

# **HISPANIC POPULATION REDISTRIBUTION AND BLACK-WHITE INEQUALITY: CHANGING DEMOGRAPHICS, CHANGING SOCIAL POSITIONS?**

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The Hispanic population is one of the largest racial/ethnic groups in the United States (US Census Bureau 2016). Much of this growth can be attributed to steep and dramatic increases in immigration (largely due to post-1965 reform) and comparably high fertility rates (Johnson and Lichter 2008). In the 1990s, a nontrivial number of Hispanics began to bypass traditional destinations in favor of new settlement areas, known as “new destinations” (Donato et al. 2007; Lichter and Johnson 2006, 2009; Singer 2004; Suro and Singer 2002). The resulting shift in the location and concentration of the Hispanic population has raised questions regarding local dynamics, particularly those related to race. We contribute to these discussions by examining local Hispanic population change and corresponding shifts in black-white inequality.

Our analysis focuses on three objectives. First, we examine the relationship between county-level changes in the relative size of the Hispanic population between 1990 and 2000 and changes in black-white economic inequality. Second, we assess the extent to which this relationship differs across destination contexts. Finally, we enhance our understanding of the factors driving the relationship of interest by separately examining black and white outcomes and multiple dimensions of economic well-being (i.e., income, poverty, and unemployment).

## **BACKGROUND**

Research on racial dynamics in new destinations largely focuses on natives' responses to new populations (e.g., O'Neil and Tienda 2010; Taylor and Schroeder 2010) and the experiences of Hispanics (Clotfelter, Ladd, and Vigdor 2012; Flippen and Parrado 2015; Marrow 2009). A growing number of studies examine racial and ethnic hierarchies in new destinations (e.g., Adelman 2010; Adelman and Taso 2016), but little work investigates whether and to what extent the Hispanic population influences inequality between blacks and whites specifically. The black-white color line remains a particularly salient division in the United States, but it is one that may be shifting as a result of the increased presence of a third racial/ethnic group – namely Hispanics.

### **A Competition Perspective**

A long-standing debate centers on the impact immigrants have on native populations. The balance of evidence suggests a limited influence when examining economic outcomes (e.g., Card 2005; Lui 2012), but other research suggests that the presence of Hispanics disproportionately

affects certain members of the native population (Waldinger 1997). The anticipated differential impact of Hispanics on the economic prospects of blacks and whites makes this debate particularly relevant when studying the connections between Hispanic population growth and black-white inequality.

Borjas (1987, 2003) argues that immigrants are a source of economic competition that displaces native workers from the labor market. This competition, particularly with low-wage, low-skill segments of the labor market, would negatively affect the economic outcomes of natives through greater unemployment rates and depressed wages (e.g., Dustmann et al. 2013; Orrenius and Zavodny 2006). Although this perspective has largely been invoked for the foreign-born, it can be extended to any sizable population that commands a lower reservation wage and has a substitutable skillset. As such, to the extent to which Hispanic growth more negatively affects black relative to white outcomes, we anticipate that increases in the Hispanic population will be positively related to black-white economic inequality.

### **US Color Lines and Demographic Change**

Demographic trends connected to the Hispanic population also can be linked to scholarship on race and group status. A growing number of scholars ask whether and how racial/ethnic diversity alters social dynamics, particularly with respect to color lines. Broadly, this research suggests that local racialized dynamics will shift in response to new populations and subsequently affect local stratification hierarchies. However, the anticipated changes to color lines suggest different consequences for black-white inequality.

Some argue that broad demographic shifts tied to immigration will induce the blurring of social boundaries with respect to race/ethnicity (Alba and Nee 2003; Alba 2009). This perspective has received limited empirical support. However, if the proliferation of the Hispanic population does result in boundary blurring, then we would anticipate a reduction of black-white inequality in areas with pronounced Hispanic growth – and especially within new destinations where boundaries would presumably undergo the most change.

Others argue that racialized divisions will persist, albeit in different forms (Lee and Bean 2010). A white/non-white divide suggests that whiteness will become the most salient boundary and inequality will be reinforced between whites and all racial/ethnic minorities. A black/non-black divide emphasizes the distinctiveness of blackness and suggests that inequality will primarily lie between blacks and all others (e.g., Flores and Lobo 2012; Marrow 2009). Finally, a

tri-racial hierarchy suggests that whites will maintain advantage, blacks will continue to experience disadvantage, and a middle position will emerge that is occupied primarily by Hispanics (Bonilla-Silva 2004). These frameworks imply that black-white inequality would be maintained – or exacerbated – as a result of the increased presence of Hispanics.

## **DATA AND METHODS**

We use county-level data from the US Census, the US Department of Agriculture, and the CQ Press Voting and Elections Collection in 1990 and 2000. This decade reflects a period of rapid Hispanic population growth, which provides an ideal opportunity to investigate changing black-white inequality in response to that demographic shift. Though counties are imperfect representations of social and political spaces, they provide useful approximations of the local context in both urban and rural locations.

The theoretical perspectives guiding our research emphasize change. As a result, we employ a first difference modeling approach. This allows us to isolate the relationship between Hispanic population change and differences in black-white economic inequality from other dimensions of change experienced by a county (e.g., shifts in industrial composition).

