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**Meeting the Challenge: The Rationale for a
Latino Research Center in the Midwest**

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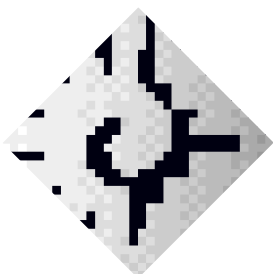
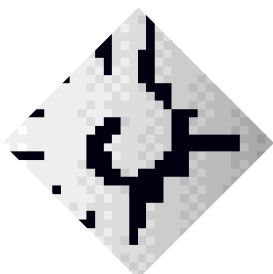
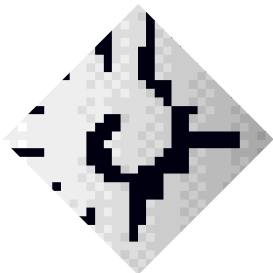
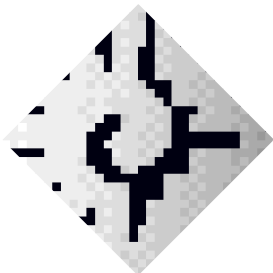
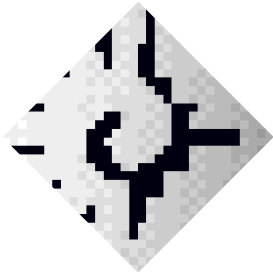
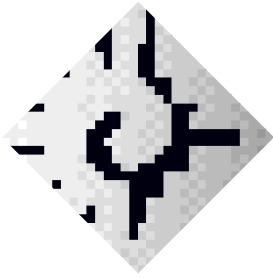


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Abstract: This paper argues for the establishment of a Latino research center at Michigan State University. The rationale for such a center rests on the changing nature of the Midwestern economy and the challenges it poses for the future of Latinos in this region. More specifically, given the relatively low educational attainment of Latinos and the high drop out rates among our young people, a future economy requiring greater skill and capabilities is likely to result in serious social and economic problems for this population. Thus, a Latino center dedicated to policy oriented research and outreach is urgently needed in order to lay the foundation of information and knowledge required to promote the new policies and programs that will be required to make this population full and equal partners in the future society of Michigan.

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The **Julian Samora Research Institute** is committed to the generation, transmission, and application of knowledge to serve the needs of Latino communities in the Midwest. To this end, it has organized a number of publication initiatives to facilitate the timely dissemination of current research and information relevant to Latinos.

- * *Research Reports*: **JSRI**'s flagship publications for scholars who want a quality publication with more detail than usually allowed in mainstream journals. These are edited and reviewed in-house. Research Reports are selected for their significant contribution to the knowledge base of Latinos.
- * *Working Papers*: for scholars who want to share their preliminary findings and obtain feedback from others in Latino studies. Some editing provided by **JSRI**.
- * *Statistical Briefs/CIFRAS*: for the Institute's dissemination of "facts and figures" on Latino issues and conditions. Also designed to address policy questions and to highlight important topics.
- * *Occasional Papers*: for the dissemination of speeches and papers of value to the Latino community which are not necessarily based on a research project. Examples include historical accounts of people or events, "oral histories," motivational talks, poetry, speeches, and related presentations.

Meeting the Challenge: The Rationale for a Latino Research Center in the Midwest

The Problem

The structural changes in the economy of the United States from a manufacturing to a service base is perhaps the most significant social phenomenon to occur since World War II. While its impact has been felt throughout the country, it is especially notable in Michigan and throughout the Midwest (Hill and Negre, 1987). For at least the past 10 years, Michigan has been engaged in an aggressive restructuring and diversification effort to buffer the impact of the decline in durable goods manufacturing in the state. Social scientists and policy makers recognize that the ability of Michigan and other highly industrialized states to retrain the work force and reorient industries to incorporate more automated manufacturing technology in their productive processes will, in large part, determine the ability of the United States to maintain its leading role on the world stage. Where are Hispanics in this national drama of challenges and changes? How have they fared with the downturn of our industrialized economy and what are their prospects for the future? And, most important, how can increasing our knowledge base regarding this significant population group help not only to intervene in the conditions faced by Hispanics, but to improve the prospects of meeting the challenges of the future for the general population as well?

