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“Black-Hispanic Economic Relations in a Precarious Balance”

The Travon Martin case continues toward a conclusion that promises to produce a lose-lose outcome for Black-Hispanic economic relations.

Irrespective of the outcome, the court’s decision could drive a long-standing wedge between Black and Hispanic communities.

If the outcome favors those who believe that a Black teenager was killed in cold blood, then Hispanics will be outraged that George Zimmerman receives a severe prison sentence.

On the other hand, if Zimmerman receives a lighter than anticipated sentence or is acquitted, then Blacks will be outraged.

Some are already speculating that, in the latter case, Blacks may use the case as an opportunity to display their broader displeasure with the US criminal justice system and to riot. Unfortunately, when Blacks have rioted in the past, we have often destroyed our own communities. This would not be a welcomed outcome.

Less has been said about the potential for Hispanics to mount their own display of displeasure with a sentence for Zimmerman that is severe and that may appear unfair—especially given Florida’s “Stand Your Ground” law.

As an economist, I am obviously concerned about this lose-lose situation. It is never favorable when lives are damaged or lost and when property is destroyed—especially when these outcomes are caused by a single incident that seems so much a happenstance.

However, my concern also extends to the future of Black-Hispanic economic relations in the US.

A Pew Research survey from 2008 revealed that Black and Hispanics tend to both say that they get along when they live in areas where they represent a large share of the population. In other words, familiarity appears to breed positive relations between the two groups.

On the other hands, Black-Hispanic gang violence raises tensions from time-to-time in cities, such as Los Angeles and Chicago. These tensions produce distrust. This says nothing about Black-Hispanic relations in prisons across the country where the two groups are often at loggerheads.

Parties that don't trust each other don't transact with each other. This may sound like simple logic. The problem is that Blacks (with over 1.9 million businesses) and Hispanic (with over 2.3 million businesses) represent fast growing economies in the US that have an opportunity to grow even faster if they increase their economic interaction. If they don't trust each other, that economic growth will be stunted.

The University of Georgia has estimated that total Hispanic spending for 2012 was \$1.2 trillion. I estimate Black total spending to be over \$1 trillion during 2012. Combined, this spending represents nearly 14% of US gross domestic product (GDP). That percentage could grow rapidly as Black and Hispanic populations grow and if the two groups increase their economic interaction.

The reality is that the Travon Martin case is likely to serve as a setback to economic interaction and growth for the two largest and fastest growing so-called minority groups in the nation.

It is unfortunate that, because of the Travon Martin case, Blacks and Hispanics will continue to help the nation's economy grow, but efforts to deepen and accelerate growth within their own economies is likely to be slowed.

Consequently, the Travon Martin case has placed the plight of poor Blacks and Hispanics in particular, who would benefit most from greater economic integration between the two groups, in a precarious balance.

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07/07/13

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