# The effect of working wives on the incidence of poverty

*Earnings of working wives markedly lowered the incidence of poverty for all ethnic and race groups; poverty rates for Mexican immigrant and Cuban families dropped by hefty 25- and 20-percentage points, respectively, as a result of wives' earnings*

Peter Cattan

Families in which husbands and wives both work ("working-wife families") are much less likely to experience poverty than families in which only husbands work. However, there are wide variations in the likelihood of poverty among married-couple families for different race/ethnic groups. Also, there are wide variations in the extent to which wives' earnings reduce poverty rates.

Previous detailed studies of economic hardship among Hispanic families, in particular, have tended to concentrate on families maintained by women (with no husband present). This article extends existing research by focusing on married-couple families and the extent to which working wives reduce the likelihood of poverty for Hispanic and non-Hispanic families.

## Background

The Federal Government's official definition of poverty was originally developed by Mollie Orshansky for the Social Security Administration in 1964 and revised by Federal interagency committees in 1969 and 1980. Orshansky developed a set of pre-tax levels of family income, based on the Department of Agriculture's Economy Food Plan, which vary according to family size and presence and age of children. Families with incomes below the corresponding threshold are officially defined as poor. For example, in 1994, a family of four persons, with two children under 18 years, was below the poverty threshold if its income was less than $15,081.[1] The threshold was somewhat higher for a family of five persons with three children ($17,686). Adjusted to reflect inflation, the dollar amounts for poverty thresholds rise from year to year. These poverty thresholds are the basis for determining poverty rates, that is, percentages of persons or families living in poverty.

*The importance of wives' earner status.* Annual averages for 1994, derived from the Current Population Survey (CPS), show that Hispanic and white working-wife families were approximately one-fourth as likely to be poor as those in which only husbands worked.[2] It is clear in table 1 that families with working wives markedly outnumbered families in which the husband was the only earner. This dampened the average poverty rate for married-couple families in each ethnic/race group.

These statistics also show that among married couples with a working husband, Hispanics had an overall poverty rate that was more than four times that for whites. To a small extent, this differential in poverty rates—the "ethnic gap"—results from the fact that these Hispanic families were somewhat more likely than whites to have only the husband employed. This "earner-composition effect" should not be overemphasized, however, because Hispanic households were much more likely than whites to be poor for each of the husband-wife earner combinations.

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*Research objectives.* It seems reasonable to assume that wives' earnings would substantially reduce the average incidence of poverty for married-couple families. To gauge this effect, however, it is necessary to disaggregate it from the impact of husbands' earnings as well as other personal and family characteristics. Thus, the extent to which wives' earnings widened or reduced the ethnic gap in poverty rates also cannot be assessed without disaggregating the effects of husbands' and wives' earnings. Similarly, a more detailed analysis is needed to determine whether wives' earnings explain the relative advantage of working-wife families over those in which only the husbands work. Consider that, in families with nonworking wives, husbands' earnings are somewhat more concentrated at the lower levels (for example less than $15,000) than are the earnings of husbands whose wives work.[3] Of course, only a detailed analysis can determine whether the relationship between wife's earner status and husband's earnings is related to the incidence of family poverty.

**Table 1. Average poverty rates for married-couple families, by race and ethnic group, 1994 annual averages**

| Work status | Poverty rates | | | Percent distribution | | |
|---|---|---|---|---|---|---|
| | Hispanic | Black | White | Hispanic | Black | White |
| Husband worked, total ..... | 16.8 | 5.3 | 4.1 | 100.0 | 100.0 | 100.0 |
| Wife did not work ..... | 30.5 | 10.7 | 9.7 | 38.9 | 20.6 | 25.0 |
| Wife worked ..... | 8.1 | 3.9 | 2.3 | 61.1 | 79.4 | 75.0 |

SOURCE: Derived from the Current Population Survey.

*Disentangling the effects of husbands' and wives' earnings.* The approach taken here is modeled after a tabulation by Marta Tienda and Lief Jensen, which was intended to gauge "the importance of secondary earners [family members other than the householder] as a hedge against poverty."[4] To identify the impact of wives' earnings, Tienda and Jensen calculated two sets of "earnings poverty rates." One was based only on husbands' earnings, while the other was based on the earnings of husbands and wives combined. By excluding nonlabor income, as Tienda and Jensen explained, each set of rates indicates the percent of families that would be poor based on earnings alone. The difference between the two sets reflects the extent to which the wife's earnings lowered the incidence of married-couple poverty beyond what would have been anticipated based on the husband's earnings alone. Tienda and Jensen's results—for non-Hispanic whites and blacks, as well as for several Hispanic groups—indicate clearly that working spouses substantially lowered the average earnings poverty rate for married couples.

