

Richard W Fisher: ¡Ándale Pues! Get on with advancing hispanic prosperity through education

Remarks by Mr Richard W Fisher, President and Chief Executive Officer of the Federal Reserve Bank of Dallas, at the Hispanic Economic Experience Conference, Dallas, Texas, 16 June 2011.

* * *

The views expressed by the author do not necessarily reflect official positions of the Federal Reserve System.

I am here today not simply to say **bienvenido** and welcome you to the Federal Reserve Bank of Dallas with **un fuerte abrazo**, but to underscore the importance I attach to our achieving a better understanding of the Hispanic economic experience and, very importantly, the potential for greater Hispanic advancement within the U.S. economy.

Let me cut to the quick: Hispanics are underachieving in our society, especially in Texas. Here are the data:

- There are some 50 million Americans who identify themselves as Hispanics. This number is up 43 percent over the last decade. Roughly 66 percent, or some 32 million, self-identify as *Méxicanos*.
- Texas has the second-largest Hispanic population, after California: 9.5 million Hispanics, the vast majority of whom are of Mexican origin, live here. A majority of them are native born, whereas in the rest of the United States, a majority are foreign born. In other words, the majority of Hispanics who live in Texas are as American as I am; some maybe more so, as I am a first-generation American born of immigrant parents.
- In Texas, 38 percent of the population is Hispanic versus 16.3 percent in the U.S.
- “Jose” has been the top male baby name in Texas every year since 1996, when it replaced “Michael” and “Christopher.” We are the only state in the union with a Latino baby name ranked number one.

Those are some basic facts. Here are some others for you to consider:

For the past 20 years, the Eleventh Federal Reserve District – in which 96 percent of the economic output is generated by Texas – has outgrown the rest of the Federal Reserve districts and the United States by significant margins. We have grown our real – or inflation-adjusted output (real state gross domestic product) – by 3.6 percent compounded over 20 years, whereas the rest of the U.S. (real gross domestic product) has grown at 2.5 percent compounded; annual job growth in Texas has outpaced the nation by 1 percentage point a year; population growth within Texas has compounded over the past two decades by 2 percent per annum, versus 1.1 percent for the rest of the nation.

We now have the second-largest Congressional delegation in the country behind California. But the growth dynamic here is vibrant, whereas that of California is stagnant. This is why we are picking up population and Congressional seats, while the recent U.S. census apportioned no additional seats to California.

In sum, we are a vibrant and strong economy. The economic tenor in California and the rest of America is weary, if not downright weak: **Somos fuerte; los otros son flojos**. Since the recent economic recession ended, Texas has been responsible for 48 percent of all the jobs created in America.

And yet, the Hispanic population is not participating in our economic prosperity in proportion to its weight in the Texas census.

The unemployment rate among Latinos here is substantially higher than it is for non-Hispanic Texans. Hispanics earn 36 percent less in hourly wages than non-Hispanic whites; median household income of Latino-headed households in Texas is about 60 percent of median household income of non-Hispanic households. For the U.S. as a whole, Latino-headed households earn about 73 percent of non-Hispanic white household income.

Pia Orrenius and our other economists are hard at work in deciphering what accounts for the differences between the economic status of Texas Hispanics and Latinos elsewhere in the U.S. Already, one factor is clear: Hispanic educational achievement in Texas is abysmal.

In Texas, as anywhere else in the United States and in all capitalist societies, “you earn what you learn.” Every study known to man, and plain common sense, tell you that income is directly correlated to educational attainment. High school graduates earn significantly more than high school dropouts; a college degree results in greater lifetime earnings than a high school degree; the highest income groups are those with graduate degrees.

Nearly 50 percent of Texas public schoolchildren are Hispanic, but only 38 percent of high school graduates are Hispanic.

Some 54 percent of non-Hispanic whites and 48 percent of non-Hispanic blacks age 18 to 24 with a high school degree were in college in 2008. The percentage of Hispanics was only 43 percent.

Within the age cohort between 25 and 64, only 14 percent of native-born Texas Latinos have college degrees; 23 percent of native-born Hispanics in Texas age 25 to 64 are high school dropouts.

No matter how you slice it or dice it, it is glaringly clear that Hispanics in Texas are failing at school. This must be corrected. If not, they will continue to trail in economic achievement. And all of us – white, black, Asian-American, Hispanic or non-Hispanic – will suffer the consequences of economic underperformance.

Texas is a remarkable place. We embody the “can do” spirit. My favorite Texas historian is T.R. Fehrenbach. I recommend his book, ***Lone Star: A History of Texas and the Texans***, to anybody who wishes to understand what makes this place unique.

As Fehrenbach puts it, the key to overcoming the odds in the Lone Star State has been that “the Texas ethic and Texas society rewarded enterprise,” ... “work was the real virtue.” ... “We chose this land; we took it; we made it bear fruit.” We are a people, in Fehrenbach’s words, for whom “the cult of courage was obvious.”¹ And he distills the Texas spirit that prevails to this day in one sentence: Here, “men who exist get overrun by men who act.”²

It is time for our great Latino population to have the courage to face the facts: They must do a better job as families and within their communities to dedicate themselves to educational achievement. And it is time for all Texans, Hispanics and non-Hispanics, to act to create the conditions that will safeguard and nourish the prosperity of all our children and that of our children’s children.

¡Ándale pues! Delve into the Hispanic experience. Help us understand through this conference and your various studies how to advance Hispanic prosperity. For in doing so, you are helping us advance Texas and the nation.

Thank you.

¹ Lone Star: A History of Texas and the Texans, by T.R. Fehrenbach, New York: Macmillan Publishing Co., 1985, pp. 708–12.

² See note 1, p. 717.