The Proposal

A major research effort is needed at Michigan State University to study the Structural Changes in the Midwest Economy and the Hispanic Labor Force including trends, future prospects and needs. The outcomes will help to develop public policies and partnerships with the private sector to improve educational opportunities for Hispanics and to promote Hispanic participation in economic production and employment. The studies envisioned in this research effort would focus on the following questions:

1. What is the effect of the decline in the manufacturing industry on the earnings and income of Hispanic workers?
2. To what extent does expansion in the service sector serve as an alternative to the decline in the manufacturing industry for Hispanic workers?
3. To what extent are Hispanics being concentrated in the low-wage branches of the service sector? To what extent is self-employment used to augment the differential in wages between service sector employment and manufacturing employment, or as an alternative to full employment in either?
4. To what extent can workers move from the manufacturing to service sectors or vice versa? How is this mobility changing with the restructuring effort and the orientation towards a high value-added manufacturing industry?
5. What are the implications of the slow-down in the growth of the labor force overall during a period of rapid population growth among Hispanics?
6. What are the characteristics of Hispanic workers and how can they increase their opportunities for full participation in the restructured economy?
7. What policy changes are necessary to facilitate the opportunities of Hispanic workers for full participation in the restructured economy?
8. What are the policy implications of the decline in manufacturing and the increase in service jobs in terms of educational needs and retraining programs?

To begin addressing these questions, the Institute plans to carry out a series of studies to establish a database from which future research can be generated. Initially, this study will be conducted on a statewide basis as well as on a local (urban and rural) basis. Therefore, in addition to providing baseline data, studies conducted at the local level will provide

a laboratory of natural variation for intervention strategies. In establishing this model of research, the Institute will as create opportunities for collaborating with other researchers and research institutions to expand the focus of inquiry to the Midwest and nation (e.g., Midwest Consortium for Latino Research, Inter-University Program for Latino Research, National Association for Chicano Studies).

Specifically, we propose the following activities:

1. Review and analysis of the most current data available on Hispanic poverty, income and employment specific to Michigan and the Midwest. Data will be collected from the Census Bureau (e.g., Current Population Reports), the U.S. Department of Labor, the U.S. Congress (e.g., Joint Economic Committee), the Michigan Department of Labor, the Michigan Department of Commerce, the Inter-University Consortium for Political and Social Research at the University of Michigan, as well as secondary sources. In addition to a regional and statewide review, we will also focus on statistics for communities in Michigan on which more focused inquiry will follow (e.g., Detroit, Flint, Saginaw, Lansing, Adrian, Grand Rapids, Holland, and Fennville).
2. Review and analysis of Michigan economic policies for their impact on present and future Hispanic employment. This will involve collecting extant information on current legislative and administrative initiatives in the areas of economic development, job training, investment, entrepreneurship, research and development programs, etc. and subjecting these to a rigorous analysis of their implications for the employment of Hispanics in the state's labor force.
3. Aerial survey on the economic behavior and employment history of Hispanics. The survey will include generalizable findings on the integration of Hispanics in the local economy of each community, their sectors of employment (informal and formal, manufacturing and service, etc.), and the dominant branches of employment.

4. Ethnographic studies on a representative and diverse sample of employment branches in the informal sector to determine (a) the success or failure of such strategies for income maintenance, (b) the structural effects of unemployment and underemployment, and (c) the patterns of self-employment relevant to the development of effective/culturally relevant manpower training and public investment policies.
5. Ethnographic studies on the social costs of poverty, wage erosion and declining incomes, particularly as they interact with such corollary concerns as school dropouts, access to retraining opportunities, access to higher education, stability of the family structure, access to health and social services, substance abuse, criminal activity, and political participation.

All studies will be oriented towards informing the policy-making process on how to address the needs of Hispanics at various levels and in different areas of social needs. The research will be carried out over the next five years by faculty assigned to the recently established Julian Samora Research Institute at Michigan State University.

