Livelihoods, Vulnerabilities, and Opportunities in Rural Missouri

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Abstract

The issue of immigration, since the beginning of time, has never been an easy one. Countries have struggled with the integration of newcomers, and the U.S. is not an exception. In this country, 80 percent of immigrants are “people of color”; 75 percent of these are of Spanish-speaking origin.

Unlike the past, when immigrants (Latinos or Spanish-speaking) tended to favor metropolitan areas, this time around settlement patterns have been widely dispersed throughout the hinterland of the U.S. Therefore, small farming towns observe a booming immigrant population looking to fulfill its “American Dream.” However, economic integration into these new communities has not been easy for the newcomers. Causal elements have been creating vulnerability to economic success—including the local law enforcement agencies, newcomers’ low educational background, and LEP (Cambio de Colores, 2002). A majority of Latinos have been pulled into the rural areas where large agricultural operations exist. They are in many cases first-generation Hispanics trying to escape harsh, new immigration laws (Patriot Act), seeking refuge into these places; these new laws have also been providing cover for new employers to exploit these immigrants.

Additionally, factors such as immigrant’s social and cultural capital and racial profiling have helped stereotype—in many instances and many places—Latinos as people highly susceptible to law breaking, thus disturbing the normal balance of a given society where they are present (Cambio, 2002). Up to date, this situation has affected the ability of these people to acquire tangible assets necessary to smooth their income and consumption and to cope—let alone start asset building that could come in handy for their resilience in these areas.

The aim of the present project is to study the economic causes that contribute to the vulnerability of Latino newcomers in rural Missouri and how they are affecting communities and families in rural Missouri, which might lead to an elaboration of a framework that will allow researchers and policymakers to identify strategies that could help these immigrants adapt successfully to their new home environments. This presentation will address work in progress looking at the diversity of Latinos in rural Missouri and how language acquisition, education, and experience impact on income generation. Data from the 1990 and 2000 Census are used. Regression analysis measures how economic, employment, education, and language skills of Latinos in rural Missouri impact income generation. A discussion of additional factors affecting livelihoods and how these will be integrated into the analysis will follow.

Keywords: barriers to immigrant success, immigrant integration, immigrant livelihood
Labor Sharing

Labor sharing is another resource within social networks. During the harvest, when labor is scarce, members of the same social circle, or group, share workers.

Loans/Financial Assistance

Money, like land, is a scarce resource and not made available to everyone in a social network. Loans are seldom made outside of the immediate family. The same is true for cosigning on a loan.

Other Farming Resources

Other farming inputs, such as fertilizer and machinery, are also made available to group members. There is the expectation that the individual being assisted in this fashion will do the same in the future.

Mutual Assistance

Mutual aid consists of lending a helping hand when needed. Network members help harvest, repair machinery, or plant blueberry bushes.

Conclusion

The Latino farmers in Van Buren County have accomplished much using social capital. Through their social ties, they have managed to obtain resources to buy farms, increase production, and stay in farming. Some of them, mainly the English-speaking Tejanos, have also used USDA programs to meet these objectives. Despite the need, however, Mexican immigrants do not participate in USDA programs and, as a result, do not use resources they subsidize through tax contributions. These programs would help them stay in farming, grow food, and provide employment to local and migrant farmworkers.

Latinos in Van Buren County and elsewhere in the United States are keeping an American tradition alive—the family farm. In fact, they are entering farming at a time when land concentration is on the rise, and the family farm of old is under the imminent threat of vanishing. More than individual initiative and hard work, farm ownership among the Latinos is made possible through social capital available in social networks. Making USDA resources available to Latino farmers will allow more of them to become farmers and to continue growing food for the region and the nation.

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Introduction

The issue of immigration has never been an easy one. This is also the case in the U.S., a country of immigrants. As of late, the U.S. has received massive numbers of immigrants, of which 80 percent were considered “people of color”; 75 percent of these were of Spanish-speaking origin (OBLEMA, 2000; Census, 2000).