Tienda and Jensen's study took a "wide-lens" approach, tabulating patterns of poverty for married couples (and, separately, for families maintained by women), to identify major trends over several decades. Dual-earner married couples were not disaggregated from one-earner married couples. As a result, the calculations reflect the combined impact of two factors: the extent to which 1) wives' earnings lowered the incidence of poverty for *working-wife families*; and 2) "earner composition" dampened the overall poverty rate.[5] To assess the impact of wives' earnings on the incidence of poverty among working-wife families—excluding the effects of earner composition—and to determine whether factors other than wives' earnings explain the relative advantage of working-wife families over sole-earner families, this article examines married-couple families in which the husband worked, disaggregated by the wife's earner status.

## Data

The data for this research is from the Latino supplement to the Panel Study of Income Dynamics (hereafter, Panel Study), a product of the Survey Research Center of the University of Michigan, and the "core" Panel Study surveys of non-Hispanic white and black families.[6] The Panel Study has been in existence since 1968. It was not until 1990 that a supplemental survey was carried out, consisting of a sample of 421 Puerto Rican, 493 Cuban, and 1,129 Mexican households. Interviews with respondents of the Latino supplement were conducted each subsequent year through 1995.[7] While the Latino supplement oversampled Puerto Rican and Cuban households to compensate for their relatively small numbers in the population as a whole, the Puerto Rican sample was still too small for the purposes of this study, as will be explained later.

Respondents provided a broad range of information, including their demographic characteristics, labor force activities, and socioeconomic characteristics. For example, household heads were asked to identify their own race and ethnicity and that of their spouse, as well as the migration status of household members—that is, whether they were born inside or outside the United States mainland. Household heads provided information concerning their own and their spouses' work activities throughout the year, as well as their earnings and other sources of income. Because questions concerning income are often sensitive or easily misinterpreted, it was important to establish trust and maximize communication with respondents. To accomplish these, interviewers were chosen who were themselves Hispanic and bilingual, and, when appropriate, were able to conduct their interviews in Spanish.

As is true for the CPS and other major surveys, the Panel Study collected annual income data retrospectively—that is, respondents were asked to disclose their income for the preceding calendar year. This study is based on data from the first wave of interviews. As such, most of the information refers to 1989, which may represent more normal conditions than the recessionary years that followed.

The sample used in this article was restricted to married couples with husbands 25 years of age or older who had done any work for wages or salaries in 1989.[8] This focus makes it possible to assess the poverty-reducing effect of wives' earnings over and above those of their husbands. Defined according to husband's ethnicity, there were 270 Mexican immigrant, 164 U.S.-born Mexican, 165 Cuban, 674 non-Hispanic black and 1,973 non-Hispanic white families in the sample.[9] In contrast to Mexican families, which could be distinguished by place of birth (United States or Mexico), the small sample size for Cubans prevented a similar breakdown. Another limitation is that restrictions imposed by the sample-selection criteria yielded an insufficient number of Puerto Rican households, which were therefore excluded. This was primarily the result of the disproportionate number of Puerto Rican families maintained by women and/or by nonemployed persons, a pattern that has been discussed in other studies.[10]

## Profiles

Before turning to the core of this research—the effect of wives' earnings on the incidence of poverty—we should note that the next three tables (2, 3, and 4) provide a sense of socioeconomic diversity among the ethnic/race groups. As is true for tables presented later, these data are from the Panel Study and are restricted to married couples with husbands who were wage or salary workers in 1989. These couples fall into three categories: those with a sole earner (the husband), those with two earners (husband and wife), and those with three or more earners (husband, wife, and other family members). To simplify the presentation of results, the latter two categories (those with two earners and those with three or more earners) were collapsed into a single category—"both husband and wife were earners." (See table 2.)

After profiling the sample, the second half of this article determines the extent to which wives' earnings mitigated the incidence of poverty. Because the focus is on the effect of wives' earnings, this sample excludes dual- and multiple-earner families in which wives did *not* work.

Table 2 uses the official definition of poverty—which includes nonlabor income—to illustrate the variation in economic well-being among the ethnic/race groups. As the top line indicates, the total poverty rate was highest for Mexican immigrant families (17.3), followed by U.S.-born Mexicans (11.8), non-Hispanic blacks (6.1), and Cubans (6.0), while it was lowest for non-Hispanic whites (1.3).

