

Comments for Press Conference on the “Latino Labor Report, First Quarter, 2004: Wage Growth Lags Gains in Employment”

June 16, 2004

Good afternoon and thank you for your interest in the Latino Labor Report for the first quarter of 2004.

Copies of the report were posted on our Web site (www.pewhispanic.org) this morning and more detailed data tables that supplement the report will also be posted shortly. I hope that you have had the time to take a look at the report. I will keep my comments brief, focusing on the major findings of the report. We will then address whatever questions you may have.

The Latino Labor Report tracks the major labor market indicators for Hispanics and non-Hispanics from the first quarter of 2003 to the first quarter of 2004. As you know, 2003 came on the heels of a recession in 2001 followed by a period of labor market stagnation that came to be known as the “jobless recovery.” Two previous reports by the Pew Hispanic Center have examined the issue of the recession and recovery in considerable detail. The present report extends the analysis to the latest time period looking for signs of recovery in the labor market.

The analysis finds evidence that the jobless recovery may have turned around. Strong increases in Latino employment are driving the revitalization of the U.S. labor market, and there has also been a surge in hiring of non-Hispanics. Still, many key labor force indicators, such as the unemployment rate, have yet to return to the levels attained prior to the 2001 recession, and job growth for Latinos has not been widespread. Immigrant Latinos, especially the recent arrivals, have captured the most jobs. Moreover, the employment gains have not led to higher wages. The report also examines the political impact of the employment picture. It finds that non-citizens, Hispanics and others, who will not be able to vote in the November election are accounting for more than a quarter of the total increase in employment.

Turning to specifics, Hispanic employment increased by nearly 705,000 workers from the first quarter of 2003 to the first quarter of 2004. That comes on top of a gain in employment of about 569,000 from the first quarters of 2002 to 2003. Unemployment among Latinos also declined in the 2003-2004 period as about 19,000 Hispanic workers left the ranks of the unemployed. In contrast, Latino unemployment in the 2002-2003 time period had *increased* by over 111,000 workers.

Much of the gain for Latinos was realized in the second half of 2003. From June to December 2003 the unemployment rate for Hispanics fell from 8.2 to 6.6 percent. It has leveled off since then and stood at 7 percent in May 2004. The recent increase in the unemployment rate is due to the rising participation of Hispanic workers in the labor market. In particular, the percentage of the Latino labor force that is employed or actively looking for work, or the labor force participation rate, increased from 67.7 percent to 69.1 percent in the short time from December 2003 to May 2004. But there is still slack in the labor market, as a large number of Latino workers are apparently choosing to wait on the fringes for more positive developments before returning to actively seek work. More pressure can be expected on the Latino unemployment rate in the short to mid-term as these workers return to the labor force.

Hispanics were not the only ones benefiting in the labor market in 2003. Employment among non-Hispanics increased by over 622,000 workers from the first quarters of 2003 to 2004. That was more than double the increase in the preceding four quarters. And nearly 250,000 non-Hispanic workers left unemployment in the 2003-2004 period, a big turnaround from an increase in unemployment of nearly 170,000 from the first quarter of 2002 to the first quarter of 2003.

Despite the strong gains in employment, signs of weakness in the labor market also continue to linger. The employment gains have not led to wage gains for Hispanics or non-Hispanics. For Latinos, the real median weekly wage fell from \$403 in the first quarter of 2002 to \$395 in the first quarter of 2004. The decline in the median wage was continuous, falling in each quarter except the third quarter of 2002. Wage stagnation has also characterized the experiences of non-Hispanic workers, but the national median wage did increase slightly from \$545 in the first quarter of 2002 to \$550 in the first quarter of 2004. Thus, the earnings of Hispanic workers lost ground both in the absolute sense, and in comparison to other workers.

The increase in employment for Latinos has been unevenly distributed. Recently arrived immigrants captured more than their share, with those who entered the country since 2000 showing an increase of about 748,000 jobs from the first quarter of 2003 to the first quarter of 2004. Meanwhile, immigrants who arrived previously as well as third-generation Latinos showed net decreases in employment. The construction industry alone accounted for over one-half of the increase in employment for Hispanics, but its contribution to job growth has diminished in each successive quarter.

Finally, the report considers the political impact of the developments in the labor market. It finds that non-citizens, Hispanics and others, who will not be eligible to vote in the November election accounted for more than a quarter of the total increase in employment. Between the first quarter of 2003 and the first quarter of 2004, 1.3 million additional workers found gainful employment. Of this increase, non-citizens captured over 378,000, or 28.5 percent, of those jobs. That rate of employment gains was double the rate at which the share of non-citizens in the working-age population increased (14.3 percent). The proportion of new jobs captured by non-citizens was also much larger than their 8.6 percent share of overall employment. Thus, the political impact of job gains may be lessened by the fact that non-citizens are benefiting disproportionately from the turnaround in the labor market.

The picture is somewhat different in the 18 so-called "battleground states." These states account for 35 percent of the nation's working-age population. But they have taken the lion's share of job gains, scoring nearly 75 percent of the increase from the first quarter of 2003 to the first quarter of 2004. In these states, non-citizens accounted for 21.5 percent of the employment increase, less than their share nationwide. Moreover, the non-citizen working-age population grew faster in these states, 27.6 percent, than nationwide, and the job gains for non-citizens did not keep up with that pace of population growth. Nonetheless, the data show that in the 18 states which are expected to be closely contested in the presidential election, individuals who are not eligible to vote are capturing one out of every five new jobs.

Thank you and we will now take any questions you may have.