Unlike the past when immigrants (Latinos or Spanish-speakers) tended to favor metropolitan areas, current settlement patterns have been widely dispersed throughout the U.S. According to Frey (1996), immigrant settlement patterns differ from those of migrants who have been in a country for a long time. Small American towns that offer jobs, such as meatpacking, jobs that require relatively unskilled labor and pay relatively low wages are especially appealing to immigrants. These communities have experienced booming immigrant population in search of work.

Globalization has brought along with it labor demands, with direct implications for immigration and economic development. This is an age when capital and labor flow across borders, and old filters designed
to control both are no longer effective. Filters in some instances are detrimental to future economic development (Friedman, 200; McMichael, 1996). Increased movement of labor and capital across international borders has impact on local communities (Sassen, 1999). Migration has become an integral part of a large, complex economic system that immigrants see as the solution to their previous precarious situation (IMO, 2002).

Economic integration to new communities has not been smooth for newly arrived immigrants to rural communities. Some of the elements that have contributed to this include a legal system that is “alien unfriendly,” the low levels of education, and limited proficiency in English (Cambio de Colores, 2002). Other factors, such as immigrants’ social and cultural capital, and racial profiling have resulted in stereotypes (Cambio de Colores, 2002). A negative community climate toward newcomers makes it difficult to pursue day-to-day activities to secure an income.

Objectives

- To analyze empirically the causes of economic success (failure), as an approximation of Latino household well-being (vulnerability) in rural Missouri.
- To evaluate how economic success (failure) of Latinos is affected by the climate of the local communities in rural Missouri.
- To suggest a framework that would assist policymakers to identify ways to help Latino immigrants adapt successfully to their new home environments.

Analytical Approach

The main analytical approach used is based on sustainable livelihoods theory as laid out by Chambers and Conway (1992) and Valdivia and Gilles (2001).

The Theory

A basic concept is capabilities. This refers to the ability to perform certain basic functions, what a person is capable of doing and being (Sen, 1984; Dreze and Sen, 1989). Elements of capability include the ability to lead a comfortable life, avoid preventable morbidity and mortality, be adequately nourished, live a life without shame, be able to visit and entertain family and friends, and be comfortably clothed. Quality of life is seen in terms of valued activities, and the ability to choose and perform those activities (Chambers and Conway, 1992). The schematic diagram below presents the main points of this principle.
Livelihoods Framework

The principle of capability, as delineated by Sen, Chambers and Conway, and others in the literature incorporates the ability to cope with stress and shocks, and able to find and make use of livelihood opportunities and to recover, resiliency.

Specific objectives of this study are to find out how Latinos are faring in their “new homes,” what are the factors of importance in their ability to build an economic life, and what are the implications of these findings for their livelihoods today and in the future. Therefore, it is important to find variables that capture the needed information, work as indicators (proxies), and allow the identification of well-being characteristics of Latinos in these communities. Springing from the theory of capabilities, the ability to command a decent livelihood and well-being is intrinsically linked to asset accumulation, which in turn breaks down into two parts: tangible and intangible assets. Tangible assets are mainly physical, financial or liquid capital, and any other natural resources that a household might possess that can be readily redeemed into cash (e.g., land). Intangible assets are mainly those intellectual and moral properties or characteristics that any individual member of a household might have that would provide him or her competitive advantage in the community. These include the relations that allow them to command other resources, often grouped into what is called social and human capital, as well as cultural capital (Valdivia and Gilles, 2001).