This ranking tends to be congruent with patterns in table 3, which tabulates several demographic factors traditionally associated with the incidence of poverty.[11] Not surprisingly, there is a marked inverse relationship between proportions of husbands and wives who completed high school and family poverty rates by ethnicity/race. Thus, as table 3 shows, Mexican immigrants were, by far, the least likely to have completed high school, a strong contrast with non-Hispanic whites. In addition, relative to the other groups—particularly non-Hispanic whites—Mexican immigrant families were much more likely to include three or more children, which raises the level of income necessary to exceed the poverty threshold. Patterns for the other minority families show that they too tended to be overrepresented among demographic groups most likely to be poor.

**Table 2. Poverty rates, percent distribution, and unweighted sample sizes for married-couple families with husbands who were wage or salary workers in 1989, by earner status and Hispanic origin and race of husband**

| Earner status | Mexican | | Cuban | Non-Hispanic | |
|---|---|---|---|---|---|
| | Immigrant | U.S. born | | Black | White |
| **Poverty rate** | | | | | |
| Total | 17.3 | 11.8 | 6.0 | 6.1 | 1.3 |
| Both husband and wife were earners | 8.4 | 5.0 | 6.1 | 3.7 | .8 |
| Husband was the sole earner | 35.4 | 31.2 | 5.9 | 18.4 | 3.8 |
| **Percent distribution** | | | | | |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Both husband and wife were earners | 67.0 | 74.0 | 67.0 | 83.2 | 82.1 |
| Husband was the sole earner | 33.0 | 26.0 | 33.0 | 16.8 | 17.9 |
| **Unweighted sample size** | | | | | |
| Total | 270 | 164 | 165 | 674 | 1,973 |
| Both husband and wife were earners | 168 | 113 | 123 | 563 | 1,641 |
| Husband was the sole earner | 102 | 51 | 42 | 111 | 332 |

NOTE: This table excludes families in which the husband and one or more other family members (not wife) were earners.

SOURCE: Latino Supplement to the Panel Study of Income Dynamics (PSID), Institute for Social Research, University of Michigan,1990 wave.

Returning to table 2—focusing this time on the percent distributions (middle panel)—we find clearly that families in which both partners worked were very common across the ethnic/race groups, outnumbering families in which husbands were sole earners by at least 2 to 1. At the same time, non-Hispanic families were more likely than Hispanics to have working wives.[12] In general, families with working wives were much less likely to experience poverty than were families in which husbands were sole earners. Cuban families were the exception, with a poverty rate of approximately 6 percent regardless of the wife's earner status. A major reason for this anomaly is that nonlabor income had a particularly strong dampening effect on the poverty rate of these sole-earner families.[13]

For a more complete picture of ethnic/race variations in the economic well-being of families, table 4 shows various components of family income. These tabulations illustrate that median annual earnings for Mexican immigrant husbands were virtually half that for whites ($15,000 versus $29,964). This earnings disadvantage of Mexican immigrants undoubtedly stems, in part, from their lower average level of educational attainment.

Table 4 also shows that, across the five ethnic/race groups, a large percentage of families had three earners—that is, husband, wife, and one or more other family members. While the portion of families that received nonlabor income was also substantial, this varied markedly by ethnicity/race. For example, Cuban families were most likely to receive transfer income, while whites had, by far, the highest percent of families with income from assets.

**Table 3. Selected characteristics of married couples with wage-earning husbands, by Hispanic origin and race of husband, 1989**

| Characteristic | Mexican | | Cuban | Non-Hispanic | |
|---|---|---|---|---|---|
| | Immigrant | U.S. born | | Black | White |
| Percent of husbands with high school diploma or beyond | 23.8 | 61.2 | 72.2 | 78.7 | 87.7 |
| Percent of wives with high school diploma or beyond | 26.0 | 60.0 | 60.5 | 78.3 | 89.7 |
| Mean age of husband | 37.5 | 40.4 | 45.6 | 42.0 | 43.1 |
| Mean age of wife | 35.0 | 38.0 | 41.4 | 39.2 | 40.8 |
| Mean family size | 5.1 | 3.9 | 3.4 | 3.7 | 3.3 |
| Percent with children under 18 years, total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| No children | 6.4 | 26.9 | 46.3 | 31.3 | 43.9 |
| 1 child | 22.7 | 27.6 | 28.4 | 22.2 | 19.3 |
| 2 children | 24.3 | 25.4 | 20.8 | 25.6 | 24.1 |
| 3 or more children | 46.6 | 20.1 | 4.5 | 20.9 | 12.7 |

NOTE: This table excludes families in which the husband and one or more other family members (not wife) were earners.

