

Reshaping the Social Contract: Demographic Distance and Our Fiscal Future

by Manuel Pastor & Vanessa Carter

The 2010 Census brought some startling news: a 43% increase in the number of Latinos since 2000, a 43% increase in those of Asian and Pacific Islander heritage over the same period, an 11% increase in the African-American population, and a barely perceptible increase of 1% in the number of non-Hispanic whites. With that, two days of reckoning have come closer: the moment in which we become a “majority-minority” nation and the moment in which we align our tax and fiscal decisions with our real American tomorrow.

The two are related. While the future always seems a long way off, it is usually right here right now. While most have focused on the growth rates noted above, the really important news is the difference between the median age of various racial/ethnic groups: For non-Hispanic whites, the median age is 42, for Asian Pacific Islanders, it is 35, for African Americans, it is 32, and for Latinos, it is 27. That’s a 15-year gap—and the relational gulf between those with whiter hairs (and lighter skin) and the younger and browner future workforce will eventually come back to hurt us all.

After all, the Census Bureau estimates that we will cross over the “majority-minority” line sometime around 2042; the year has been moving forward steadily in the estimates, despite a fall in immigration projections due

Manuel Pastor (mpastor@dornsife.usc.edu) is a Professor of American Studies & Ethnicity at the University of Southern California and the Director of USC’s Program for Environmental and Regional Equity (PERE).

Vanessa Carter (vbcarter@dornsife.usc.edu) is a Data Analyst at PERE, where she focuses on racial equity, faith-based movements and qualitative data analysis.

to declining birth rates in sending countries and the effects of a faltering economy on the attraction to job-seekers. By 2050, 45% of us will be non-Hispanic white, 12% black, 31% Latino, 8% Asian, and 4% some other race. And it’s clear from where the growth is emanating: In the past decade, a full 92% of population growth came from people of color.

For our youth, this demographic reality has more or less already arrived. Nearly half (46.5%) of those under 18 are children of color. Between 2000 and 2010, the number of

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non-Hispanic white children dropped by more than 4.3 million while the number of Latino children rose by nearly 5 million. Asian/Pacific Islander children also saw more modest gains (near 1 million), as did Others (including Native Americans and those classified as multiracial). Meanwhile, the number of black children actually dropped slightly (by about 250,000).

The Widening Generational Gap

All this action on the young side has widened the racial generation gap. In the 2010 Census, 80% of those who were 65 years and older were non-Hispanic white, compared to a 54% figure for those below the age of 18. That’s a gap between seniors and youth of 26%, up from 12% in 1975. It was increasing just as public investment was retrenching, and this is one reason why that famous Tea Party sign, “Keep your government hands off my Medicare,” is interpreted by some not just as a sign of silliness (af-

ter all, Medicare is a government program) but also as a signal that some want to lift the drawbridge as new generations are arriving.

While this might seem like an aggressive interpretation of a time trend, the impact of the racial generation gap holds in cross-section analysis as well. Those states with the largest generation gaps (the whitest old and the brownest young) also tend to have less state-level capital outlays per capita, as well as less education spending per student (with both figures adjusted for the state’s per capita income to control for ability and thus focus on political will). While the causality is still to be determined, one possibility is that when the old do not see themselves in the young, underinvestment in physical and human capital results.

Consider Arizona, a state of (mostly white) snowbirds and (mostly Mexican) immigrants. Here, 82% of those 65 and over are non-Hispanic white while 58% of youth are people of color. This racial demographic gap is the largest of any state, using 2009 American Community Survey data. The Grand Canyon state also came in 49th (of 51, including DC) in terms of public school expenditures per pupil, according to data from 2007-2008. Wracked by political conflicts over undocumented immigrants and ethnic studies, and distressed by foreclosures and a weakened economy, Arizona has become a poster child for a larger trend of racial disconnection resulting in more tension, less spending and diminished futures for everyone.

After all, the nation’s economy relies on young workers becoming as productive as possible. However, in pooled 2008-2011 data, 37% of black children, 32% of Latino children and 14% of Asian children were below the poverty level—a conservative estimate of well-being in some places—com-

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pared to 12% for non-Hispanic white children. This could be turned around with proper investments in education, social services and health. Yet schools in poor neighborhoods are typically of the worst quality—lacking funding because of modest property values, operating under harmful zero tolerance policies, and, as a result, failing to graduate many. Six of every 10 black, Latino and Native-American high-school students graduate, compared with 8 of 10 non-Hispanic white students.

