



**THE CHANGING FACE OF TEXAS:
Tracking 27 Years of Economic and Demographic
Change in Houston and across the State of Texas**

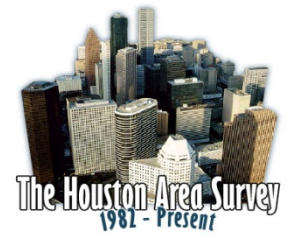
STEPHEN L. KLINEBERG

Texas Association of Public Employee Retirement Systems

Monday, March 30, 2009

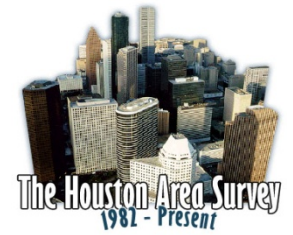


HOUSTON, FROM 1900 TO 1982



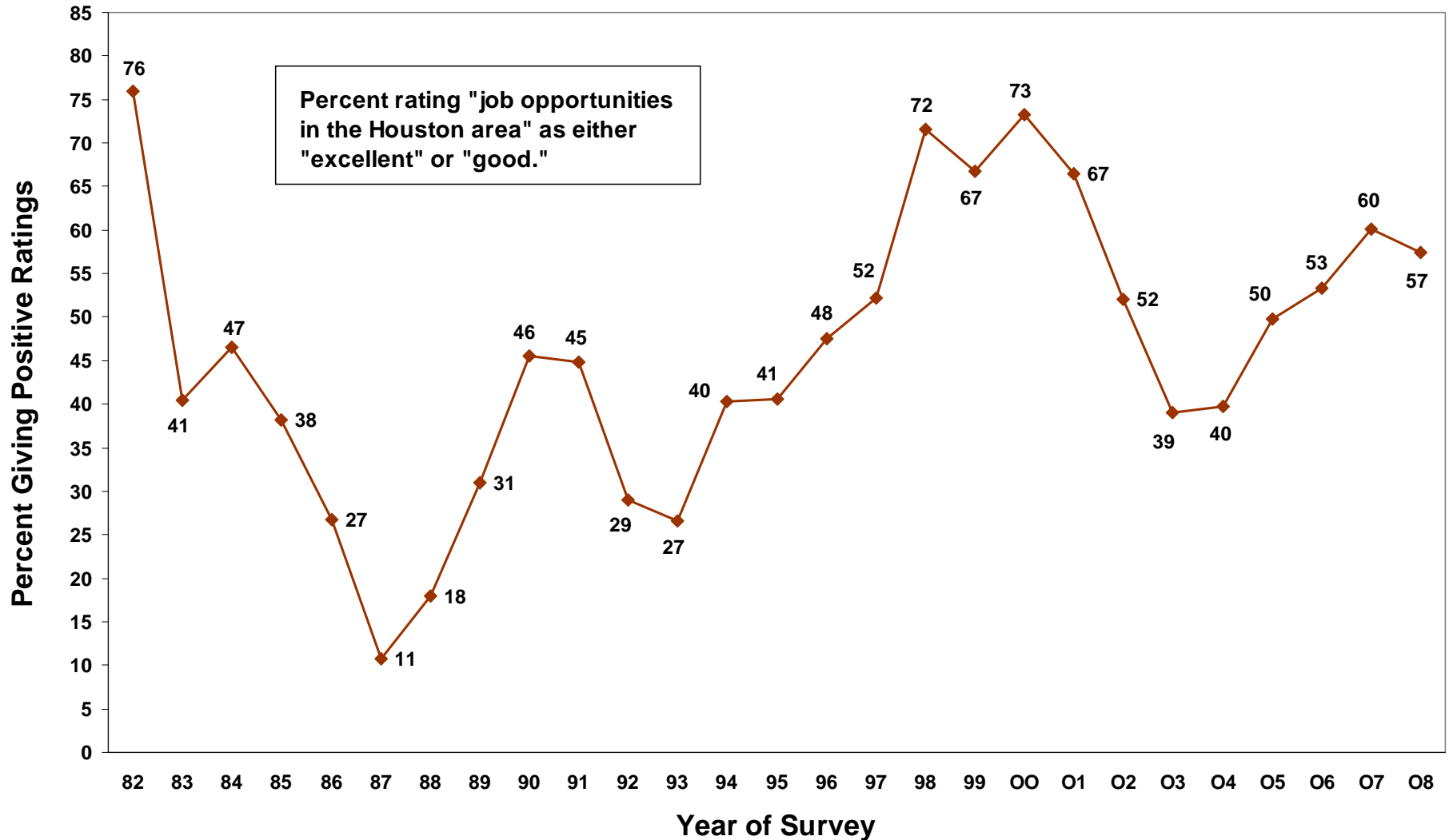
- This city was essentially a “one-horse” industrial town, focused on refining hydrocarbons into gasoline and petrochemicals and servicing the oil and gas industry (Thomas and Murray 1991).
- Houston was the energy capital of the world, the “Golden Buckle of the Sun Belt,” the bastion of laissez-faire capitalism. Houstonians proclaimed themselves to be the epitome of what Americans can achieve when left unfettered by zoning, excessive taxation, or government regulations (Kaplan 1983).
- “The ideological thrust in Houston has been anti-government, anti-regulation, anti-planning, anti-taxes, anti-anything that seemed to represent, in fact or fantasy, an expansion of the public sector or a limitation on the economic prerogatives and activities of the city’s business community” (Fisher 1990).

THE HOUSTON AREA SURVEY (1982-2008)



- Supported by local foundations, corporations, and individuals, the annual surveys have interviewed 27 scientifically selected successive representative samples of Harris County residents.
- In May 1982, just two months after the first Houston Area Survey was completed, the 80-year oil boom suddenly collapsed.
- The region recovered from the deep and prolonged recession of the mid 1980s to find itself squarely in the midst of . . .
 - a restructured economy and
 - a demographic revolution.
- These are the same transformations that have refashioned American society itself in the past quarter-century. For 27 years, the Houston surveys have tracked area residents' changing perspectives on these remarkable trends.

FIGURE 1: POSITIVE RATINGS OF JOB OPPORTUNITIES IN THE HOUSTON AREA (1982-2008)

