

The declining economic status of Puerto Ricans

Puerto Ricans constitute 14 percent of all Hispanics in the United States and slightly less than 1 percent of the nation's population. Although this group is small, Marta Tienda and Leif Jensen found that its members are faring considerably less well than other minority groups. Puerto Ricans have experienced neither the legacy of slavery borne by blacks nor the decimation and westward removal that marked Native American history. Yet in the last quarter century the economic condition of both blacks and American Indians has improved in relation to majority whites, while Puerto Ricans have steadily lost ground in terms of labor force participation, earnings of family heads, welfare dependency, and poverty status. Their migration history has played a role in these developments.

Migration patterns

When in 1948 the island of Puerto Rico became a self-governing commonwealth in union with the United States, its residents gained full rights of citizenship, including virtually unlimited access to the mainland. Decline of the island's plantation economy after World War II led to a large-scale migration of unskilled workers in search of jobs that eventually shifted one-third of the island's population to the mainland. These migrants settled primarily in urban areas of the Northeast, where many took low-wage jobs in the garment industry. In the 1970s the movement of the garment and textile industries, among others, away from northeastern central cities displaced Puerto Rican workers, setting in motion a process of return migration. But despite efforts to industrialize Puerto Rico's economy, returnees found limited economic opportunities there, and movement between island and mainland continued.

Migration and return migration mean that island and mainland identities have become mixed—elements of both cultures thrive in both places, requiring dual functional abilities; e.g., children and adults must be bilingual, must be able to switch school systems and labor markets, and must cope with competing value systems. The pattern of circular migration has thus had deleterious accompaniments: family disruption, contributing to rapid increase in the numbers of female-headed households; school interruption, contributing to low educational attainment; increasing marginalization of workers, which has as its complement high rates of welfare dependency.

These effects became evident when Tienda and Jensen examined the figures on socioeconomic change contained in the decennial censuses from 1960 to 1980, comparing the expe-

riences of five minority groups—blacks, Native Americans, Mexican Americans, other Hispanics, and Puerto Ricans—with non-Hispanic whites.

Family income

Over the two decades, median and mean family incomes of blacks, Native Americans, and to a small extent other Hispanics (primarily Cubans and South and Central Americans) converged with those of non-Hispanic whites. On average, the income gap between Mexican American and white families remained stable. Puerto Ricans alone registered a steady loss: the ratio of median Puerto Rican/white family income fell from .62 in 1960 to .50 in 1980. By 1980 Puerto Ricans had the lowest family incomes among the six groups. Twenty years earlier, that position had been occupied by blacks.

Because averages and medians mask changes in family composition that affect the well-being of household members, Tienda and Jensen investigated income differentials according to headship and family size. Over the two decades both blacks and Puerto Ricans experienced a dramatic rise in female family headship, and numerous studies have shown that these families face greater economic hardships than married-couple families (see the article "Family Policy and Minority Groups," below, for a discussion of this issue). Yet in the aggregate, median family incomes rose between 1960 and 1980 for all groups—with the sole exception of Puerto Rican single-mother households (see Table 1). Compare their experience with that of blacks: the median family income of black female-headed families *rose* from \$5,092 to \$11,084 (1985 dollars) in that period, while that of Puerto Ricans *fell* from \$8,545 to \$7,228. "The deteriorating family incomes of Puerto Ricans," concluded the authors, "appear to be related both to the rapid increase in families headed by single women and to the severe labor market disadvantages faced by Puerto Rican women" (p. 20).

Poverty rates

Changes in the incidence of poverty as measured in both absolute and relative terms provide differing perspectives on racial and ethnic income inequality. As shown in Table 1, although poverty as officially measured diminished among both minority and nonminority families between 1960 and 1980, the decrease was markedly smaller among Puerto Ricans, falling only by 2.5 percent, in contrast with the large declines among all other groups. The falling incomes of

Table 1

**Differentials in Median Family Income and Poverty Rates,
1960-1980
(in 1985 dollars)**

	Median Income ^a		Absolute Poverty Rate, All Families ^b (3)
	Married- Couple Families (1)	Single- Headed Families (2)	
Blacks			
1960	\$11,210	\$5,092	47.8%
1970	19,888	9,328	29.8
1980	24,430	11,084	26.3
<i>Percentage change, 1960-80</i>	<i>+117.9</i>	<i>+117.7</i>	<i>-45.0</i>
Mexicans			
1960	14,809	6,792	37.7
1970	20,370	9,873	28.3
1980	23,195	11,841	21.7
<i>Percentage change, 1960-80</i>	<i>+56.6</i>	<i>+74.3</i>	<i>-42.4</i>
Puerto Ricans			
1960	13,230	8,545	35.8
1970	18,776	8,726	28.8
1980	20,951	7,228	34.9
<i>Percentage change, 1960-80</i>	<i>+58.4</i>	<i>-15.4</i>	<i>-2.5</i>
Other Hispanics			
1960	16,213	7,110	31.7
1970	25,011	13,058	20.7
1980	26,901	13,543	16.1
<i>Percentage change, 1960-80</i>	<i>+65.9</i>	<i>+90.5</i>	<i>-49.2</i>
American Indians			
1960	11,673	5,835	54.2
1970	20,311	7,832	29.5
1980	24,919	10,912	20.5
<i>Percentage change, 1960-80</i>	<i>+113.5</i>	<i>+87.0</i>	<i>-62.2</i>
Non-Hispanic Whites			
1960	20,569	12,699	14.6
1970	29,291	17,313	8.1
1980	31,978	17,935	6.5
<i>Percentage change, 1960-80</i>	<i>+55.5</i>	<i>+41.2</i>	<i>-55.5</i>

Source: Tienda and Jensen, "Poverty and Minorities: A Quarter Century Profile of Labor and Socioeconomic Disadvantage," Tables 3 and 4; data from Public Use Microdata files of the decennial censuses.