Physical capital comprises the basic infrastructure and private goods needed to support livelihoods. Infrastructure consists of changes to the physical environment that help people meet their basic needs and

Source: Adapted from Chambers and Conway (1992)
to be more productive (e.g., affordable transportation, secure buildings, communications (telephone), affordable energy, and adequate water and sanitation). Private goods will thus refer to the tools and any other equipment that a given household will need and use in order to function more productively. Financial or liquid capital relates directly to the earnings that a given household is able to command in a given period of time; earnings consist of employment wages, income from self-employment, and any other source of income—such as remittances, credit, and welfare assistance. This information can be obtained directly from the Census by using indicators such as type of house ownership, type of house, and regimen (own property or rent). Average household earnings have been the most commonly used indicator of the household financial capital. In earnings we include the amalgamation of all the household income-generating activities done by all productive members of the household (the sum of wage and salary income and net income from farm, non-farm, and self-employment). It should be noted that this framework originated in rural development, therefore the emphasis on land tenure and farm income.

Social capital refers to the institutions, relationships (networks), and norms that shape the quality and quantity of a society’s social interactions. Lately, increasing evidence has demonstrated that social cohesion is critical for societies to prosper economically. The elements that constitute social capital can range from a norm of reciprocity between two friends, all the way to complex doctrines like religion (Fukuyama, 1999). Moreover, social capital is also spontaneously generated all the time through long-time continuous interaction of individuals in a given society. Elinor Ostrom (1990) has catalogued empirical cases of cooperative norms arising as a result of repeated community interaction. Through social capital, individuals and ultimately communities are able to create bonds that will allow them to address problems or access resources that in many settings are obtained through market relations. A narrow view of social capital regards it as a set of associations of close friends and family that have an effect on household productivity and well-being, which are commonly known as “bonding.” A broader perspective includes weak ties (Granovetter, 1973), which consist of individuals in various social networks such as those in church organizations, civic organizations, and elsewhere. These individuals are then able to move between groups and thereby become bearers of new ideas and information that could be of assistance in their well-being (e.g., tips about job vacancies, access to credit, welfare, and cheaper housing.) This type of social capital is referred to as “bridging.”

Social capital has been measured in many ways; researchers using different combinations of qualitative, quantitative, and comparative methodologies have come up with useful proxies and exciting results about social capital. Temple and Johnson (1998) have used ethnic diversity, mobility, and prevalence of communication means as proxies for the density of social networks. Portes (1995) and Light and Karageorgis (1994) analyzed the economic well-being of different immigrant communities in the U.S., showing that certain groups (e.g., Koreans in Los Angeles, Chinese in San Francisco) do better than others (e.g., Mexicans in San Diego, Dominicans in New York) because of the social structure of immigrant communities. Those communities that did better were able to provide or secure their countrymen with job referrals, English-language training, informal sources of credit, insurance, and child support. Massey and Espinosa (1997) examine Mexican immigration to the U.S. showing that policies that advocate the free flow of goods and services across national borders also increase the flow of people. Wirth (2001) has conducted a survey of the Latino population in southwest Missouri and found that those who identified themselves as belonging to a church (or church organization) were much more likely to be older, have two-parent households, be much better educated, have more use or knowledge of English language, and meet their basic needs more often when compared with those who did not.

Human capital relates to personal skills and knowledge that have been acquired over the years that will enable a given individual to succeed in a given society. Modern societies are increasingly relying on knowledge and communication used on a global domain; individuals with personal competence, the ability to access information and basic technical capacities in specialized services stand the chance of earning a better living than those who do not. Therefore, the most compelling indicators of human capital are those related to skill, knowledge enhancement, and communication acquisition; other indicators include the level of educational attainment (professional instruction, educational attainment), occupational distribution (will also include industry distribution, and family members in the workforce), technical training, and command of the English language. Out of all these indicators, educational attainment and English language ability have long been heralded as some of the best indicators of the type of work an immigrant could get and
therefore, a good indicator of how much an immigrant earns (Roderick, 2000; Cafferty, 2000; Cárdenas, 1988). Wirth (2001) states that those who did have higher educational attainment or a certificate of training from another country before moving to the U.S. had higher income, were able to meet basic needs, were covered with health insurance, knew how to apply for loans, tend to own a business, and tend not to work in agricultural occupations.