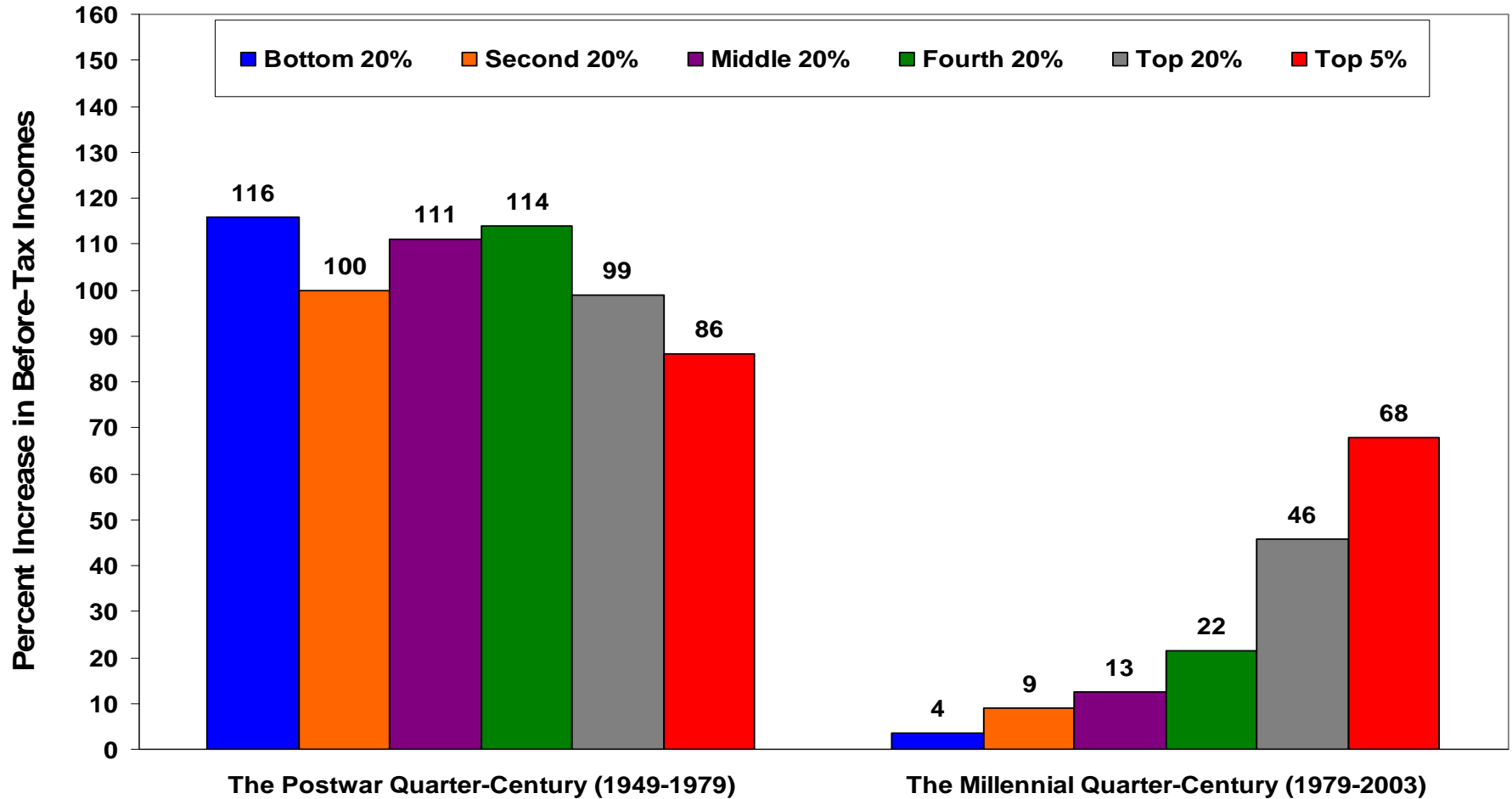


THE RESTRUCTURED ECONOMY



- The “resource economy” of the industrial era, for which this city was so favorably positioned, has been replaced by a new high-tech, knowledge-based, fully worldwide marketplace.
- The traditional “blue collar path” to financial security has now largely disappeared. Almost all the good-paying jobs today require high levels of technical skills and educational credentials.
- In 2008, 74% of the survey respondents *disagreed* that, “A high school education is enough to get a good job.” In the 2007 survey, 61% *agreed* that, “There are very few good jobs in today’s economy for people without a college education.”
- In this increasingly unequal, hourglass economy, “What you earn,” as the saying goes, “depends on what you’ve learned.”

FIGURE 2: TWO CONTRASTING QUARTER-CENTURIES SINCE WORLD WAR II



Percent Increases in Before-Tax Household Incomes

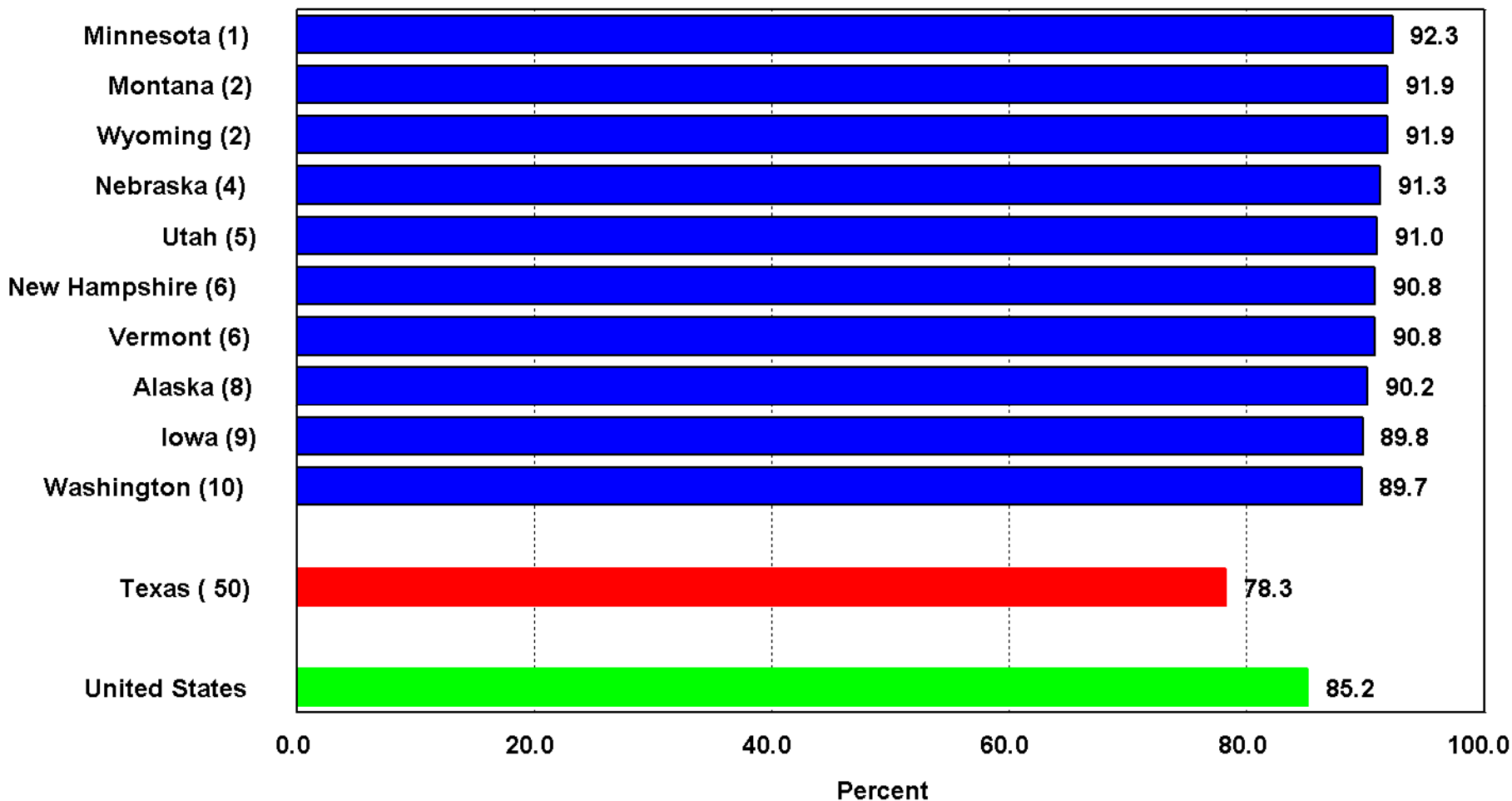
Source: U.S. Census; Robert H. Frank. 2007. *Falling Behind*. Berkeley, CA: University of California Press, pp. 10-11.

