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CHAPTER 4

TODAY'S SECOND GENERATION: GETTING AHEAD OR FALLING BEHIND?

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INTRODUCTION

The United States is once again a country of mass immigration — testimony to its undiminished capacity to provide newcomers opportunities to better their lives. Comparison to the circumstances newcomers leave behind makes it clear that arrivals from abroad generally do well for themselves by moving to the United States. Two decades of scholarship suggest, however, that while conditions for newcomers may certainly be improving, they are not at a pace needed to catch up with the native born. In the long run, however, the fate of immigrants may not be the central issue. They, after all, are a transitional generation, caught between here and there. What is more important are the prospects for integration and social and economic mobility of the *second generation* — the US-born children of immigrants.

As the fate of today's second generation is still unfolding, research has not yet produced a definitive analysis of the paths that the children of immigrants are likely to follow. The most pessimistic scenario, formulated by sociologists, is associated with the hypothesis of segmented assimilation.¹ It contends that a sizeable portion of today's second generation — especially the children of working-class immigrants — may be a "rainbow underclass" in the making, comprised of those who have failed to acquire the skills needed to move ahead and of those who are disconnected from regular participation in the labor market. The more conventional perspective posits "assimilation" of the second generation as some progress beyond their parents' socioeconomic status. This modestly optimistic view is almost surely correct, at least as concerns the great majority.

¹ See A. Portes and R. G. Rumbaut, *Legacies: The Story of the Immigrant Second Generation* (Berkeley, CA: University of California Press, 2001).

On the other hand, relative, not absolute progress may be the more important factor: Divergence from the parental generation does not necessarily imply convergence with the dominant or majority group (i.e., native-born whites). For example, convergence may be postponed or precluded if the second generation never quite succeeds at educational catch-up and if income growth is largely concentrated among workers with the most schooling. The question of which contrast counts is also a matter of perception: The high school-educated children of barely literate dishwashers or factory workers may well outpace their parents, but be unable to attain the very middle-class American dream that teachers, media, and peers have been exhorting from day one. If over time their prospects remain bleak and they find themselves stagnating in lower socioeconomic ranks (joining historically underprivileged groups), second-generation youth may also conclude that their search for advancement has stalled and resign themselves to lower educational and occupational outcomes.

In this chapter we focus on the experience of the contemporary second generation, examining their most salient educational and labor market characteristics: What is the ethnic, national origin, and age composition of today's second generation? How does the second generation compare to first- and third- (and later) generation Americans in terms of educational attainment and attachment to the workforce? Are they becoming economically self-sufficient? Are they getting ahead or falling behind in America?

The chapter begins by depicting overall numbers and trends, comparing the characteristics of the second generation to that of the first. We then move on to our key concern: gauging progress made by US-born children of immigrants by examining key indicators regarding schooling, employment, and earnings. We pay special attention to the Mexican-origin second generation who represent a quarter of the entire second-generation population and more than a third of the second-generation children under age ten. Our goal is to examine whether the rainbow underclass hypothesis is well-founded and supported by evidence (especially in the case of the Mexican-origin second generation). The analysis involves a series of contrasts: by generation, gender, national origin, and race/ethnicity to determine whether and to what extent the second generation is diverging from their parents, their white peers (the dominant group), and African American peers (the underprivileged group).²

² A word of caution is in order: Although we compare the generation and origin groups in terms of their educational and work characteristics, we did not test the group differences for their statistical significance. As such, our analysis provides only a descriptive portrayal of group differences.

DEFINITIONS AND DATA

The second generation is still an emerging phenomenon. It has an unusual age structure, strongly skewed toward youth and reflecting the ebbs and flows of immigration over an extended, almost century-long period. Most importantly, adult offspring of immigrant parents from the Americas and Asia remain a comparatively small group. With the exception of Mexicans, the numbers are too small for disaggregating by distinctive national origin. Consequently, we have grouped all second-generation persons into one national category, Mexicans, and three global categories: Europeans/Canadians/Australians (to be referred to as Europeans/Canadians), "other Americas" (all countries in the Western hemisphere *except* Mexico and Canada), and "Asians" (including all countries in Asia, whether in eastern or western Asia). While these global categories undoubtedly conceal a good deal of internal heterogeneity, further breakdowns would not yield reliable numbers; for now, this is the best that we can do.