The attention that has been given to the effect of educational attainment and English language ability on individual wages (thus earnings) might seem rather puzzling and even trivial. It is well known that these two factors enhance the individual’s productivity and consequently his or her earnings. There is, however, evidence that this has not been the case all the time; there have been cases that individuals with the same educational attainment did not earn the same wage even when working at the same factory and at the same time (Broadway, 1994; Beck, 1996; Briggs, 1994 cited in Case and Campbell, 2002). Therefore, even though there is a correlation between educational attainment and earnings, it is safe to say that there must be a third dimension that also influences earnings.

**Empirical**

The main source of data to be used for this exercise is the 2000 Census survey conducted decennially; it is important to note that this analysis does not include the St. Louis and Kansas City areas. This data is kept by the Office of Social and Economic Data Analysis at the University of Missouri-Columbia; it is an exhaustive data bank containing myriad variables that will make this study possible. An exciting feature of this database is that it has recently made available the Public Use Microdata Samples (PUMS), which make analysis possible at the household level—allowing researchers to compare individual households in a given community. This data will be complemented by the Department of Elementary and Secondary Education (DESE) survey, which contains different variables containing educational information about Latinos from 1990 to 2004.

The typical wage equation estimated in the literature is the semilog form:

\[ LW_i = \alpha + \beta_1 S_i + \beta_2 T_i + \beta_3 A_i + \delta \cdot h + \varepsilon_i \]  

(1)

where \( LW \) is the log wage for the individual, \( S \) is educational attainment in years, \( T \) measures the years in current job, \( A \) is a measure of experience, \( h \) is the vector of observable characteristics (location and mobility dummies, laws and specific work characteristics), \( \delta \) is the associated vector of coefficients, and \( \varepsilon \) is the unobservable error term with zero mean. The semilog specification for educational attainment is justified because the relationship between log wages and educational attainment is linear. The equation is said to be in semilog form because only the dependent variable is in log form. The equation is derived from the following nonlinear form:

\[ W = \exp(\alpha) \exp(\beta_1 S_i) \exp(\beta_2 T_i) \exp(\beta_3 A_i) \exp(\delta \cdot h) \exp(\varepsilon_i) \]  

(2)

By taking the logarithm of both sides of the equation, we obtain the above equation (1). As said before, the coefficients have the interpretation of percent changes, not changes in levels (e.g., a value of 0.09 for \( \beta \) implies that an additional year of education has the effect of raising the wage by 9 percent). The difference in interpretation comes about because the dependent variable is the log wage, not the wage itself, and the change in logs equals the percent change in levels.

The educational attainment coefficient \( \beta \) measures the percentage increase in the wage the individual would receive if she had one more year of education. It therefore represents the marginal return from investing in human capital, which should be in the same order of magnitude as the rate of return from financial assets.

Therefore, earnings will be a mainly a function of educational attainment, English language proficiency, technical training and the amount of time that the Latino has been residing in a given place.
Hypothesis

Households develop livelihood strategies with the goal of providing for the well-being of the family. A measure of success is a family’s ability to generate reliable income throughout the year (income smoothing). The ability to smooth income goes a long way in smoothing consumption, because a family’s ability to meet most needs depends on solvency. A point that should be clear is that, even though most of the things are acquired by single families, social capital still plays a major role, especially for the Latino community, which has a different cultural background. The assumption that institutions work and markets function without significant distortions is being made here. In light of these elements, the following hypotheses are advanced:

Educational attainment and English proficiency:
These are the main determinants of labor market status and success—the higher they are, the greater the chances a Latino has to earn a decent livelihood in rural Missouri.

Earnings:
The longer the Latinos stay in one area, the higher their earnings are, given that over time they may acquire industry-specific knowledge (assuming that they have jobs) and become more fluent in English, thus enabling them to get better paid jobs.