SOME PROVOCATIVE QUOTATIONS



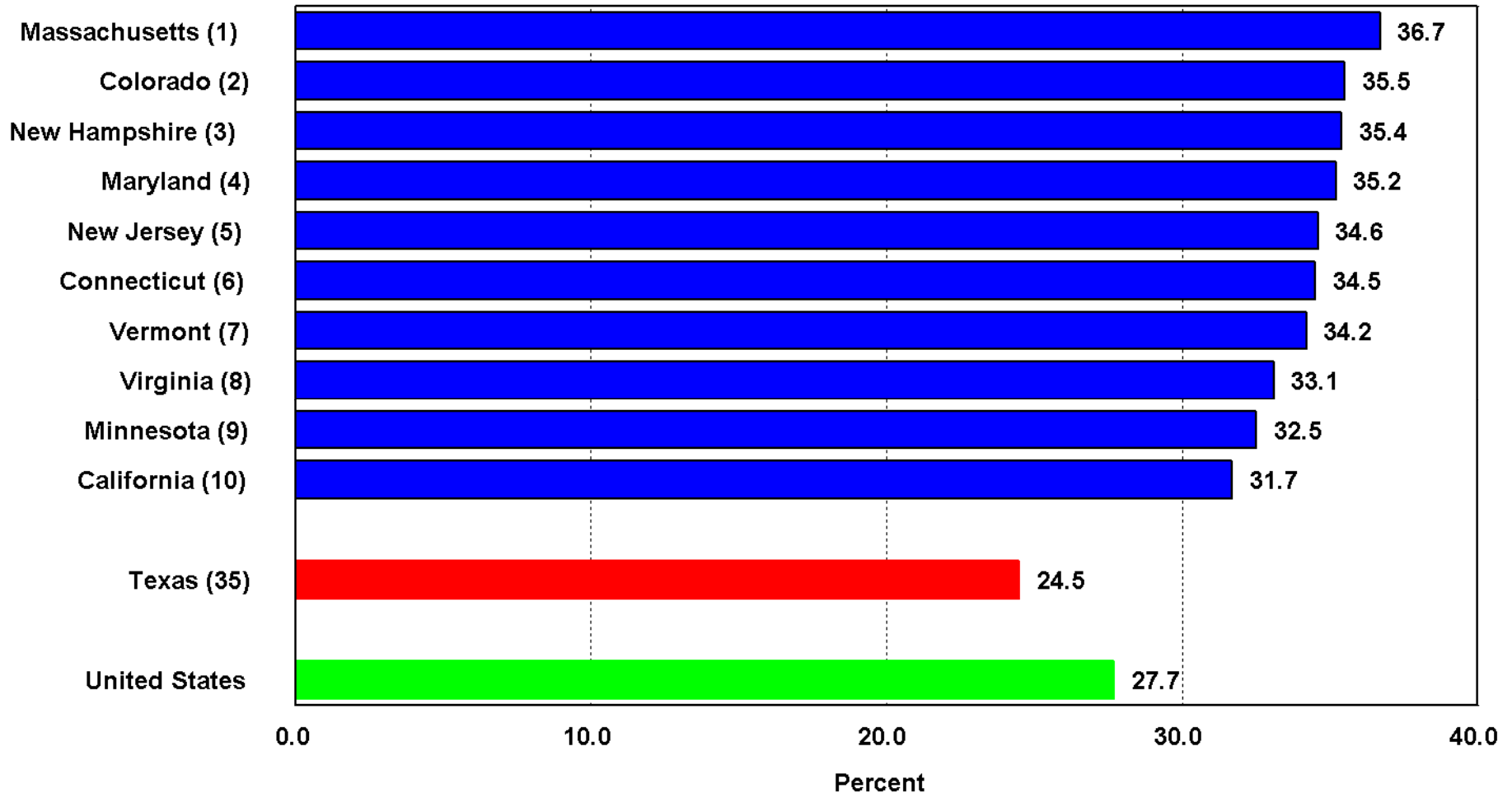
- “Gone forever are the days when a high school graduate could go to work on an assembly line and expect to earn a middle-class standard of living. Students who leave high school today without skills and unprepared for further learning are unlikely to ever earn enough to raise a family. They are being sentenced to a lifetime of poverty. A generation’s future is at stake” (Tony Wagner, *Making the Grade*, 2002).
- “No country in the world, without undergoing military defeat or internal revolution, has ever experienced such a sharp redistribution of earnings as the U.S. has seen in the last generation” (Lester Thurow, MIT School of Management, 1995).
- “We can have democracy in this country, or we can have great wealth concentrated in the hands of a few. We cannot have both” (Louis D. Brandeis, Supreme Court Justice).

FIGURE 3: STATES RANKED BY PERCENT AGED 25+ WITH HIGH SCHOOL DIPLOMAS, IN 2004*



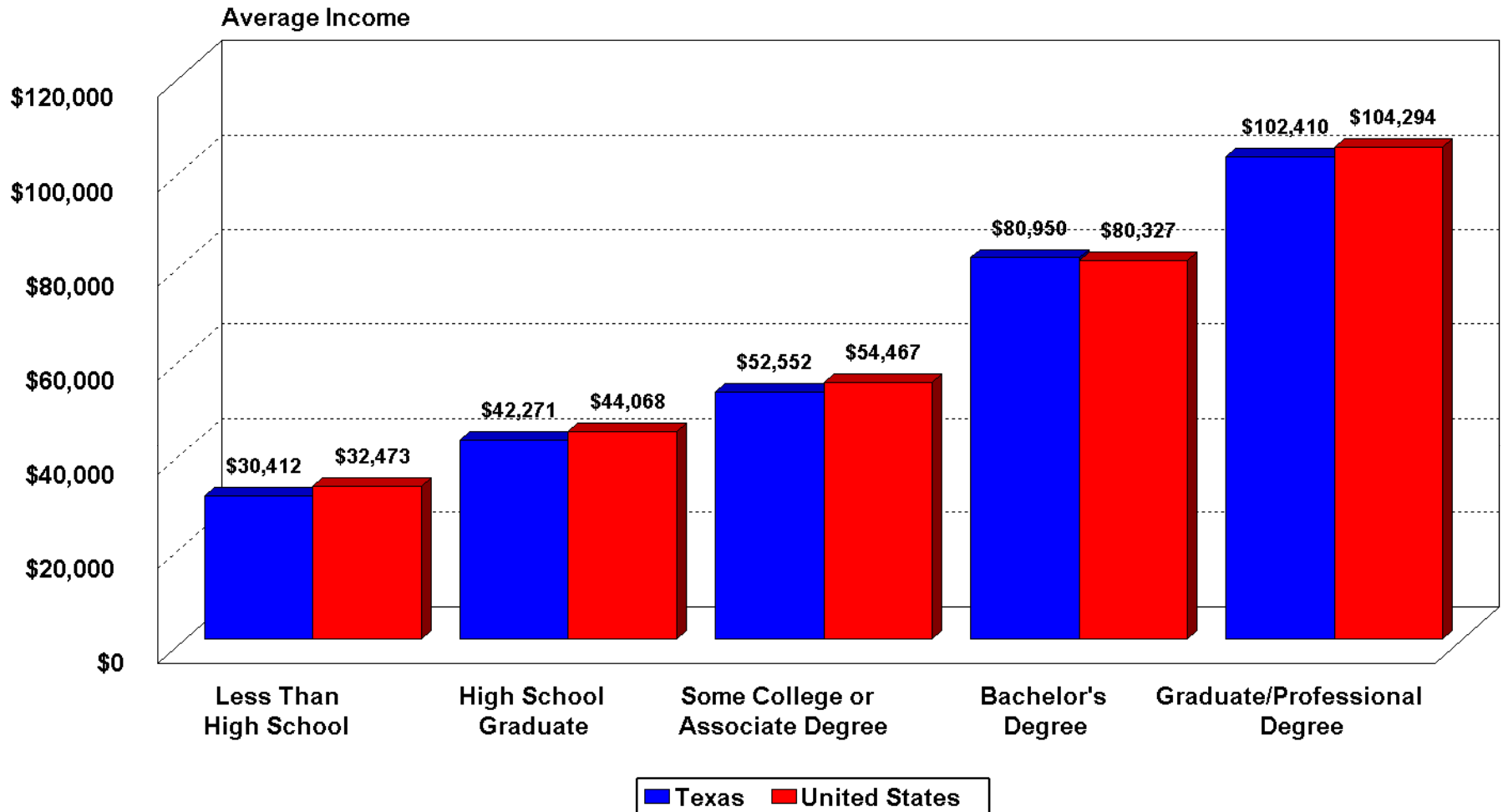
* Source: U.S. Census Bureau. Current Population Survey (CPS), 2004 Annual Social and Economic Supplement

