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Diverging fortunes? Economic well-being of Latinos and African Americans in new rural destinations

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ABSTRACT

The geographic diffusion of Latinos from immigrant gateways to newly-emerging rural destinations is one of the most significant recent trends in U.S. population redistribution. Yet, few studies have explored how Latinos have fared in new destinations, and even fewer have examined economic implications for other minority workers and their families. We use county-level data from the 1990 and 2000 U.S. Census and the 2006–2010 *American Community Survey* to compare the changing economic circumstances (e.g., employment and unemployment, poverty, income, and homeownership) of Latinos and African Americans in new Latino boomtowns. We also evaluate the comparative economic trajectories of Latinos in new destinations and established gateways. During the 1990s, new rural destinations provided clear economic benefits to Latinos, even surpassing African Americans on some economic indicators. The 2000s, however, ushered in higher rates of Latino poverty; the economic circumstances of Latinos also deteriorated more rapidly in new vis-à-vis traditional destinations. By 2010, individual and family poverty rates in new destinations were significantly higher among Latinos than African Americans, despite higher labor force participation and lower levels of unemployment. Difference-in-difference models demonstrate that in both the 1990s and 2000s, economic trajectories of African Americans in new Latino destinations largely mirrored those observed in places without large Latino influxes. Any economic benefits for Latinos in new rural destinations thus have not come at the expense of African Americans.

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1. Introduction

Conventional theories of assimilation are now being reformulated by the widespread geographic diffusion of Latinos, especially into rural and small town America (Jiménez and Fitzgerald, 2007; Marrow, 2009). Until the 1990s, the overwhelming share of America's Latino population resided in the Southwest – mostly in established urban gateways (Kandel and Cromartie, 2004; Tienda and Mitchell, 2006). In fact, California and Texas alone accounted for more than one-half of all Latinos living in the United States. Since 1990, however, industrial restructuring in meat processing and other nondurable manufacturing has increased the demand for low-wage labor in other parts of the country (Kandel and Parrado, 2005; Saenz, 2004). Latinos, especially immigrants, have increasingly left or bypassed traditional gateways, relocating to the rural South and Midwest for new opportunities to support a family and buy a modest home (Hernández-León and Zúñiga, 2000; Kandel and Parrado, 2004; Lichter and Johnson, 2006; Martin et al., 1996).

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Qualitative case studies have highlighted the economic incentives underlying new Latino resettlement in rural destinations, and quantitative investigations have confirmed patterns of upward economic mobility among immigrant newcomers, at least up to the "Great Recession" of the late 2000s (Crowley et al., 2006; Koball et al., 2008a). The recent economic downturn, however, has called into question whether Latino immigrants have benefited from relocating to new destinations (Ellis et al., 2013; Kandel et al., 2011; Koball et al., 2008b). Emerging evidence that Latinos increasingly are moving away from new destinations and into traditional settlement areas has further underscored the need to reevaluate new destinations as a platform for upward economic mobility among Latinos (Parrado and Kandel, 2011a).

Another contentious topic of inquiry is whether the boomtown growth of Latinos has come at the economic expense of other minorities (Crowley and Lichter, 2009; Waters et al., 2014). In the South, new Latino rural immigration has collided with the indigenous African American population. Rapid Latino growth has sometimes disrupted the established racial order, with Latinos seen as "leapfrogging" past African American workers or, at minimum, increasing competition for low-wage jobs (Marrow, 2011; Parisi et al., 2011; Rich and Miranda, 2005; Swarns, 2006a; Rocha and Easterbrook, 2006). Of course, such worries may be unfounded if economic growth and expanding employment opportunities have been sufficiently large to absorb recent in-migrants, if Latino newcomers and resident minorities occupy different occupational niches in local labor markets, or if rapid population growth has significant economic multiplier effects (e.g., generating new demands for goods and services) that benefit most workers, including African Americans (Kasarda and Johnson, 2006; Smith and Edmonston, 1997; Turner, 2014).