Results

Demographics

Graph 1. Distribution of Latinos by Nativity in rural Missouri in 2000

The majority of Latinos present in non-metro Missouri are actually U.S. born, and only a third of them are foreign born. Graph 1 shows the distribution of Latinos in non-metro Missouri by nativity in 2000 (Census, 2000), excluding Latinos living in Kansas City and St. Louis. The Latino population in non-metro Missouri has undergone a phenomenal increase in the past decade, and Mexico has been the dominant country of origin, as shown in Graph 2.
Human capital

English ability

Graph 3 shows the frequencies of Latinos’ English ability in non-metro Missouri discriminated in four subgroups. The graph representation corresponds to a universe of foreign and US-born Latinos combined; it can be seen that a little bit over 50 percent of Latinos in Missouri do not have a good English ability.

Table 1 shows Latinos’ level of English proficiency discriminated by national origin of income-earning persons (i.e., 16 years and above). The data shows some level of oscillation in the English ability across groups; however, a simple analysis of variance revealed that there is significant difference only between Mexicans and other Spanish or Latino groups and that there is no significant difference between the groups who speak English “very well” or “well”.

![Graph 3. How well do Latinos in rural Missouri speak English](image-url)
Table 1. How well do Latinos speak English, by place of birth in non-metro Missouri, in 2000

<table>
<thead>
<tr>
<th>Origin</th>
<th>Very well</th>
<th>Well</th>
<th>Not very well</th>
<th>Not at All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexican</td>
<td>28%</td>
<td>20%</td>
<td>43%</td>
<td>8%</td>
</tr>
<tr>
<td>Puerto Rican</td>
<td>23%</td>
<td>24%</td>
<td>41%</td>
<td>10%</td>
</tr>
<tr>
<td>Cuban</td>
<td>21%</td>
<td>25%</td>
<td>48%</td>
<td>6%</td>
</tr>
<tr>
<td>Other South American</td>
<td>20%</td>
<td>25%</td>
<td>46%</td>
<td>9%</td>
</tr>
<tr>
<td>Other Spanish or Latino</td>
<td>18%</td>
<td>23%</td>
<td>51%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: 2000 U.S. population census, Public Use Microdata Sample 5% (PUMS).
Note: data presented in the table does not include Kansas City and St. Louis areas.

Table 1 shows that Latinos from Central America and the cluster of “other Spanish or Latino countries” have slightly lower levels of English proficiency than Mexicans. Mexicans have the highest average percentage of good English ability with 48 percent as compared with Puerto Ricans with 47 percent, and Cubans with 46 percent.

**Educational level**

The correlation of population and school enrolment increase for Latinos in the interval of 1990-2000 is presented in the Graph 4 below.

Graph 4. 1990-2000 Population and enrollment in out-of-state Missouri

<table>
<thead>
<tr>
<th>Year</th>
<th>Enrollment</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>3,010</td>
<td>27,877</td>
</tr>
<tr>
<td>2000</td>
<td>7,731</td>
<td>61,833</td>
</tr>
</tbody>
</table>

Source: 2000 census, Public Use Microdata Sample 5% and DESE database.
Note: The graph does not include Latinos from Kansas City and St. Louis.

The correlation shows an increase of 2 percent in the enrollment of Latinos (11 percent of the Latino population was enrolled in 1990 as compared with 13 percent in 2000). The increase in the percentage of Latinos enrolled in schools might reflect two things: the proportionate increase in the population and the importance that this group is currently attaching to education.
Table 2. Latinos’ educational attainment in out-state Missouri by place of birth, in percent (age >15 years)