FIGURE 4: STATES RANKED BY PERCENT AGED 25+ WHO ARE COLLEGE GRADUATES, IN 2004*



* Source: U.S. Census Bureau. Current Population Survey (CPS), 2004 Annual Social and Economic Supplement

FIGURE 5: AVERAGE HOUSEHOLD INCOME BY THE HOUSEHOLDER'S EDUCATION, IN 2000*



*From Census 2000 Public Use Microdata Sample (1% File)

THE NEW IMPORTANCE OF “QUALITY-OF-PLACE” CONSIDERATIONS

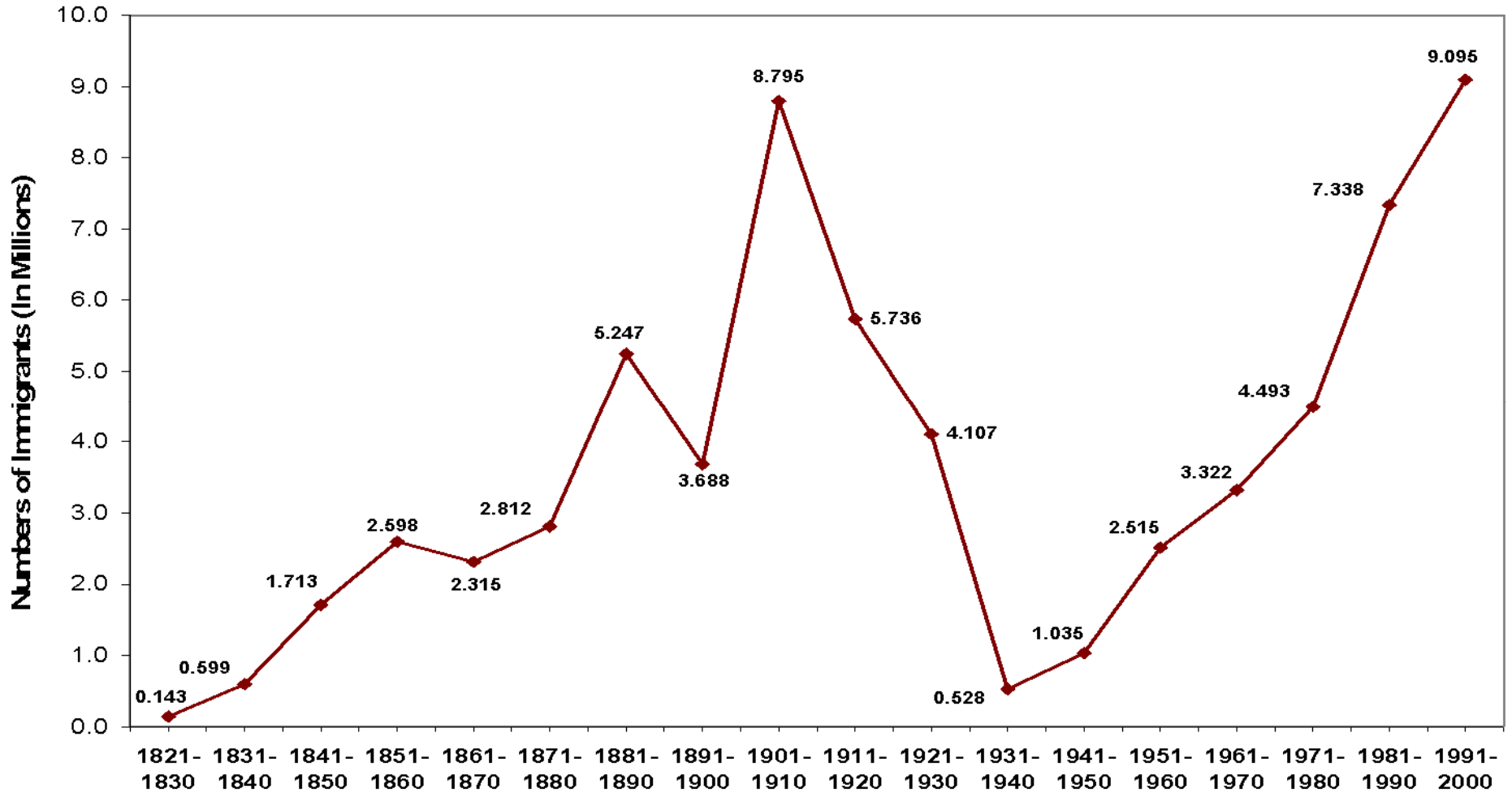
- Houston's prospects will now increasingly depend on the city's ability to attract and retain the nation's most skilled and creative “knowledge workers” and high tech companies.
- This will require continued significant improvements in . . .
 - the region's mobility and transportation systems
 - the revitalization and preservation of its urban centers
 - the excellence of its venues for sports, arts, and culture
 - the enhancement of its green spaces, trees, and bayous
 - the richness of its hiking, boating, and birding areas
 - the healthfulness of its air and water quality
 - Its overall physical attractiveness and aesthetic appeal
- The public's support for new initiatives along these lines has remained firm or grown stronger across the years of surveys.

U.S. IMMIGRATION POLICY BEFORE AND AFTER THE REFORM ACT OF 1965



- Between 1492 and 1965, 82 percent of all the people in the world who came to American shores came from Europe.
- Under the notorious 1924 “National Origins Quota Act,” U.S. immigration was dramatically reduced, and newcomers were restricted almost entirely to the “Nordics” of Western Europe.
- In 1965, the “Hart-Celler Act” for the first time accepted large numbers of non-Europeans, with preferences based primarily on family reunification, professional skills, or refugee status.
- As a result, major new immigrant flows — non-European and of striking socioeconomic diversity — are rapidly transforming the composition of the Houston, and American, populations.

FIGURE 6: THE NUMBERS OF DOCUMENTED U.S. IMMIGRANTS, BY DECADE (1820-2000)



Source: U.S. Census (www.census.gov).