The Rationale

Recent studies of Hispanic poverty, income, and employment provide a strong rationale for looking at the effects of the decline of the manufacturing industries and the rise of the service sector on Hispanic workers. For instance, the Center on Budget and Policy Priorities (1988) found that in 1987, Hispanic unemployment was 8.8%, well below the rate of 13.8% in 1982 when the economy was in a deep recession, and slightly below the 9.1% found in 1978 before the recession began. Despite the decline in unemployment rates to near the prerecession rates, Hispanics still experienced a decline in family income. The income of the typical Hispanic family now falls further below the income of the typical white family than at any other time on record. Hispanic wage levels have also eroded and now fall well below the levels of a decade ago. And, Hispanic poverty has risen dramatically in the past decade. In 1987, 28.2% of Hispanics lived in poverty, whereas in 1978 this figure was 21.6%. In the Midwest, the Hispanic poverty rate has soared, from 17.4% in

1978 to 27.5% in 1987. Furthermore, not only have Hispanic poverty rates increased during this period, but poor Hispanic families have fallen deeper into poverty. And at the same time, government antipoverty programs intended to pull poor families out of poverty have decreased in their effectiveness (Brischetto & Leonard, 1988).

Interestingly, the decline in wages and income does not illustrate the willingness of Hispanics to work. Hispanic labor market participation is now higher than for either whites or blacks. In 1987, 81% of Hispanic males were either employed or seeking employment, compared to 77% for White men and 71% for Black men. For both men and women, 66.4% Hispanics worked or sought work compared to 65.8% of white adults and 63.8% of Black adults. In short, the Center on Budget and Policy Priorities found that Hispanics are the only group to have been left out of the economic recovery since 1982.

Despite a fifth year of economic recovery in 1982, the poverty rate for Hispanic Americans remained at nearly the same level last year as during the severe recession of the early 1980's. Among non-Hispanics, by contrast, poverty rates have declined during the recovery, making Hispanics the only racial or ethnic group whose poverty rates remain at or close to recession levels (Center on Budget and Policy Priorities, 1988:v, emphasis added).

Therefore, the erosion of wages and income of Hispanics, coupled with the high labor market participation rates, indicates that although continuing workers may be maintaining their wage levels, new and reentry workers are joining the work force at a much lower wage level than in the past. These statistics also show that Hispanic workers are more subject to income fluctuations and are not able to keep up as compared to other groups, and some have been frozen out of more remunerative options (Santos, 1983). One concern that these studies will address is how Hispanic workers have responded to this erosion of wages and income and that have resulted in severe poverty. Given the choice of accepting a decline in one's standard of living, if possible, a Hispanic worker, like any other rational decision maker, will choose to increase his/her participation in the informal sector to make up the marginal difference between previous and current earnings in the formal sector.

In a review of the impact of major United States and Midwestern economic trends on Hispanic economic development, Spielberg-Benitez (1988) points out that in order to improve the future employment prospects of Hispanics, it is first necessary to understand their values and their patterns of social organization. In a brief history of Hispanic Midwestern migration he reveals several significant dimensions of the people. First, the principal motivation for migration has been an economic one — to escape conditions of poverty and economic insufficiency, or the lure of economic advancement and higher wages, or both. Second, the Hispanics of Mexican descent migrated northward in waves beginning almost a hundred years ago and continuing until the 1960's. A final dimension of Mexican/Chicano migration and resettlement in the Midwest centers around the social unit composition of this migration. In short, migration has been primarily family centered. Unlike some other types of migrants and migratory streams, Mexicans/Chicanos have moved north in family units rather than as single individuals.

As a distinctive ethnic group, Hispanics tend to be highly urbanized and geographically concentrated. For example, as of 1980, approximately 40% of Michigan's Hispanics lived in the tri-county area of Wayne, Oakland and Macomb counties. The numerical concentration of Hispanics in urban areas reflects the early attraction of industrial sites for Hispanics in their resettlement within the state. However, in looking at the proportional representation of Hispanics within Michigan counties, the pattern of Chicanos settling out of the agricultural migrant stream is also evident, especially in the western part of the state. There, the predominantly small town/agricultural counties of Oceana, Ottawa, Allegan, and Van Buren Counties had Hispanic proportions of their total population in excess of the total 2% statewide representation as of the 1980 census.