<table>
<thead>
<tr>
<th>Origin</th>
<th>8th grade and below</th>
<th>8th grade to high school</th>
<th>College</th>
<th>Advanced degree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mexican</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native</td>
<td>14</td>
<td>51</td>
<td>32</td>
<td>2</td>
</tr>
<tr>
<td>Foreign</td>
<td>47</td>
<td>38</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td><strong>Puerto Rican</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native</td>
<td>8</td>
<td>41</td>
<td>46</td>
<td>5</td>
</tr>
<tr>
<td>Foreign</td>
<td>-</td>
<td>40</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cuban</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native</td>
<td>7</td>
<td>30</td>
<td>44</td>
<td>19</td>
</tr>
<tr>
<td>Foreign</td>
<td>30</td>
<td>43</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td><strong>Other South American</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native</td>
<td>-</td>
<td>-</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td>Foreign</td>
<td>13</td>
<td>13</td>
<td>69</td>
<td>6</td>
</tr>
<tr>
<td><strong>Other Spanish or Latino</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native</td>
<td>14</td>
<td>47</td>
<td>36</td>
<td>3</td>
</tr>
<tr>
<td>Foreign</td>
<td>29</td>
<td>36</td>
<td>27</td>
<td>7</td>
</tr>
</tbody>
</table>

The dash represents unreported categories or the specific Latino group was unrepresented in that particular area. Source: 2000 U.S. population census, Public Use Microdata Sample 5 percent.

Table 2 shows the average level of education for Latinos in Missouri discriminated by origin and limited to the income-earning population of 16 years and above. The pattern tends to be that for the US-born Latinos; around 58 percent have at least some years of college education or beyond; for foreign-born Latinos, more than half do not have college education.

**Industrial distribution**

The 2000 U.S. Census shows that the service and agricultural industry sector have been the two most important job providers to Latinos in non-metro Missouri. On the other hand, the data shows that comparatively, foreign-born Latinos are more likely to be in agricultural than the U.S.-born. By comparison, U.S.-born Latinos are more likely to be represented in the service industry and not very much in the agricultural sector. This outcome may be unsurprising given that most immigrants have as a prime priority the acquisition of a job as soon as possible. Table 3 below shows the distribution of Latinos in different industries in non-metro Missouri.
Table 3. Industrial distribution among Latinos by place of birth (in percent)

<table>
<thead>
<tr>
<th>Origin</th>
<th>Agricultured</th>
<th>Servicesa</th>
<th>Health services</th>
<th>Publicb admin.</th>
<th>Constructionc</th>
<th>Manufacture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mexican</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>25</td>
<td>47</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Foreign born</td>
<td>28</td>
<td>43</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td><strong>Puerto Rican</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>8</td>
<td>51</td>
<td>7</td>
<td>9</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>Foreign born</td>
<td>8</td>
<td>42</td>
<td>4</td>
<td>15</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td><strong>Cuban</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>3</td>
<td>56</td>
<td>5</td>
<td>15</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Foreign born</td>
<td>2</td>
<td>45</td>
<td>4</td>
<td>15</td>
<td>20</td>
<td>13</td>
</tr>
<tr>
<td><strong>Other Spanish or Latino</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>20</td>
<td>53</td>
<td>6</td>
<td>3</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Foreign born</td>
<td>26</td>
<td>47</td>
<td>5</td>
<td>1</td>
<td>6</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: 2000 U.S. population census, Public Use Microdata Sample 5% and Summary File 3.
Note: Rows do not sum up to 100 percent because of rounding effect.

a Service includes: transportation, communications, utilities, retail and wholesale trade, finance, insurance, education.
b Public administration includes civilian and the military.
c Construction includes mining.
d Agriculture includes extension services, landscaping, meatpacking, forestry and fishing.