Some qualitative investigations have touched on these issues (for a review, see Waters et al., 2014). Yet, few studies have quantified the economic implications of Latino population growth in new destinations (for exceptions, see Crowley et al., 2006; Crowley and Lichter, 2009; Ellis et al., 2013; Kandel et al., 2011; Koball et al., 2008a, 2008b), and fewer still have identified the putative economic impacts on other minority workers (for exception, see Turner, 2014). Quantitative studies investigating implications of immigrant growth typically focus on metropolitan areas or national rather than local or regional effects – often documenting small negative impacts on low-skill, native-born workers (Borjas et al., 2010).[1] In a study illustrative of this genre, Bean et al. (2011) assess economic competition between African Americans and Latinos and find little evidence of displacement – probably because the occupational and industrial niches of Latinos and African Americans are highly segmented (i.e., direct competition is limited). Their positive assessment overlooks other economic indicators (e.g., poverty), and may not apply to rural receiving areas, where Latino and African American workers often compete head-to-head for the same jobs in small, undifferentiated rural labor markets (Marrow, 2011).

New rural Latino destinations provide a natural laboratory for studying the spatial context of economic incorporation and assimilation (Lichter, 2012). In this paper, we review research and present hypotheses regarding the economic implications of new settlement patterns for Latinos and African Americans. Using county-level data from the 1990 and 2000 U.S. Census of Population and the 2006–2010 *American Community Survey*, we document changes in well-being of rural Latinos in new destinations versus established gateways in the 2000s, and changes in well-being of rural African Americans in Latino boomtowns in comparison to otherwise similar counties over the 1990s and the 2000s. Difference-in-difference analyses of change occurring across county types point to erosion of economic benefits for Latinos in new destinations after 2000, and demonstrate that rapid Latino growth in new rural destinations had virtually no impact on African American economic well-being. This was true of both the 1990s – a decade of relative prosperity – and the 2000s – a period of economic contraction.

2. Background

America's Latino population dispersed rapidly between 1990 and 2000, as immigrants left or bypassed Southwestern gateway cities and settled instead in rural areas and small towns of states such as Georgia, Kansas and North Carolina (Durand et al., 2000; Kandel and Cromartie, 2004; Saenz and Torres, 2003). The amnesty provisions included in the 1986 passage of the Immigration Reform and Control Act gave Latinos a new freedom to move outside immigrant enclaves, positioning them to take advantage of new opportunities for low-wage jobs in other parts of the country.[2] Jobs were particularly plentiful in meat processing – an industry plagued by labor shortages as firms expanded the scale of production, moved facilities to lower-cost (and less populous) rural locales, deskilled/routinized production processes and lowered wages (changes that repelled native-born employees) (Broadway, 2007; Kandel and Parrado, 2004, 2005; Gouveia and Stull, 1997; Stull et al., 1995).

These jobs offered immigrants – including those with little education and limited English language skills – unprecedented opportunities for upward economic mobility (Hernández-León and Zúñiga, 2000; Kandel and Parrado, 2004; Martin et al., 1996; Swarns, 2006b). As a result, large numbers of Latinos left or bypassed traditional settlement areas in favor of new nonmetropolitan destinations offering jobs in meat or food processing and other nondurable manufacturing (e.g., oil, timber, furniture and textiles) (Gozdziak and Bump, 2004; Stull et al., 1995; Zúñiga and Hernández-León, 2005). Employer

[1] Research has demonstrated that native-born Latinos, African Americans and Whites are not fleeing new Latino destinations. Rather, their mobility is positively correlated with that of immigrant Latinos (i.e., they are moving to the same areas, drawn by expanding employment opportunities) (Parrado and Kandel, 2011b).

[2] This act, passed by congress and signed into law by President Ronald Reagan, granted amnesty to certain illegal immigrants and provided some others with a path toward legal residence in the U.S.