SOURCE: Latino Supplement to the Panel Study of Income Dynamics (PSID), Institute for Social Research, University of Michigan,1990 wave.

**Table 4. Components of family income and total family income for married-couple families with husbands who were wage or salary workers in 1989, by Hispanic origin and race of husband**

| Characteristic | Mexican | | Cuban | Non-Hispanic | |
|---|---|---|---|---|---|
| | Immigrant | U.S. born | | Black | White |
| Median family income, total | $23,005 | $29,350 | $30,800 | $34,064 | $46,050 |
| **Husband's earnings** | | | | | |
| Median annual earnings of husband, total | 15,000 | 20,000 | 17,000 | 21,000 | 29,964 |
| Where husband was sole earner | 15,000 | 14,000 | 16,125 | 17,900 | 30,000 |
| Where husband and wife were both earners | 15,000 | 22,000 | 17,000 | 21,000 | 29,800 |
| **Wife's earnings (where wife is an earner)** | | | | | |
| Median annual earnings of wife | 8,000 | 10,000 | 10,000 | 12,500 | 13,000 |
| Annual earnings of wife as median percent of total family income | 29.9 | 33.9 | 32.3 | 35.1 | 28.0 |
| **Other source of income** | | | | | |
| Percent of families with three earners | 24.1 | 22.6 | 24.9 | 23.2 | 25.4 |
| Percent of families with transfer income | 28.3 | 27.5 | 38.6 | 31.0 | 31.9 |
| Percent of families with income from assets | 42.5 | 44.6 | 55.6 | 39.5 | 73.0 |

NOTE: This table excludes families in which the husband and one or more other family members (not wife) were earners.

SOURCE: The Latino Supplement to the Panel Study of Income Dynamics(PSID), Institute for Social Research, University of Michigan, 1990 wave.

## Results

This section turns to the primary objective of this article, which is to determine the impact of wives' earnings on the incidence of poverty. Accordingly, as was noted earlier, a small group of married-couple families were excluded—those in which the husband and one or more other family members—but not the wife—were earners.[14] The sample does include families with other employed family members *if the wife worked*. In fact, as was noted in table 4, this latter category—"families with three earners"—makes up a substantial proportion of the sample.

As was true for the tabulations by Tienda and Jensen discussed earlier, the poverty rates examined in this section exclude income from assets and government transfer payments.

This eliminates ethnic/race variations in the extent to which nonlabor income cushioned families from poverty. To determine the impact of wives' earnings on the incidence of poverty, two sets of poverty rates were derived. As table 5 shows, the first set ("based on earnings of husband only") was calculated as if husbands' earnings were the only source of family income. The second set ("based on earnings of husband and wife") was calculated as if family income was made up of the combined earnings of husbands and wives. By contrasting the two sets, it was possible to determine the effects of wives' earnings on the incidence of poverty.

*A focus on working-wife families.* The top portion of table 5 (labeled "husband and wife were both earners") provides the two sets of earnings poverty rates, as well as two ways to assess the effects of wives' earnings—in absolute and relative terms. The *absolute effect* of wives' earnings is, of course, the simple subtraction of the two sets of poverty rates. As one might anticipate, the size of these differences tended to vary according to the magnitude of the "initial" poverty rate (based on husband's earnings). As indicated in table 5, while working wives markedly reduced the incidence of poverty across the five ethnic/race categories, the absolute impact was greatest for Mexican immigrant and Cuban families. Had their incomes been based on husbands' earnings only, 43.4 percent of Mexican immigrant families with working wives would have been poor, for example, compared to 18 percent when wives' earnings are included—a percentage-point difference of 25.4.[15] Similarly, 28.9 percent of these Cuban families would have been poor based on husbands' earnings, versus 8.9 percent based on combined earnings—a 20.0-percentage-point difference. By way of contrast, the earnings of non-Hispanic white wives accounted for a 7.7-percentage-point reduction. In this sense, the poverty-ameliorating effects of Mexican immigrant and Cuban working wives were much larger than those of other ethnic/race groups.

The *relative (percentage) difference* is the absolute difference divided by the initial poverty rate (based on husbands' earnings); this calculation adjusts for ethnic/race variations in the starting point. Wives' earnings reduced the poverty rate for whites by more than three-fourths. This was the most dramatic reduction of all ethnic/race groups. Nevertheless, the reductions for minority families were substantial. Wives' earnings reduced the poverty rate by more than half for both groups of Mexican families, and by more than three-fifths for Cubans and blacks.[16] The following section provides a closer look at the extent to which wives' earnings reduced the differential between poverty rates for minorities and whites.

