Cleaning and Building Service; Construction Trades; Mail and Message Distribution; Sales Supervisors and Proprietors; Secretaries, Stenographers, and Typists; and Engineering and Science Technicians.

[20] The unemployment rate for non-Hispanic Blacks with a graduate degree remains under 3 percent, comparable to the unemployment rate for both Hispanics and non-Hispanic Whites with a graduate degree.

[21] The growth in mean earnings as computed from the CPS is usually a bit understated because the data on earnings are top coded. From 1995 to 1997, the top code for weekly earnings was $1,923, meaning that any earnings higher than that level were recorded as a weekly wage of $1,923 in the CPS. It also means that the wage growth recorded for persons falling into that category is zero. From 1998 to 2002, the weekly earnings top code was revised upward to $2,884. As a result, there is a slight discontinuity in the mean wage series between 1997 and 1998. The median is not affected by the top code and the occasional revisions to it.

[22] The reduction in the rate of growth in wages cuts across all generations of Hispanics. Between the fourth quarters of 1995 and 2000, the quarterly rate of growth in the mean wage for each generation of Hispanics was as follows: First generation, 0.23 percent; second generation, 0.64 percent; and third generation, 0.83 percent. Between 2000:4 and 2002:4, the growth rates were as follows: First generation, 0.20 percent; second generation, 0.38 percent; and third generation, 0.36 percent. Thus, the slowdown in wage growth was sharpest for the second and third generations of Hispanics. In principle, the wage trends for Hispanics can also be dissected by age, education, etc. However, it must be noted that data on wages are available for only one-quarter of the sample in the CPS and the number of observations for some groups of Hispanics (e.g., those with a college degree) can be on the low side. The consequence is that quarter-to-quarter changes in wages for some groups of Hispanics are subject to large variations. Therefore, those results are not presented in this report.