Our dependent variable is black-white economic inequality as reflected by the ratio of black relative to white median household income. The focal independent variable is the percent of the total population that identifies as Hispanic. We create a spatially lagged variable to reflect the broader context within which a county is situated, which provides insight into the extent to which changes in neighboring counties influences inequality in other counties.

We control for several key factors. The local political context – represented using voting data during the 1988 and 2000 presidential elections – is likely a critical indicator of Hispanic migration flows into and out of a county and may also reflect local race relations. Similarly, welfare generosity may influence migrants' willingness to settle in certain contexts as well as their fertility decisions; such programs also reflect local support for low-income populations. We thus control for the percent of residents participating in the Supplemental Nutrition Assistance Program (SNAP), public assistance (e.g. Temporary Assistant to Needy Families, General Assistance), and Supplemental Security Income (SSI). Finally, we control for the relative size of the black population, industrial composition and unemployment rates. Time-invariant factors – e.g., metropolitan status – are implicitly controlled when using a first difference modeling approach, and are, therefore, not included in the models.

We begin with a baseline model of the relationship between changes in relative Hispanic population size, black-white income inequality, and black and white outcomes separately. We start with differences in median income, but we conduct parallel analyses of disparities in black and white poverty and unemployment rates to gain additional insight into the mechanisms linking Hispanic population change with black-white inequality. Finally, we use an interaction to test whether the relationship between Hispanic population growth and black-white inequality differs across destination contexts.

We assess all models for residual spatial autocorrelation using the Moran's *I* statistic and find no evidence that our results are biased due to unobserved spatial processes. We also adjust county population estimates to account for changes in county boundaries over time. This ensures that our variables reflect local population changes rather than changes resulting from the increase or decrease in the geographic scope of the county.

## **RESULTS**

Our baseline models provide no indication that Hispanic population growth is associated with changes in median income or unemployment for white residents (Table 1). As such, any changes in black-white inequality must be driven by shifts in economic conditions experienced by blacks. Indeed, we find that Hispanic population growth is associated with a small increase in black median income, though this slope flattens in locations characterized by relatively large Hispanic growth (e.g., counties that exceeded a 3 percentage point gain). Most strikingly, Hispanic growth corresponds to a large decline in black unemployment, and this decline is substantial enough to narrow unemployment disparities between blacks and white during the period of investigation. With the exception of increased white poverty rates, findings are largely inconsistent with the immigrant competition model (e.g., Borjas 1987, 2003). Instead, these patterns could be consistent with those who argue the color line has become blurred (e.g., Alba 2009). However, we do not find evidence of enhanced benefits in new destinations, which is what we would expect based on a color line perspective (not shown). The null interactions for black outcomes suggests a more generalizable process explains our results for black economic outcomes. Our discussion advances scholarly perspectives on the racial inequality consequences of Hispanic population change by shifting attention away from the competition and color line perspectives to focus instead on the (unevenly distributed) economic benefits associated with local Hispanic growth.

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Table 1. Hispanic Concentration Estimates from First-Differenced Models, 1990-2000<sup>a</sup>

	Panel A. Median Income						
	Black			White		Black-White	
	Median Income			Median Income		Inequality	
	Coef.		SE	Coef.	SE	Coef.	SE
Δ Pct. Hispanic	.07	*	.03	.00	.00	-.02	.02
Δ Pct. Hispanic <sup>2</sup>	-.01	*	.00	-.00	.00	.00	.00
Δ Spatial Lag	-.01		.03	-.00	.00	-.02	.02
Intercept	1.10		1.31	-.19	.17	.25	.96
N <sup>b</sup>	2,417			3,075		2,417	

  

	Panel B. Poverty Rates							
	Black Poverty Rate			White Poverty Rate		Black-White		
						Inequality		
	Coef.		SE	Coef.	SE	Coef.	SE	
Δ Pct. Hispanic	.20		.14	.04	.04	-.00	.04	
Δ Pct. Hispanic <sup>2</sup>	.05		.03	.01	**	.00	.00	
Δ Spatial Lag	-1.17	**	.41	.12	**	.04	-.14	***
Intercept	22.7		16.9	5.15	**	1.67	.54	1.53
N <sup>b</sup>	2,655			3,075		2,655		

  

	Panel C. Unemployment Rates						
	Black			White		Black-White	
	Unemployment Rate			Unemployment Rate		Inequality	
	Coef.		SE	Coef.	SE	Coef.	SE
Δ Pct. Hispanic	-.95	**	.33	.01	.01	-.017	*
Δ Pct. Hispanic <sup>2</sup>	.04		.02	-.01	**	.00	.01
Δ Spatial Lag	-.02		.32	.02	.01	-.08	.08
Intercept	-18.47		13.28	.62	.52	-3.46	3.11
N <sup>b</sup>	2,435			3,075		2,435	

\* p < .05; \*\* p < .01; \*\*\* p < .001

<sup>a</sup> Coefficient estimates are taken from full models that include controls for changes in the percent black, the overall unemployment rate, industrial composition, the percent of residents receiving SNAP, the percent of residents receiving other forms of public assistance, and the percent of votes cast for the Republican presidential candidate.

<sup>b</sup> The number of observations differs due to missing data for the black population.