THE DEMOGRAPHIC REVOLUTION

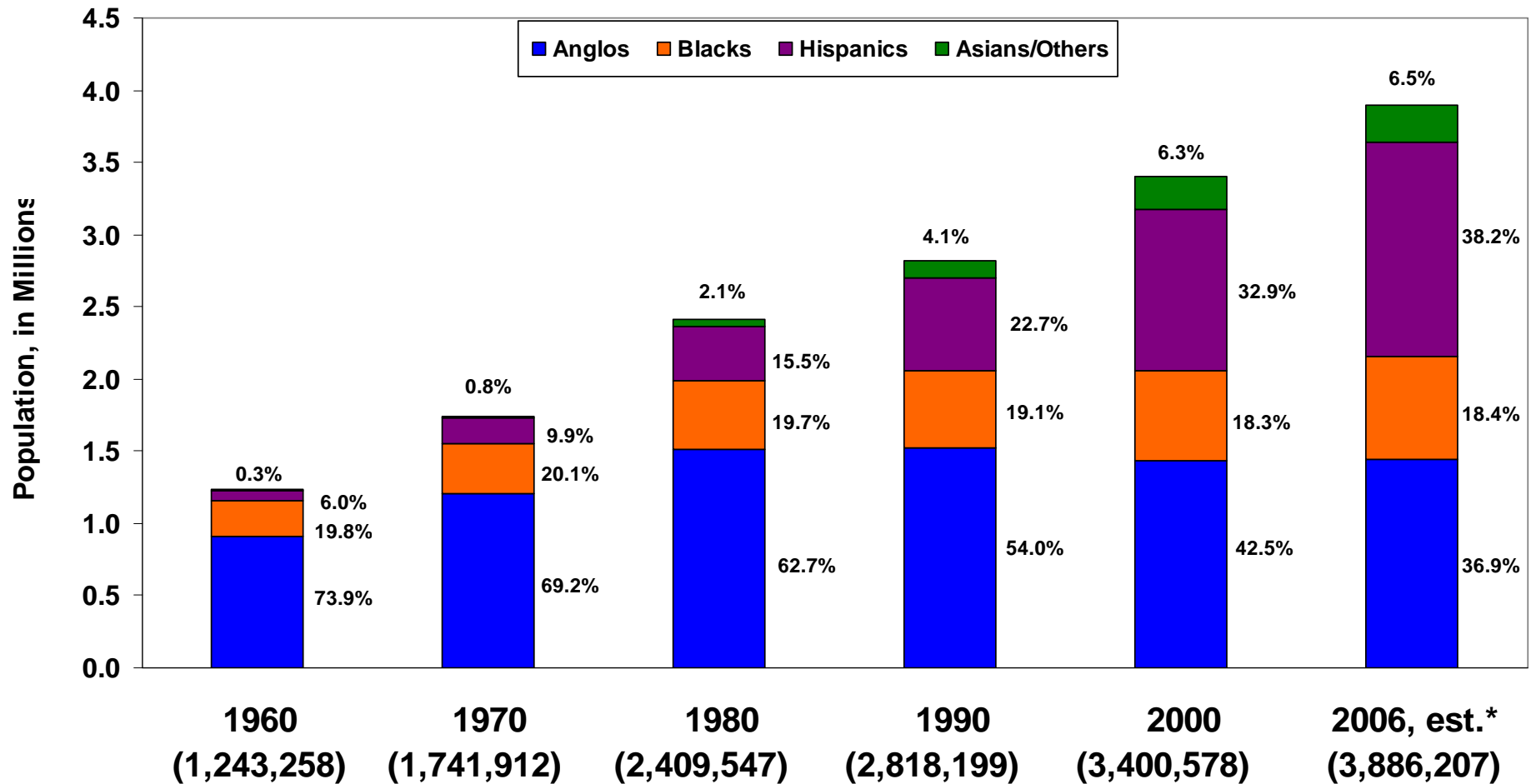


- Along with the major immigration capitals of L.A. and N.Y.C., and closely following upon Miami, San Francisco, and Chicago, Houston is at the forefront of the new diversity that is refashioning the socio-political landscape of urban America.

- Throughout all of its history . . .
 - this was essentially a bi-racial Southern city,
 - dominated and controlled, in an automatic, taken-for-granted way, by white men.

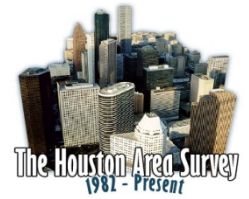
- Today . . .
 - Houston is one of the most culturally diverse metropolitan areas in the country, and
 - all of its ethnic communities are now “minorities.”

FIGURE 7: THE DEMOGRAPHIC TRANSFORMATIONS OF HARRIS COUNTY (1960-2006)



Source: U.S. Census (www.census.gov); classifications based on Texas State Data Center conventions; total populations are given in parentheses; *from the 2006 Official Population Estimates.

INTERACTIONS OF ETHNICITY AND AGE



- The other demographic revolution: the remarkable “aging,” or “graying,” of the American population.
- Today’s seniors are primarily Anglos, as are the 76 million Americans born between 1946 and 1964, now aged 44 to 62. In the next 30 years, the numbers over age 65 will double.
- The younger cohorts, who will replace the “Baby Boomers,” are disproportionately non-Anglo and far less privileged.
- The “aging of America” is thus a division not only by generation, but also by socioeconomic status and ethnic background.
- Nowhere is this ongoing transformation more clearly seen than in the age distributions of the Harris County population.

FIGURE 8: THE PROPORTIONS IN FOUR AGE GROUPS WHO ARE ANGLO, BLACK, LATINO, OR ASIAN AND OTHER (2003-2008, COMBINED)