Changes in the distribution of Hispanics between the 1970 and 1980 census figures show some interesting trends indicative of a changing pattern of adaptation to the state's shifting economy. More specifically, according to Arce and Estrada (1983), "The largest percentage increases in Hispanic population have occurred in the Standard Metropolitan Statistical Areas (SMSAs) whose employment is less concentrated on automobile and manufacturing and which have had relatively small Hispanic populations." (p.8)

One final distributional characteristic of Hispanics in Michigan that is different from those of Hispanics elsewhere in the United States is the relative absence of Hispanic enclaves within their respective communities of residence. That is, in most urban census tracts within the state's SMSAs, Hispanics comprise only a small percentage of the total census tract population. Only in Wayne and Kent County (essentially Detroit and Grand Rapids) do we find a significant proportion of the Hispanic population living in census tracts that are 20% or more Hispanic. This in part reflects the primacy of economic motives, as opposed to purely cultural ones, in their migration and resettlement patterns. On the other hand, such a residential pattern tends to diffuse the political impact of Hispanics on local governments and their development policies.

As mentioned above, Hispanic migration to the Midwest and settlement patterns have been primarily motivated by economic interests. This led to the concentration of Hispanics in the manufacturing sector in urban areas. However, Hispanics are not well represented in the distribution of white and blue collar type occupations. Santos (1983) and others have documented quite convincingly that Hispanics are overrepresented in blue collar jobs and severely underrepresented in white collar ones.

Consequently, Hill and Negre (1987) found, using Equal Economic Opportunity Commission data between 1979 and 1984, that Michigan's Hispanics experienced a decline in durable goods manufacturing employment over twice as large as was experienced by Hispanics in the country as a whole. For Michigan's Hispanic females, the loss was ten times greater than that experienced by U. S. Hispanic females. The situation for Detroit is even more striking, especially in contrast with the industrial employment experience of Hispanics elsewhere in the country. Half of the Hispanic males and nearly half (44.5%) of the Hispanic females in Detroit's heavy manufacturing industries lost their jobs between 1979 and 1984. Indeed, in Detroit, as probably nowhere else in the nation, the loss of manufacturing jobs among Hispanic males was even greater than the loss experienced by a comparable cohort of Black male workers.

Given these patterns of occupational distribution and the disproportional impact of the decline in the man-

ufacturing industries, it is reasonable to assert that an increasing proportion of Hispanic workers are having to rely on formal lower paying service sector employment, or self employment, or both, to make up for lost jobs. It is also apparent that these same lower-paying service jobs are increasingly becoming the only entry point to the work force available to Hispanic workers. In other words, one possible impact of the restructuring of the economy on the Hispanic labor force is the equivalent of an economic ghettoizing of Hispanics into low-paying, service-sector employment. Such an effect may also account, in part, for the fact that the Midwest is second only to the Northeast in the rate of Hispanic poverty (Center for Budget and Policy Priorities, 1988).

Clearly, the extent to which Hispanics in Michigan will remain economically viable will depend directly on the nature of Michigan's future economy and perhaps more importantly, on their ability to adapt to that economy. The structural changes in the economy of America has meant that for the foreseeable future, the absolute and relative numbers of well-paid, highly skilled, organized workers in basic manufacturing will decrease while the number of relatively less skilled, lower paid and relatively less organized workers will increase rapidly. Unfortunately, at this point we have found little information on the anticipated or projected labor market characteristics and performance of Chicanos and other minorities. At best, most reports indicate that minorities will increase their share of the labor force within the trends projected. According to Insight, "Women, minorities and immigrants are expected to make up more than five-sixths of all new workers between now and 2000" (Lochhead, 1988).

The real question is whether Hispanic workers in Michigan will achieve their fair share of the better paying technical service jobs, or, for that matter, the higher skilled jobs in the factories of the future. Or will they be overrepresented in, or generally restricted to, the lower paying, less skilled and more menial service type occupations? From the perspective of one industry recruiter, the challenge is twofold, "There are fewer young workers — from whom Mobil recruits its engineers, computer scientists and other professionals — entering the labor force, and the ratio of women and minorities, many of whom avoid the sciences or drop out of school, is increasing within that smaller group" (Lochhead, 1988).

