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## **Submission: Socioeconomic inequality facing Latino community must be bridged**

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It's official: The topic of "income equality" is in vogue.

From researchers to cable talk-show hosts, from policymakers to civic leaders, it seems like everyone is talking about the economic disparities between the affluent and the low-to-middle income earners in the United States.

In fact, recently, the popular book "Fifty Shades of Grey," by the British author E. L. James, has been defeated by a dense book, "Capital in the Twenty-First Century," by the French economist Thomas Piketty, in many bestselling lists, including Amazon.com's.

While those who generate knowledge and implement public policy have suddenly become enlightened about income inequality and its negative impacts on economically disadvantaged groups, historically, Latinos have experienced the pernicious nature of being at the bottom end of America's socioeconomic ladder.

Latinos, as the nation's largest ethnic group, work in all sectors of the economy. While employed in an array of sectors, however, the median Latino household income at \$39,000 is lower than the national average at \$50,000, according to statistics from the 2011 American Community Survey. Also, the Latino poverty rate is 26 percent as opposed to 15 percent nationally.

These unequal figures reflect the types of jobs that Latinos hold, where pay is typically lower than the national average. For example, these commonly include blue-collar, service-sector jobs with low pay and limited upward mobility opportunities. This is not to imply, of course, that all Latinos hold blue-collar jobs.

In addition to below-average household income, Latinos experienced additional economic hardships as a result of the Great Recession and its lingering impacts. According to the Pew Research Center, for instance, in 2011, national homeownership rates among whites were at 73.7

percent, while homeownership rates among Asians were at 58.1 percent. For Latinos, however, the homeownership rate was 47.4 percent, only somewhat higher than black homeowners at 25.1 percent. Given the importance of homeownership in the U.S. as a valuable asset of accumulated wealth for both the owners and their offspring, these percentage differences only perpetuate racial inequality in this country.

As a major contributor to the ongoing housing crisis, according to recent studies by Professor Peter Dreier and his colleagues at Occidental College, the risky, irresponsible and, at times, illegal lending practices by banks and mortgage brokers toward borrowers before the Great Recession resulted in negative financial consequences for millions of Americans, particularly Latinos and blacks. More specifically, banks and mortgage brokers are mainly responsible for the many home foreclosures and underwater mortgages, where a homeowner owes more to the bank or lender than the current home value.

For instance, banks and mortgage brokers frequently persuaded potential buyers to obtain variable interest loans and more insidious high-interest subprime loans with the false premise that the new homeowner could refinance at a later time at a fixed rate, leading to a housing bubble. These greedy schemes had a disproportionate, negative impact on Latinos and blacks. For example, in 2006, during the height of subprime lending, 18 percent of whites received these risky loans, compared to 47 percent of Latinos and 54 percent of blacks.

As a means of improving upward mobility opportunities among Latinos, many academics, policymakers and civic leaders argue in favor of raising the minimum wage, producing more affordable housing, improving public schools, increasing taxes on the super wealthy and implementing immigration reform. There seems to be a growing consensus among Latino leaders and academics for public and private agencies to invest in disenfranchised Latino communities in order to become more competitive in the highly advanced workforce and beyond. This should be done with holistic, innovative and forward-thinking approaches to deep-rooted socioeconomic problems that have plagued Latinos for many generations, such as residing in impoverished and segregated neighborhoods, attending inadequate public schools, being confined to low-wage occupations and lacking equal access to higher education.

In short, as the fastest-growing segment of the American workforce with an estimated 25 million workers, or 16 percent of wage earners, not to mention the contributors of countless historical achievements to this country, Latinos deserve all of the benefits this country has to offer. This includes, but is not limited to, the right for all Latinos to have access to affordable housing in safe neighborhoods, good-paying jobs and excellent educational opportunities.

Anything less than these basic needs to survive and thrive in this country only perpetuates the status quo, where Latinos remain at the bottom of the income inequality equation.

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