*The ethnic gaps.* Table 6 shows the ethnic differentials in earnings poverty rates, derived by dividing the poverty rate for each minority group by that for whites. With the exception of Cubans, minority families in which only the husband worked were approximately 2 or 3 times as likely to fall below the poverty line as their white counterparts. The probability that sole-earner Cuban families would be poor was virtually identical to that for whites. In contrast, for families in which both partners worked, ethnic gaps based on combined earnings tended to be higher. There is little reason to applaud the lower degree of earnings inequality among sole-earner families, however, as it is based on a relatively high incidence of poverty for both whites and minorities.

The first two sets of ratios in table 6—for families in which the husband and wife both worked—show that the earnings of working wives reduced the incidence of poverty to a greater extent among white married-couple families than was the case for Mexican families, whether immigrant or not. Specifically, based on husband's earnings alone, the poverty rate for Mexican immigrant working-wife households was 4.6 times that for whites, while the ratio based on the *combined earnings* of Mexican immigrant husbands and wives was notably higher (8.2 times). This means that the earnings of white wives pushed a larger proportion of their households out of poverty than was the case for Mexican immigrants. The end

**Table 5. Poverty rates based solely on earnings for married-couple families with husbands who were wage or salary workers in 1989, by earner status and Hispanic origin and race of husband**

| Earner status | Mexican | | Cuban | Non-Hispanic | |
|---|---|---|---|---|---|
| | Immigrant | U.S. born | | Black | White |
| Husband and wife were both earners | | | | | |
| Poverty rate based on earnings[1] of: | | | | | |
| Husband only | 43.4 | 16.9 | 28.9 | 18.6 | 9.4 |
| Husband and wife | 18.0 | 7.7 | 8.9 | 7.2 | 2.2 |
| Absolute (percentage point) difference | 25.4 | 9.2 | 20.0 | 11.4 | 7.7 |
| Relative (percentage) difference | 58.5 | 54.4 | 69.2 | 61.3 | 76.6 |
| Husband was the sole earner | 38.6 | 48.2 | 16.1 | 42.0 | 17.2 |

[1] In this table, earnings exclude income from transfer payments and assets.

NOTE: This table excludes families in which the husband and one or more other family members (not wife) were earners.

SOURCE: The Latino Supplement to the Panel Study of Income Dynamics (PSID), Institute for Social Research, University of Michigan, 1990 wave.

result was to increase the already existing advantage of white families relative to Mexicans. The difference between the two sets of ratios was much less pronounced for blacks and minimal for Cubans. In sum, there is no evidence that including wives' earnings in the calculation of poverty rates reduced the ethnic gaps, at least as defined in this article,[17] although wives' earnings greatly reduced poverty rates for each ethnic/race group.

Why did the earnings of minority wives fail to lift a greater proportion of their families out of poverty than was true for the earnings of white wives? Answering this involves comparing minority and white low-income families by level of wives' earnings, as well as by the ratio of husband's earnings to the poverty threshold. For example, perhaps Mexican immigrant families lost the race to the poverty line because the earnings of their husbands placed them *further* below the poverty threshold than was the case for whites, and the earnings of Mexican immigrant wives did not sufficiently compensate for this disadvantage.

The data in table 7, which are for working-wife families in which husbands earned below the poverty threshold, suggest this tended not to be the case. (U.S.-born Mexican families were excluded from these tabulations because of their small sample size.) At the outset, note that the median ratio of husbands' earnings to the poverty threshold was slightly *higher* for minority than for white low-income families. This is primarily because minority husbands in low-income families actually earned more than whites. This relative disadvantage for whites was counterbalanced by lower median family sizes and wives' higher median earnings. These differentials were particularly dramatic for Mexican immigrant wives. The differences between black and white family sizes and wives' earnings were less pronounced, and thus, as was noted earlier, wives' earnings had a relatively slight effect on this ethnic gap. Finally, family sizes and earnings for Cuban and white wives tended to be rather similar and thus wives' earnings had a minimal effect on their poverty-rate gap.[18]

**Table 6. Ratios of minority-to-white poverty rates for married-couple families with husbands who were wage or salary workers in 1989, by earner status**

| Earner status | Mexican | | Cuban | Non-Hispanic black |
|---|---|---|---|---|
| | Immigrant | U.S. born | | |
| Husband and wife were both earners | | | | |
| Ratio based on earnings of: | | | | |
| Husband only | 4.6 | 1.8 | 3.1 | 2.0 |
| Husband and wife | 8.2 | 3.5 | 4.0 | 3.3 |
| Husband was the sole earner | 2.2 | 2.8 | .9 | 2.4 |

NOTE: Data for this table were derived from table 5.