^aIn 1985 dollars.

^bUsing official poverty thresholds, which are based on cash income before taxes.

single-headed Puerto Rican families shown in column 2 help explain this differential.

Under two relative measures of poverty—the percentage of families with incomes below one-half, and below one-quarter, of the median family income of whites—the status of all five minority groups registered only limited improvement. Again Puerto Ricans were in the very lowest position, becoming more concentrated in the bottom fourth of the income distribution. The proportion of non-Hispanic white families with incomes below one-half the white median increased slightly over this period.

Labor market income

To gain better understanding of the factors behind these changes in family income and poverty rates, Tienda and Jensen separated income into four components: labor market income (wages, salaries, self-employment), public assistance transfers (means-tested aid in cash), social insurance transfers (non-means-tested), and other sources (rents, dividends, etc.). Throughout the two decades, labor market income remained by far the dominant source for all groups, but as a share of total family income it declined most for Puerto Ricans, paralleling the change in their labor force participation rates, which fell among both men and women throughout the 1960s and 1970s. Recent evidence indicates that part of the deterioration in the labor market position of Puerto Ricans may result from the changing (younger) age structure of their population coupled with the recent entry of a large cohort of young people into the labor market.¹

Having ascertained that income from work was by far the most important of family resources, the authors examined the relative contribution to it by various members of the household. Among married-couple families, the major earner in all groups was the family head, but his share of labor income declined between 1960 and 1980, as wives entered the labor force in greater numbers and as others in the family also contributed a greater proportion of earnings. This pattern also held for Puerto Rican married couples, although the earnings of Puerto Rican wives lagged behind those of other minorities.

Among single-parent families, in contrast, the Puerto Rican story was entirely different: the share of earnings contributed by the solo parent dropped from 41 to 30 percent, while the earnings of other adults in the single-head unit rose from 59 to 70 percent between 1960 and 1980. This pattern was the reverse of that experienced by all other groups, where the proportionate labor income share of the single head rose while the earnings share of other adults declined.

Public assistance and poverty reduction

The preceding analyses led Tienda and Jensen to expect greater reliance on public assistance by Puerto Ricans. The magnitude of that increase, however, especially among

single-headed families, took them by surprise. In 1970 15.1 percent of Puerto Rican families headed by a single person received means-tested cash transfers; in 1980 that figure was 52.4 percent, a rise of 247 percent in ten years. This assistance in 1980 did little to ameliorate poverty among those families. Their income poverty rate was 68.2 percent before receipt of public assistance, and 61.1 percent after, a reduction of 7.1 percentage points.

These statistics contrast with data on other minorities. The share of black single-headed families who received public assistance, for example, increased only from 25.5 to 28.1 percent between 1970 and 1980. In the latter year receipt of such assistance reduced their income poverty by 5.3 percentage points (from 48.3 percent before receipt to 43.0 percent after). Native American and other Hispanic single-headed families registered a decline in the proportion of their numbers receiving cash welfare during the same period, but still enjoyed substantial poverty reductions as a result of public assistance.

The roots of disadvantage

The comparative analyses reported in this paper showed that Puerto Ricans are falling behind other minority groups along many dimensions. They are the only minority group to become increasingly concentrated in the lowest quartile of the income distribution. Why are they losing ground? In the judgment of Tienda and Jensen, failure in the labor market is the major source of Puerto Rican disadvantage, particularly as reflected in the lower earnings and higher incidence of poverty and welfare dependency among single mothers.

Past efforts indicate that certain policy measures can enhance the labor market success of handicapped groups.² In the case of Puerto Ricans, such policies would include improvement in English proficiency, compensatory education programs, job and skills training, and employment counseling.³ Like blacks, Puerto Ricans would benefit from an increased understanding of the causes and consequences of changing family structure and from policies to increase the incomes of single women who are raising families—such as job training, child care, and child support from absent fathers. Those circumstances and policies were the subject of papers by James Smith and Charles Hirschman, described in the following article. ■

¹ Personal communication to Marta Tienda from Charles Hirschman, 1987.

² See Laurie J. Bassi and Orley Ashenfelter, "The Effect of Direct Job Creation and Training Programs on Low-Skilled Workers," in Sheldon H. Danziger and Daniel H. Weinberg, eds., *Fighting Poverty: What Works and What Doesn't* (Cambridge, Mass.: Harvard University Press, 1986).

³ See Marta Tienda, "The Puerto Rican Worker: Current Labor Market Status and Future Prospects," in *Puerto Ricans in the Mid-Eighties: An American Challenge* (Washington, D.C.: National Puerto Rican Coalition, 1984). Reprinted in *Journal of Hispanic Politics*, 1 (1984), 27–51.

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