Our Future Workforce

Partly as a result, while youth of color make up 40% of youth ages 16 to 24, they comprise 51% of disconnected youth—neither working nor in school. Lacking a successful work or educational experience by the age of 25 increases the risk of lifelong poverty and reduces the probability of making a positive contribution to the nation's wealth. Nationally, of those who are working age (25-64 years old), 34% of non-Hispanic whites, 19% of blacks, 18% of U.S.-born Latinos and 10% of immigrant Latinos have Bachelor's degrees—and this is happening just as the need for an educated workforce is on the rise. By 2020, the share of adults with some advanced education is projected to decline in all but six states, while the population of dropouts will swell well beyond the pool of jobs for people without a high-school education; the Educational Testing Service calls this a "perfect storm of demographic, labor market, and educational trends that threatens the American dream."

We don't expect these data to be shocking, or even particularly new to this audience. What we think is new is the argument: What has been a racial divide is now a generational divide, and this divide is weakening us all. Current retirees and the baby boomers quickly on their heels will rely on the strength of the nation's economy—read, current and future generations of workers. They will

need nurses and doctors to care for their bodies—sure to ail with age. They will need workers in good jobs to pay into the Social Security coffers. And as Dowell Myers has insisted in *Immigrants and Boomers: Forging a New Social Contract for the Future of America* (Russell Sage Foundation, 2007), they will need families with some amount of wealth to buy their excessively large homes, now empty of children.

A New Social Contract

But crossing the divide is not just a matter of issuing a bland call for a unified America. William Julius Wilson, once a proponent of universalist, race-neutral strategies, suggested in his most recent book and related writing that to really get to solutions, we will need to engage in conversa-

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tions that expose the gravity of race in America. It may be our mutual self-interest that will keep us at the table when these conversations approach a breaking point, but a new and deeper social consensus will have to deal with the taboo reality of race, since it is the undercurrent of our disconnection.

Dealing honestly with race may help us secure new revenues and new expenditures. But it will also help us get the policies right. John Powell and his colleagues, for example, have called for "targeted universalism," an approach that would stress common goals but nuanced strategies (*P&R*, March/April 2009). Workforce development, for example, should address both joblessness (important to the African-American community) as well as paying livable wages (important to immigrant Latinos who are often working but at the bottom of the labor market). Such an approach would also emphasize the importance of cradle-to-career pathways to reverse the school-to-prison pipeline, as well as the centrality of the DREAM Act as both a signal and a reality to immi-

grant youth. Because race, place and poverty (i.e. underinvestment) are so highly correlated, coordinated place-based efforts like the Neighborhood Revitalization Initiative, the Sustainable Communities Initiative, and Promise Neighborhoods are part of any race-sensitive policy package, as well.

But stepping back from the specifics to the bigger picture, a simple point is clear: With the benefits for an older generation, such as Social Security and Medicare, seemingly shielded by strong lobbies and the Boomer generation resisting any increase in taxes while in their prime earning years, it feels like the ladder of opportunity is being pulled up just as a new generation, disproportionately of color, is entering the labor market and coming to social and political influence. This might seem viable in the short run, but it cannot last.

Those who have pulled up the ladder may find themselves temporarily protected on the house roof as the floodwaters rise—but we've seen this picture before and we know how it turns out. Eventually, the foundation erodes and the house comes tumbling down. It's time to invest in the next generation, building new bridges across race, place and age that can help meet our demographic, economic and fiscal future with confidence and cohesion. □

Further Readings:

Sarah Treuhaft, Angela Glover Blackwell & Manuel Pastor, *America's Tomorrow: Equity Is the Superior Growth Model*, available at <http://dornsife.usc.edu/pere/publications/equity.cfm>.

Andrew Sum et al., "Still Young, Idle and Jobless: The Continued Failure of the Nation's Teens to Benefit from Renewed Job Growth" (Boston: Ctr. for Labor Market Studies, Northeastern Univ., 2006).

Patrick J. Kelly, "As America Becomes More Diverse: The Impact of State Higher Education Inequality" (Boulder, CO: National Ctr. for Higher Education Mgmt. Systems, 2005), available at <http://www.higheredinfo.org/race/ethnicity/InequalityPaperNov2005.pdf>