SOURCE: The Latino Supplement to the Panel Study of Income Dynamics (PSID), Institute for Social Research, University of Michigan, 1990 wave.

**Table 7. Selected characteristics of low-income married-couple families in which both husband and wife were wage or salary workers in 1989, by Hispanic origin and race of husband**

| Characteristic | Mexican immigrant | Cuban | Non-Hispanic | |
|---|---|---|---|---|
| | | | Black | White |
| Median ratio of husbands' earnings to poverty threshold | 0.69 | 0.66 | 0.66 | 0.56 |
| Husbands' median annual earnings | 10,400 | 8,000 | 8,000 | 6,200 |
| Wives' median annual earnings | 7,000 | 7,800 | 7,067 | 8,000 |
| Median family size. | 6 | 4 | 5 | 4 |
| Sample size | 73 | 33 | 103 | 157 |

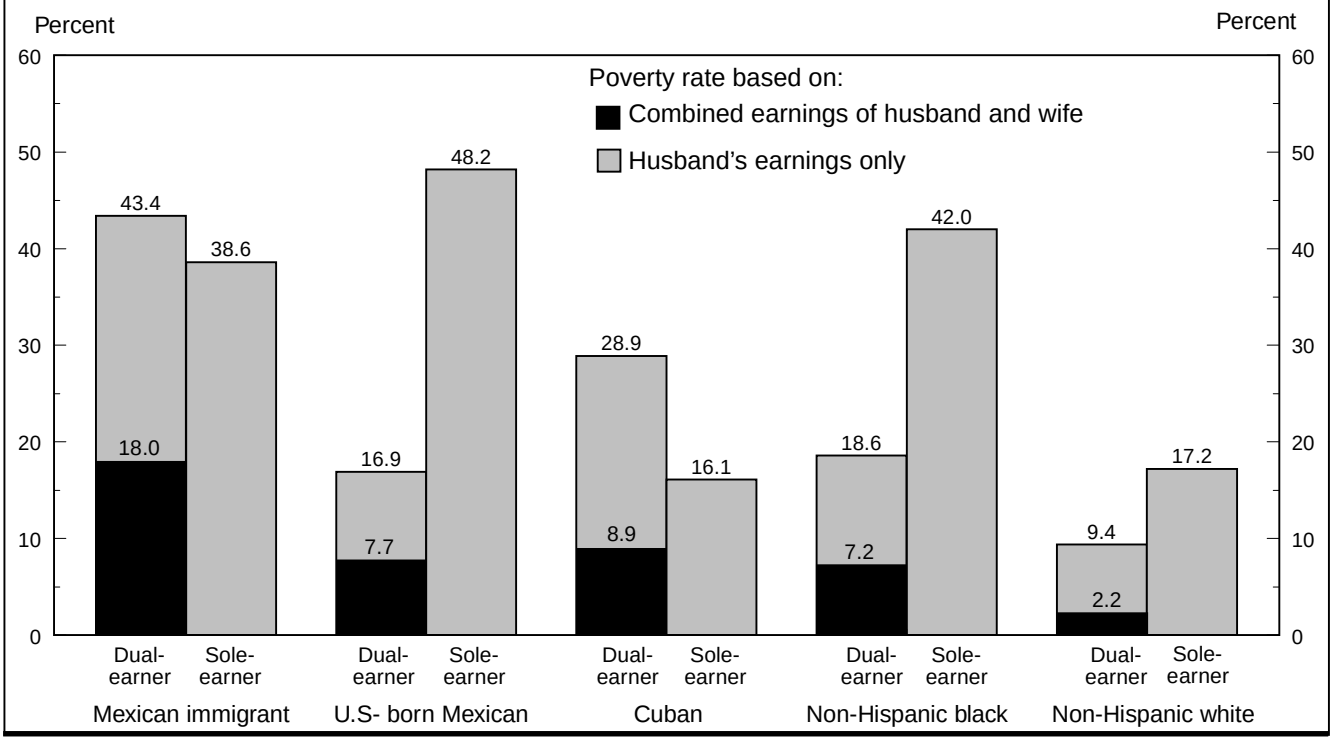
NOTE: Low-income families are those in which the husbands earned below the poverty threshold. U.S.-born Mexican families are excluded from these tabulations because of small sample size (N=18).