**Occupational distribution**

Occupational distribution refers to the position that Latinos occupy in any industry where they happen to be employed. Presumably, this category, more than the others, relies heavily on legal status, mobility, educational level, and English ability. For ease of representation, the occupational distribution was grouped in three main skill classes: low (laborer and operative professions); medium (clerical, trades people, and expertise); and high (executives, professional, and managers). Table 4 shows the representation of Latinos in each class.
Table 4. Distribution of major Latino groups and non-Hispanics in 2000, by skill levels

<table>
<thead>
<tr>
<th>Origin</th>
<th>High Skill</th>
<th>Medium Skill</th>
<th>Low Skill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Hispanic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>56%</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>Foreign born</td>
<td>14%</td>
<td>9%</td>
<td>77%</td>
</tr>
<tr>
<td>Mexican</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>22%</td>
<td>9%</td>
<td>69%</td>
</tr>
<tr>
<td>Foreign born</td>
<td>13%</td>
<td>7%</td>
<td>80%</td>
</tr>
<tr>
<td>Puerto Rican</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>42%</td>
<td>13%</td>
<td>45%</td>
</tr>
<tr>
<td>Foreign born</td>
<td>37%</td>
<td>4%</td>
<td>59%</td>
</tr>
<tr>
<td>Cuban</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>49%</td>
<td>15%</td>
<td>36%</td>
</tr>
<tr>
<td>Foreign born</td>
<td>37%</td>
<td>10%</td>
<td>53%</td>
</tr>
<tr>
<td>Other Hispanics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. born</td>
<td>28%</td>
<td>6%</td>
<td>66%</td>
</tr>
<tr>
<td>Foreign born</td>
<td>8%</td>
<td>3%</td>
<td>89%</td>
</tr>
</tbody>
</table>

Note: Structural organization adapted from Chiswick and Hurst (2000), data source is from 2000 U.S. population census, Public Use Microdata Sample 5 percent. Columns do not add up to 100 percent due to rounding effect.

U.S.-born Latinos tend to be mostly in medium and high-skilled jobs as compared with foreign-born Latinos who are mostly in low-skill jobs. It can be seen that Cubans and Puerto Ricans have the highest percentage in the high skill class with an average of 49 percent and 42 percent, respectively; on the other end of the spectrum are the Mexicans, who have the highest average percentage of people in the low skill class with almost 80 percent.

Empirical analysis

- Estimation results:
- With the exception of English ability, all other variables are significant in explaining the variability in Latinos income levels ($F = 4190.12, p = 0.0001$) and the adjusted R2 is 0.253
- The average income for those who did not move in the past 10 years was $23,765; for those who moved, it was $20,662
- There is a significant difference between income earnings of those who moved and the earnings of those who did not move ($F = 7.57, p=0.0001$)

Table 5. Results of the log-linear regression analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Parameter</th>
<th>St. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>wIntercept</td>
<td>7.765</td>
<td>0.076</td>
</tr>
<tr>
<td>Educ. Level</td>
<td>0.092</td>
<td>0.005</td>
</tr>
<tr>
<td>Eng. Ability</td>
<td>0.002</td>
<td>0.02</td>
</tr>
<tr>
<td>Work Exp</td>
<td>0.026</td>
<td>0.026</td>
</tr>
<tr>
<td>Age</td>
<td>0.016</td>
<td>0.001</td>
</tr>
<tr>
<td>Mobility</td>
<td>-0.074</td>
<td>0.036</td>
</tr>
</tbody>
</table>
Preliminary conclusions:

- Summary statistics indicate that:
  - More than a third of Hispanics in rural Missouri are foreign born
  - There has been a dramatic increase in enrollment levels and there is no wide disparity in educational levels of native and foreign-born Hispanics
  - Hispanics are employed mostly in service and agricultural industries and in low skilled jobs
- Empirical analysis:
  - Educational level accounts for 9 percent of salary increase, work experience accounts for an even greater percentage 26 percent
  - Mobility has a negative effect on the earning ability of Hispanics (7 percent)
  - Age explained only 2 percent of the variability in wages
  - English ability was found to be non-significant and to have a high correlation with educational level

Further analysis

- Create individual county profiles
- Include the effect of racial profiling as an explanatory variable

References


Rodriguez, Clara E. The Effect of Race on Puerto Rican Wages. In Melendez E., C. E.