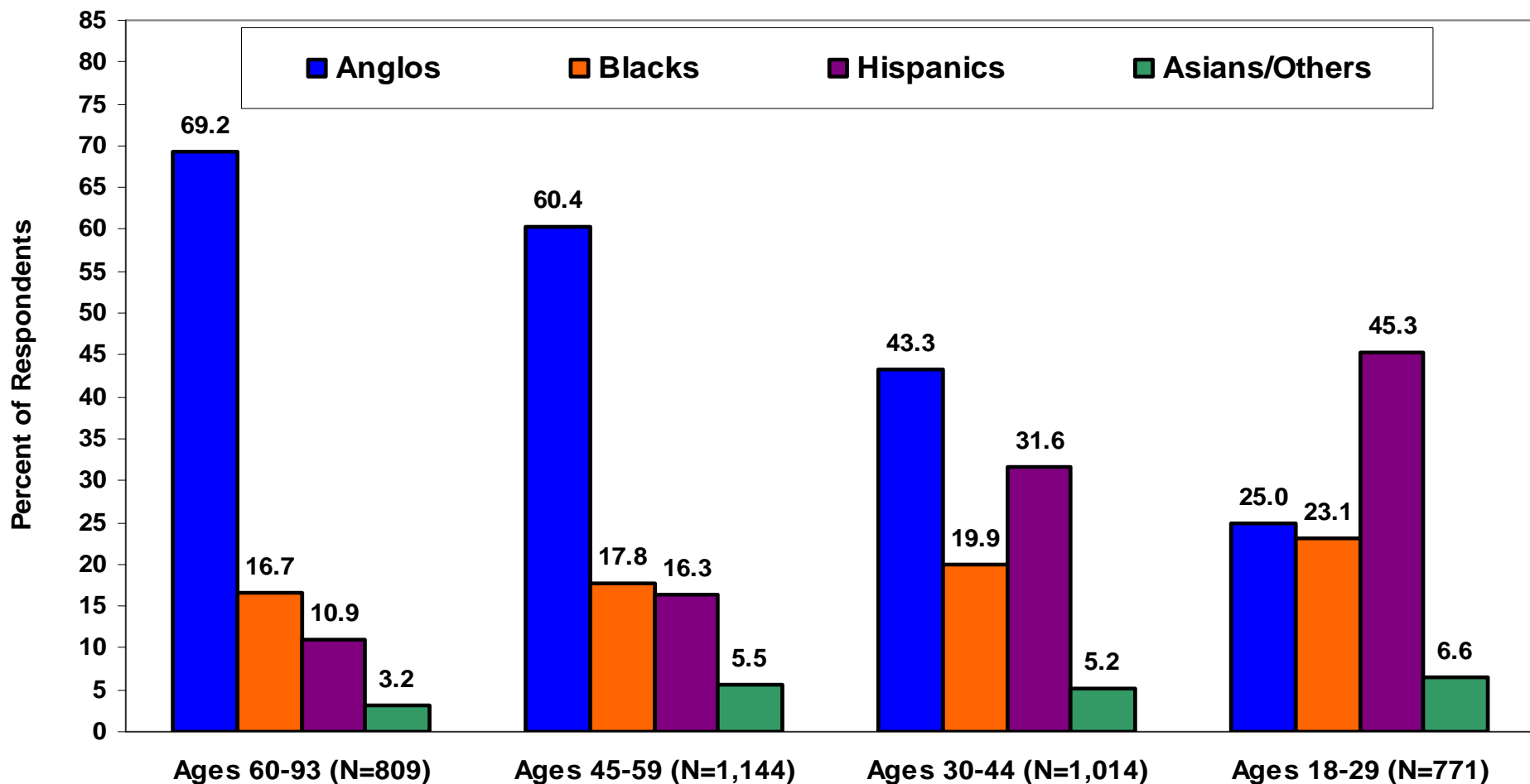


FIGURE 9: PERCENT OF TEXAS POPULATION BY AGE GROUP AND ETHNICITY, IN 2000

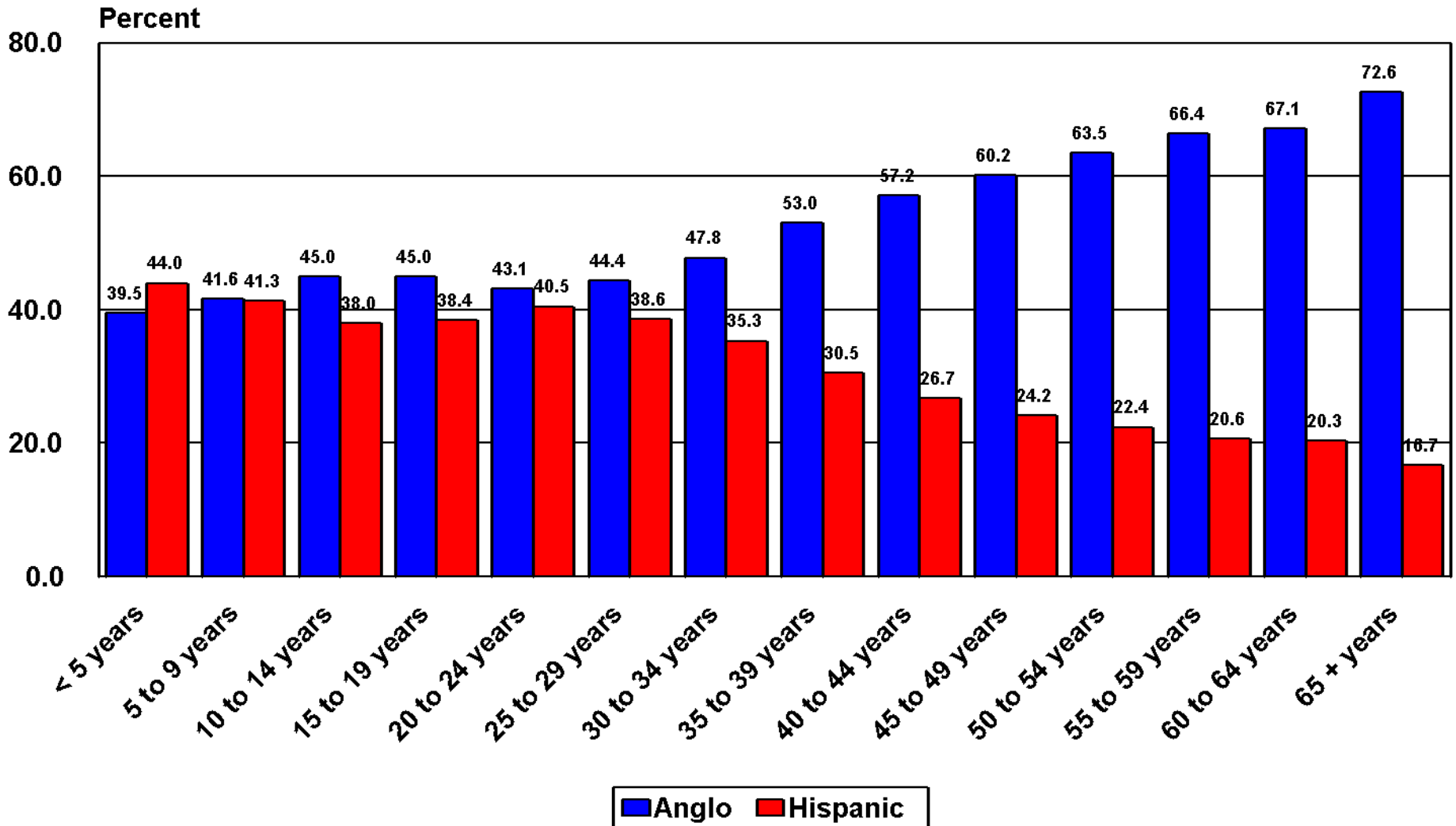
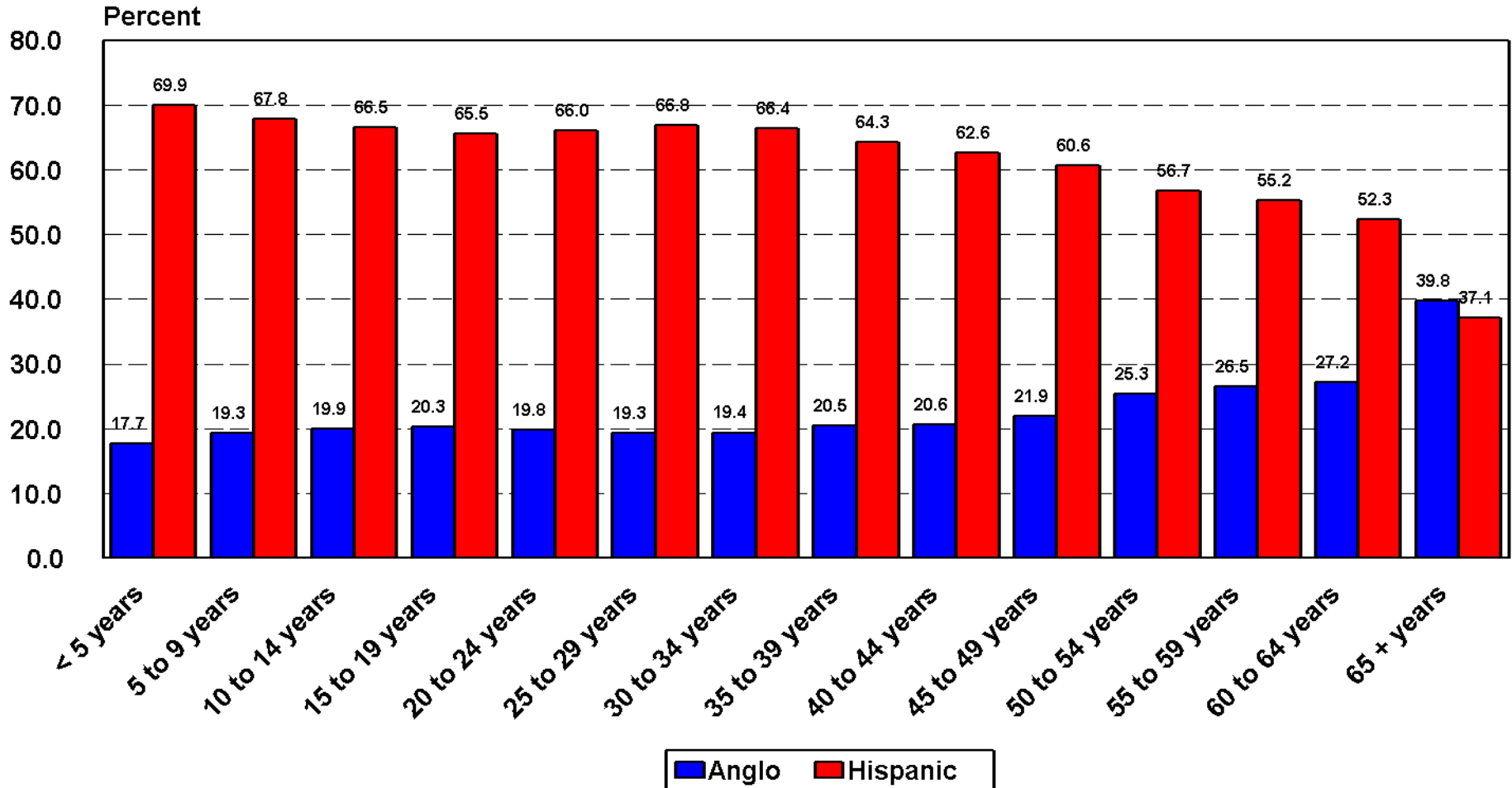