SOURCE: The Latino Supplement to the Panel Study of Income Dynamics (PSID), Institute for Social Research, University of Michigan, 1990 wave.

*Working wives, versus nonworking wives.* It may seem commonsensical that wives' earnings are the pivotal reason why the poverty rate for families in which both partners work tends to be lower than that for families in which the husband is sole earner. If this were true, the predominance of working wives could be said to exert an especially strong dampening impact on the overall poverty rate for married couples. As chart 1 illustrates, however, the role of wives' earnings in this regard varies by ethnicity/race. In fact, for U.S.-born Mexican, and non-Hispanic black and white families, the commonsensical view does not apply, as husbands' earnings alone explain why working-wife families were less likely to be poor than sole-earner families. This implies that, among families of similar size, husbands of working wives earned much more than their sole-earning counterparts. In contrast, for Mexican immigrant and Cuban families, the lower incidence of poverty for working-wife families is exclusively attributable to the effect of wives' earnings. Before including these effects, as the chart shows, the incidence of poverty was actually *higher* for dual-earner families than for those in which only the husband worked.

IN SUMMARY, this article has shown that wives' earnings had an important poverty-mitigating effect for Mexican immigrant, U.S.-born Mexican, Cuban, and non-Hispanic black and white families. Focusing exclusively on working-wife families, the first analysis provided two different, yet equally valid, ways of analyzing ethnic/race variations in the impact of wives' earnings. On the one hand, the *absolute* declines in the poverty rate attributable to wives' earnings were most impressive for Mexican immigrant and Cuban families. Their ex-

**Chart 1.** Earnings poverty rates by earner status and Hispanic origin and race of husband, 1989




tremely high "starting points" (poverty rates based on husbands' earnings) dropped by hefty 25 and 20 percentage points, respectively, as a result of wives' earnings. This far exceeded the reductions for the other ethnic/race groups. In contrast, the *relative* declines, which adjust for the starting points, show that the incidence of poverty tended to fall at a faster pace for white families than for minorities. As a result, wives' earnings did not decrease the "ethnic gaps" (the ratio of minority/white family poverty rates). In fact, relative ethnic/race equality—albeit with a higher incidence of poverty for all—was more closely approximated when the effects of wives' earnings were excluded. This is attributable to the tendency for white wives to earn more than minorities and for white families to be smaller than those of minorities.

A second analysis notes that, regardless of ethnicity/race, families in which the husband and wife both work are much less likely to be poor than those in which the husband is sole earner. It seems tempting to attribute this entirely to the poverty-mitigating effects of wives' earnings. This is the correct explanation, in fact, for Mexican immigrant and Cuban families. However, the story is different for black and white non-Hispanic, and U.S.-born Mexican, families. The lower incidence of poverty for these families with working wives is primarily attributable to their husbands, who tended to earn substantially more than did the husbands of nonworking wives. □

## Footnotes

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[1] "Poverty Thresholds by Size of Family and Number of Related children: 1994," in *Income, Poverty, and Valuation of Noncash Benefits: 1994, Current Population Reports*, series P60-189 (U.S. Department of Commerce, Bureau of the Census), table 8.

[2] "Work Experience of Family Members, by Poverty Status of Families: 1994," unpublished tabulations from the *Current Population Survey, Poverty in the United States* series (U.S. Department of Commerce, Bureau of the Census), table 19.

[3] "Work experience of wives by husbands' annual earnings in 1994, presence and age of children, educational attainment of wives, and race and Hispanic origin, primary families, March 1995," unpublished marital and family tabulations from the *Current Population Survey* (U.S. Department of Labor, Bureau of Labor Statistics), table A.

[4] Marta Tienda and Leif Jensen, "Poverty and Minorities, A Quarter-Century Profile of Color and Socioeconomic Disadvantage," in Gary D. Sandefur and Marta Tienda, eds., *Divided Opportunities: Minorities, Poverty, and Social Policy* (New York, Plenum Press, 1988). The term "householder" generally refers to the person in whose name the home is owned or

rented. If a home is owned jointly by a married couple, either the husband or wife may be the householder. While Tienda and Jensen used the terms "head" (which was replaced by "householder" in the 1980 census) and "spouse," for the sake of simplicity, their findings for married couples are discussed here in terms of "husband" and "wife."

[5] Tienda and Jensen's analysis also provides evidence that the poverty-reducing effects of working wives increased over the 25-year period of the study (1959–84). These tabulations do not estimate the extent to which this reflects growth in the proportion of working-wife families among married couples, as opposed to a strengthening in the ameliorative impact of wives' earnings among working-wife families.