Thus, to summarize, Hispanic employment is presently concentrated in a type of industry (i.e., manufacturing) which, it's predicted, will not grow in the future but, on the contrary, is expected to decline. At the same time, the overall labor force is expected to grow just 1.2% a year until 2000, down from the 2.7% peak when the baby boomers reached working age. Although Hispanics are the fastest growing population group in the U.S. and represent an increasingly significant proportion of the available labor force, unless there is a dramatic intervention into current trends, future generations of Hispanics in Michigan will have to rely increasingly on low-wage, service-type employment — the type of industry that is expected to provide the majority of future jobs. To what extent Hispanics will compete in the future for the better paying, skilled service industry jobs, not to mention more technical occupations requiring a complex portfolio of skills in new automated manufacturing industries, as well as professional occupations, will depend on their educational attainment and their opportunities for retraining.

If the future economy and occupational structure of the United States and Michigan, as described above, were here today, given their present educational characteristics and trends, Hispanics would be doing very poorly indeed. Based on the 1980 census, for example, less than half (49.3%) of Michigan's Spanish origin population 25 years or older had graduated from high school (compared to three-quarters of Whites and three-fifths of Blacks), and only 9.7% had completed four or more years of college. Nearly a third (32%) of the estimated 66,671, 25 years or older Spanish origin persons, had eight years or less of schooling in 1980.

Although younger cohorts of Hispanics in Michigan now have a higher educational attainment level, according to a State Department of Education study, less than half complete high school. The study places the Hispanic drop out rate at about 55% — the highest for any racial-ethnic group as compared to an overall drop out rate of 25% for the state, and 45% for blacks. The study also shows Hispanics lagging behind in reading and math, as shown by 1983-84 scores on statewide tests.

In another study, Ferman found Michigan Hispanic students are less likely to be enrolled in programs where there is a preparation for “real and gainful opportunities” and “disproportionately concentrated” in courses that have less potential for the labor market. Based upon the patterns identified when studying Hispanic enrollment patterns in vocational training as well as higher education, together with the above average high school drop out rates and lower levels of educational attainment, Ferman concluded that the basis is laid for significant problems in Hispanic labor force participation.

At a time of restructuring the economy and new demands for a more highly educated population, Michigan, like other states in the nation, is undergoing a dramatic demographic shift. Nationally, school enrollments decreased by .6% from 1981 to 1985. However, only Whites experienced a decrease (1.7%), while blacks increased by 1% and Hispanics increased by a whopping 11.4%. In Michigan, the school enrollment decline was even more dramatic — 19% in 1985 — while the minority school enrollment increased to 25% of the total population; and there is little reason to believe that this trend will not continue. As Harold Hodgkinson (1987) stated, “Michigan's future will depend heavily on how well these increasing minority populations do in education and jobs. The past has shown a relatively poorly educated population making very high wages in industry. That clearly will not be the state's future, as education and reeducation become a vital part of the restoration of the state's economy” (p. 2). As the above drop out and occupational distribution figures indicate, we will have to do a better job if we are going to truly prepare the future labor force for jobs in the future.

A similar conclusion was reached in a blue ribbon commission report, One Third of a Nation, which states:

After extensive examination of demographic and economic data, review of the relevant research in the field, and consultation with numerous experts, the Commission reached a disturbing conclusion: America is moving backward — not forward — in its efforts to achieve the full participation of minority cit -

izens in the life and prosperity of the nation... If we allow these disparities to continue, the United States inevitably will suffer a compromised quality of life and a lower standard of living. Social conflict will intensify. Our ability to compete in world markets will decline, our domestic economy will falter, our national security will be endangered. In brief, we will find ourselves unable to fulfill the promise of the American dream.

Thus we find ourselves at a historical threshold of societal transformation in terms of major economic, social and political changes. Furthermore, the magnitude of this change affects every household in America and will extend over the next several decades. The critical issue which remains unresolved is how to achieve the full participation of minority citizens in the life and prosperity of the nation. No longer can the problems facing Hispanics be considered insignificant, regional, or of minor importance to our national goals. This review has demonstrated that what happens to Hispanics will have an impact on broader national interests as well. Therefore, it is in this national interest that we turn our expertise to examine the economy, how it is changing, how these changes interact with changes in the society, and within these, how these changes affect Hispanics. As one distinguished Michigander, Gerald Ford, concluded in *One Third of a Nation*, "The future of democracy depends on it."

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