

UCLA professor, Cabinet members discuss Latinos and U.S. economy

Topics at Washington conference include immigration, housing, finance

By Nicole Duran September 18, 2009

Raúl Hinojosa-Ojeda, an associate professor with the UCLA César E. Chávez Department of Chicana and Chicano Studies, delivered a stark message to government officials, including two Cabinet members, about the economic plight of Latinos in the U.S. at a high-profile conference this week.

Hinojosa joined Labor Secretary Hilda Solis, Department of Housing and Urban Development Secretary Shaun Donovan, Rep. Linda Sanchez (D-Calif.), Delegate Gregorio Sablan (I-Northern Mariana Islands) and Alan Krueger, assistant Treasury secretary for economic policy and chief economist, on a panel titled "Latinos Leading on the Economy and Workforce" Tuesday at the Congressional Hispanic Caucus Institute's annual public policy conference in Washington, D.C.

Hinojosa found a receptive audience both before and after the conference. Hinojosa wants the Obama administration to use immigration reform as a way to lift the country out of the current recession. After the conference, he discussed his findings — part of a new study that will be unveiled in coming weeks — with high-ranking officials at both the Treasury and Labor departments.

During his speech, Hinojosa highlighted three main areas of economic concern for Latinos: immigration reform, the housing crisis and access to financial services. He came armed with statistics from his new study, which suggests that comprehensive immigration reform would actually spark an economic boom.

If the U.S. legalized the nearly 12 million undocumented immigrants living in the country, it would add \$1.1 trillion to GDP within a decade; if they are not allowed to become citizens, the economy would actually lose \$2 trillion over the same period, according to Hinojosa's study.

If comprehensive immigration reform is approached from an economic standpoint, instead of just a civil rights perspective, more Americans might support it, he said.

"The conference has put a lot of pressure on the administration to get serious about immigration," Hinojosa said after the panel discussion.

There needs to be an economic component to the debate, which his study provides, he said. "That's why we're so excited about our work."

Hinojosa told the audience that the landmark 1986 legislation that legalized millions of illegal aliens had a similar effect on the economy, which was also in a recession at the time it became law. Additionally, legalization raises wages rather than depressing them, according to Hinojosa's research.

Hinojosa wasn't the only panelist talking immigration. Solis said that President Obama is committed to immigration reform.

Obama wants to "reaffirm our heritage as a nation of immigrants," Solis said.

Hinojosa also discussed remittances and the link between immigration status and access to financial services.

Most Latinos, regardless of immigration status, still operate outside of the traditional banking system. Collectively, Latinos spend \$1 billion annually on check-cashing fees, wire transfers and similar transactions. Check-cashing providers, payday lenders and wire-transfer services charge excessive fees, fees that most Americans do not incur, he said.

As Congress debates regulatory reform in regards to the financial services industry, particularly the banking sector, it should include incentives and requirements to make the industry provide low-cost access to the system, he recommended.

Finally, Hinojosa warned that the worst of the housing crisis is still to come.

"We're just beginning to pay for predatory lending," he told the audience. Many Latinos wound up with subprime mortgages they could not afford. Now many face foreclosure.

"There is a massive, trillion-dollar bubble that is ready to burst," he said, urging the government to provide more assistance to distressed homeowners. Doing so, he added, would be beneficial to the entire

country, not just Latinos.

"This is not a 'hug a Mexican' strategy," he joked, using a phrase he said his mother always employed.

HUD's Donovan provided some startling statistics that supported Hinojosa's assertion about predatory lending.

A majority, 61 percent, of people who took out subprime mortgages actually qualified for prime mortgages, Donovan revealed.

Acknowledging that Latinos make up a substantial portion of those homeowners, Donovan reiterated Obama's commitment to making homeownership more affordable.

The discussion then turned to job opportunity.

Solis said the community must urge young Latinos to study math and science in greater numbers and to get training for the impending wave of green jobs the economy will soon produce.

"We're transitioning to a green economy and we need to make sure Latinos are included," she said.

After, Hinojosa said he was pleased with what he heard but that Obama and his administration need to push even more on all three fronts.

"It's important to have this event because it brings Cabinet members together and forces them to talk policy," Hinojosa concluded.