[6] For an earlier article using the Latino Supplement to the Panel Study of Income Dynamics, see Johanne Boisjoly and Greg J. Duncan, "Job losses among Hispanics in the recent recession," *Monthly Labor Review*, June 1994, pp. 16–23.

[7] Greg Duncan, Martha Hill, James Lepkowski, Rodolfo de la Garza, Angelo Falcon, Chris Garcia, and John Garcia, *Documentation for the 1990 PSID/LNPS Early Release File,* (Ann Arbor, University of Michigan Survey Research Center, April 1992). The website address for information and data on the Panel Study of Income Dynamics is http://www.umich.edu/~psid

[8] Self-employed workers were excluded because distinguishing between the labor and asset portion of their income tends to be rather imprecise.

[9] The sample of Mexican families used in this article does not represent that in the population with regard to nativity. Thus, the 1990 census indicates that slightly more than half of Mexican families were native born, versus 38 percent in this sample. However, within the two categories for nativity, the statistics resemble those in the census for several relevant variables, including the incidence of family poverty, presence of children, and householder's age and educational attainment.

[10] For example, see Marta Tienda, "Puerto Ricans and the Underclass Debate," *The Annals of the American Academy of Political and Social Science*, January 1989, pp. 105–84; Gary D. Sandefur and Marta Tienda, "Introduction: Social Policy and the Minority Experience," *Divided Opportunities*, pp. 1–17; and Tienda and Jensen, "Poverty and Minorities: A Quarter-Century Profile of Color and Socioeconomic Disadvantage."

[11] For example, see Monica Castillo, *A Profile of the Working Poor, 1994*, Report 905 (Bureau of Labor Statistics, June 1996).

[12] For an analysis of this tendency, see Marta Tienda and Jennifer Glass, "Household Structure and Labor Force Participation of Black, Hispanic, and White Mothers," *Demography*, August 1985, pp. 381–94.

[13] Thus, excluding nonlabor income, the incidence of poverty for sole-earner Cuban families was 16.1 percent, versus 8.9 percent for their dual-earner counterparts. See table 5 in this article for poverty rates based solely on earnings.

[14] Depending on ethnicity/race, these families made up 6.1 percent to 16.5 percent of all married couples with working husbands.

[15] These findings are in keeping with other evidence that multiple earners in immigrant groups tended to mitigate the incidence of poverty below that of their native-born counterparts. See Leif Jensen, "Secondary Earner Strategies and Family Poverty: Immigrant-Native Differentials, 1960–1980," *International Migration Review*, January 1991, pp. 113–39; and Leif Jensen, "Poverty and Immigration in the United States: 1960–1980," in *Divided Opportunities*. For an earlier analysis focusing on Cubans, see Lisandro Pérez, "Immigrant Economic Adjustment and Family Organization: The Cuban Success Story Reexamined," *International Migration Review*, January 1986, pp. 4–20.

[16] Tests of statistical significance indicated that, for black, U.S.-born Mexican, and Mexican immigrant families, the reduction in poverty rates was significantly lower than that for whites at the .10 level. In contrast, the test showed that the reduction in the poverty rate for Cuban families was not significantly different than that for whites. This means we must remain agnostic as to whether, in fact, wives' earnings had a lesser or greater impact on the poverty rate for Cuban families relative to that for whites. It is possible that the failure to obtain a statistically significant difference in this regard is the result of the relatively low number of Cuban families in the sample. These tests were performed using t-tests based on standard errors derived from Taylor series linearization and approximated design effects appropriate for the Panel Study of Income Dynamics.

[17] Tests of statistical significance were performed on the difference between the ethnic gap based on husband's earnings relative to the gap based on the combined earnings of husband and wife. For black, U.S.-born Mexican, and Mexican immigrant families, wives' earnings increased the ethnic gap by an amount that was statistically significant. As was also shown by the test described in footnote 16, the difference between the two ethnic gaps for Cubans was not statistically significant.

[18] Additional tabulations, not shown in this article, indicate that minority husbands in low-income families tended to work more hours per year and to be paid at a higher rate than white husbands in low-income families. In contrast, while average annual hours for minority and white wives were similar, average hourly earnings for minority wives were generally much lower. See Jensen, "Immigrant-Native Differentials," for further research concerning the poverty-mitigating effect of "secondary earners" (wives and other family earners) in families with husbands whose earnings were below the poverty line.