FIGURE 10: PERCENT OF TEXAS POPULATION BY AGE GROUP AND ETHNICITY, IN 2040*



* Projections are shown for the 1.0 scenario

FIGURE 11: EDUCATIONAL ATTAINMENT IN FIVE HOUSTON COMMUNITIES (1994-2008)

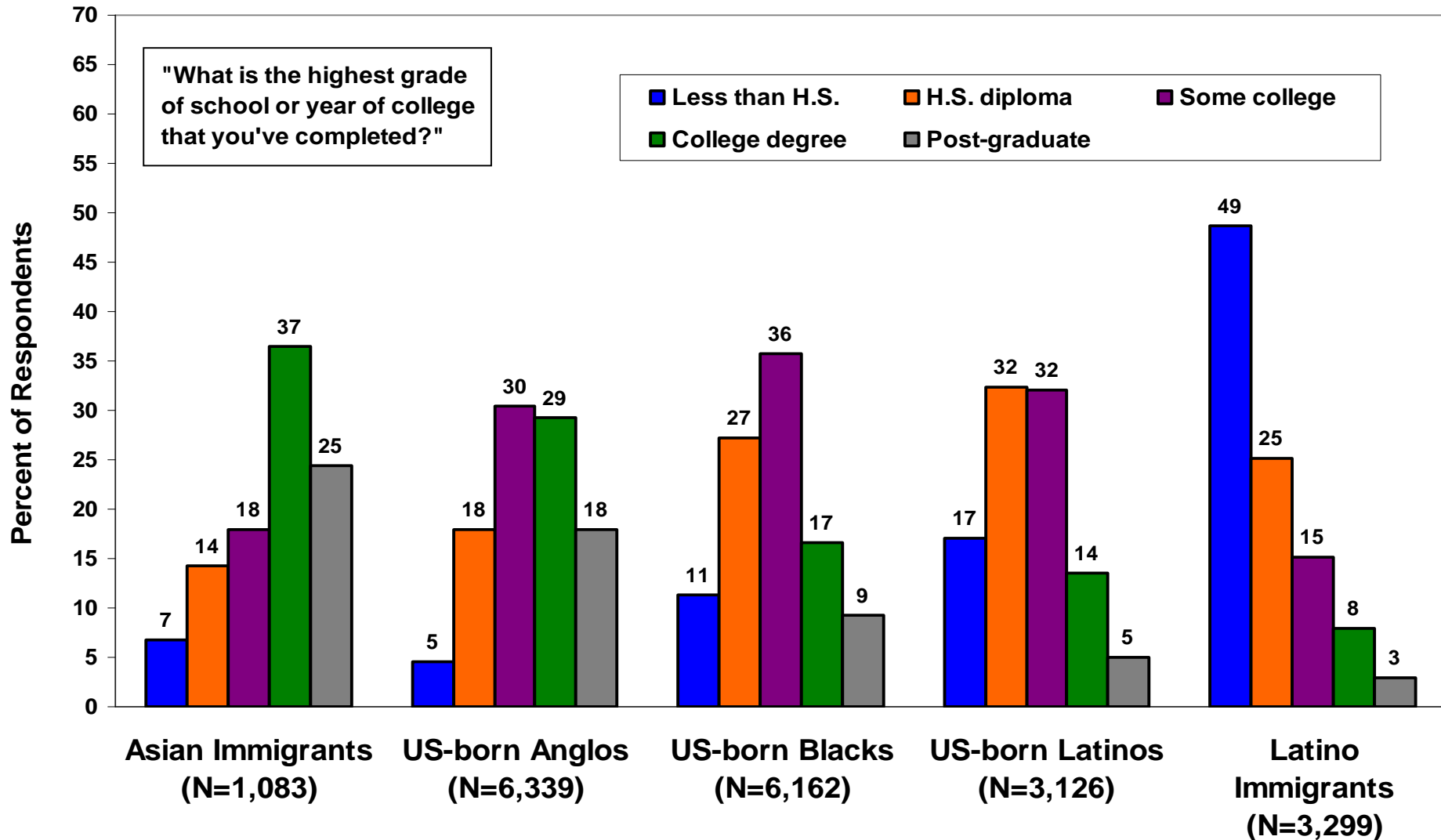


FIGURE 12: MEASURES OF SOCIOECONOMIC STATUS AMONG LATINO IMMIGRANTS BY TIME IN U.S. AND BY GENERATION (1994-2008)

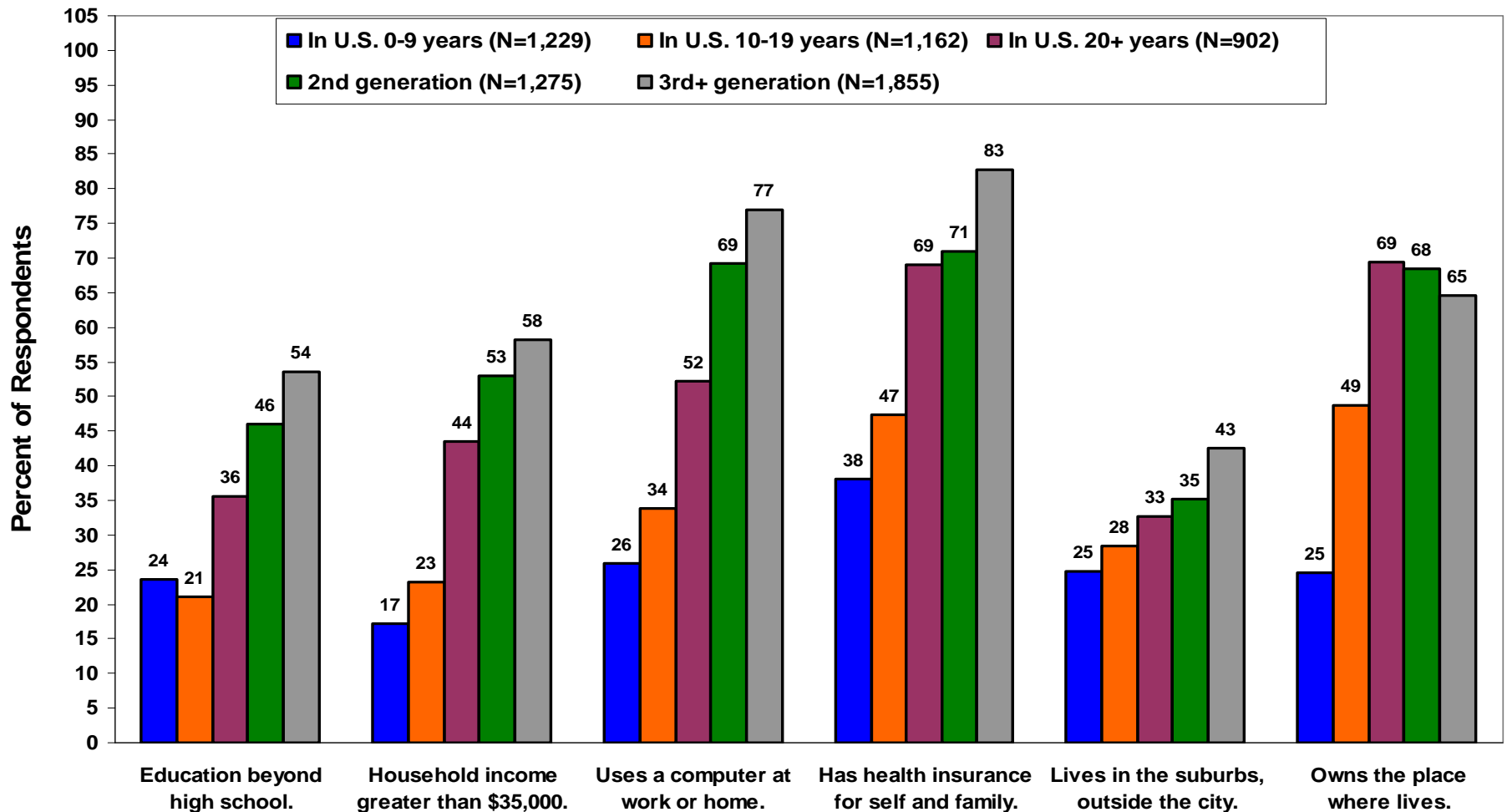
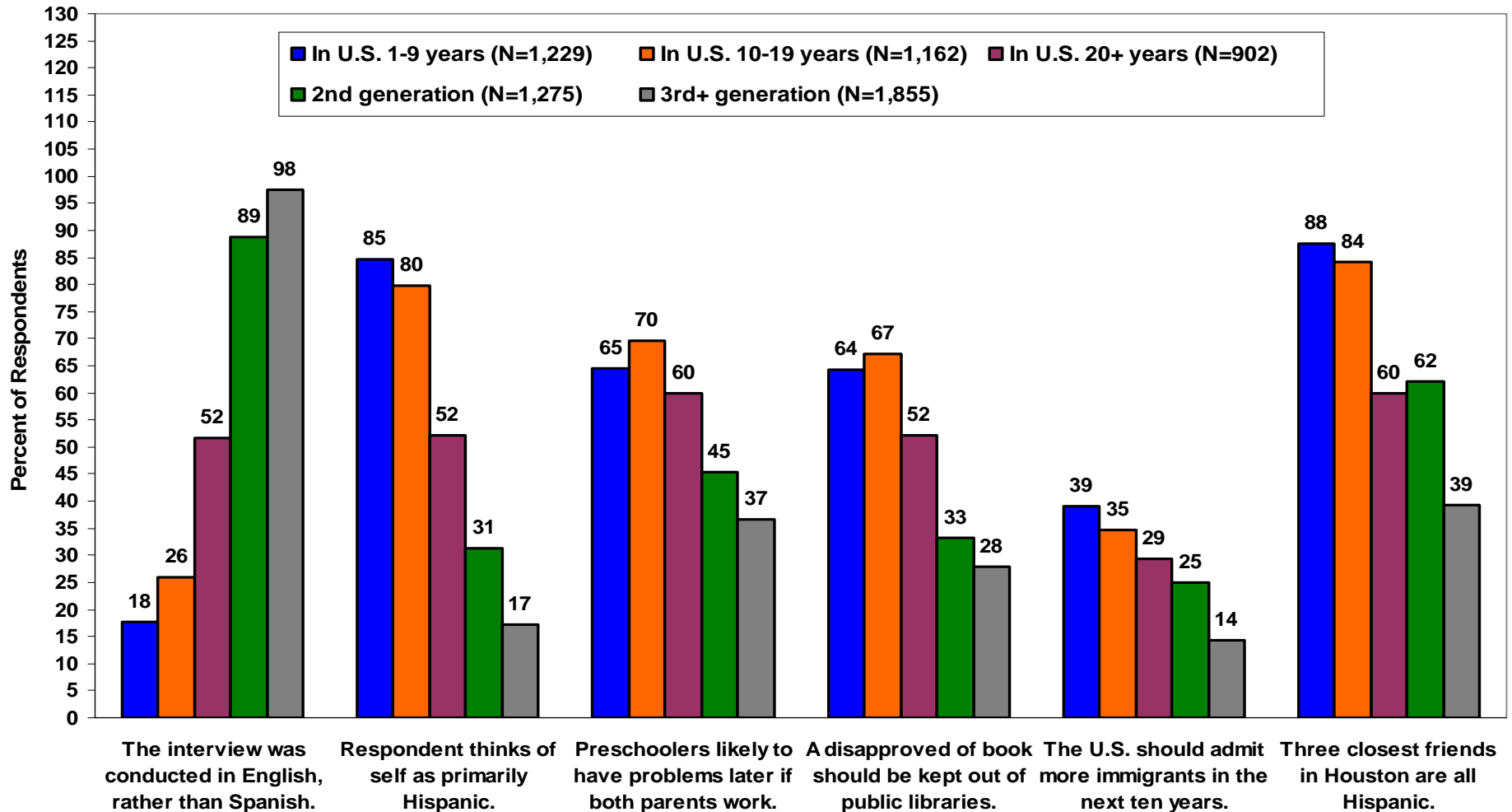


FIGURE 13: INDICATORS OF ASSIMILATION AMONG LATINO IMMIGRANTS BY TIME IN THE U.S. AND BY GENERATION (1994-2008)



CONCLUSIONS: THE CHALLENGE AND PROMISE OF THE NEW DIVERSITY



- This state's burgeoning diversity constitutes a tremendous potential asset. If the educational differentials can be substantially reduced, Texas will be able capitalize fully on the advantages of having a young, multicultural and multilingual workforce, positioned for success in the global economy.
- Yet if most Texans continue to live and work in segregated enclaves and remain divided by mutual misperceptions, reinforced by widening differences in educational attainment, the new diversity will instead inevitably diminish the state's competitiveness and set the stage for serious social conflict.
- If it is to flourish in the new era, Texas will need to grow into a far more unified and inclusive multiethnic society, committed to ensuring full participation and equal rights for all its residents.

CONTACT INFORMATION



Rice University's New "Urban Research Center of Houston"
[Turning Research into Reality]

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Contact Rice University (at: corrul@rice.edu; or:
713-348-4225) to order additional printed copies of . . .

the report on 24 years of Houston surveys (*Public
Perceptions in Remarkable Times*, 2005), or:

the report on the six major sectors of the greater Houston
area (*Regional Perspectives*, 2007)

For further information, please visit the survey Web site, at:
www.houstonareasurvey.org