We define the *first generation* as persons who were born abroad (i.e., our definition includes children born abroad to US citizens, persons from US outlying territories, persons who acquired US citizenship through naturalization, and non-US citizens). The *second generation* consists of persons born in the United States, with at least one foreign-born parent. Finally, the *third generation* consists of persons born in the United States to parents also born in the United States. Though we will refer to this latter group as a "third generation," in reality it is a "third-plus" generation, as many have ancestors whose residence in the United States dates back several generations. Given our interest in generational differences, we restrict our third generation to two groups of native born that comprise the great bulk of America's third generation population: whites and African Americans. Any reference to whites or African Americans only extends to third generation members of these groups.³

The chapter draws on a variety of statistical sources. As is well known, the great workhorse of the American statistical system — the US Census of Population — is of limited use for this purpose, as it ceased asking questions about parents' place of birth in 1970, making it impossible to track the children of immigrants once they had moved out of their parents' home. We use Census data for the 1970 results. For later years, we fall back on the Current Population Survey (CPS), which began asking respondents about their parents' nativity on a periodic basis, starting in 1979, and began doing so on a regular

³ In the following narrative, the terms "foreign born" and "immigrant" are used interchangeably.

basis in 1994. Reliance on CPS entails drawbacks of its own, mainly the survey's small sample size. Consequently, we have followed a now common practice of combining (or concatenating) several survey years to increase the sample size.⁴

THE NEW SECOND GENERATION COMES OF AGE: A DEMOGRAPHIC PROFILE

ORIGINS OF THE FIRST AND SECOND GENERATIONS

The shift in national origins — from Europe to other parts of the world — is perhaps the single most distinctive aspect of post-1965 US immigration. Since hitting its nadir in 1970, when the foreign born accounted for just over 5.4 percent of the US population, immigrant numbers have been steadily rising. In 2004, nearly 13 of every 100 persons living in the United States were born abroad. National origins have transformed as numbers have grown (see Table 1). Although, in 1970, the great bulk of the foreign-born population originated in Europe and Canada, the relative size of that group quickly eroded, tumbling to less than 20 percent by 2004. By the turn of the 21st century, the foreign-born mix was overwhelmingly dominated by persons of non-European origin, with Mexicans and a diverse group of immigrants from Asia each comprising roughly 30 percent.

The transformation of the second generation, however, has been a more protracted development, clearly in evidence, but far from complete. The legacy of the era of mass migration took the form of a large second generation, dominated by cohorts born roughly between 1905 and 1925, tailed by a smaller, though not insignificant group, born in the succeeding 15 years. Those immigrant offspring were later augmented by the descendants of the smaller waves of European immigrants who arrived during the 1930s, and again, in the immediate post-World War II period. In contrast, the “new immigration” from Asia and the Americas is still of quite recent vintage. Many of today's major groups are very recently arrived: For all practical purposes, Vietnamese and Central American immigration dates from the late 1970s.

Consequently, in relative size and composition, today's second generation has evolved in ways far different from that of the first wave. As of 1970, second-generation persons comprised 11.5 percent of the US population; that propor-

TABLE 1. WEIGHTED PERCENT OF FIRST AND SECOND GENERATION BY ORIGIN, 1970 TO 2004

	1970	1979	1990	2000	2004
First Generation					
Canada/Europe/Australia	68.8	48.7	33.2	20.2	17.1
Asia	9.1	21.2	23.2	26.3	28.9
Mexico	9.7	15.2	24.8	27.9	28.8
Other Americas	11.4	13.6	17.4	23.3	22.8
Africa	1.1	1.2	1.5	2.4	2.4
Total	100.0	100.0	100.0	100.0	100.0
Second Generation					
Canada/Europe/Australia	87.8	81.3	32.9	43.4	34.9
Asia	2.8	4.3	23.6	15.1	19.4
Mexico	6.9	10.2	25.5	26.1	28.5
Other Americas	2.3	3.9	16.8	14.2	15.5
Africa	0.3	0.3	1.2	1.2	1.7
Total	100.0	100.0	100.0	100.0	100.0

Sources: 1970 IPUMS; 1979 November CPS; 1989 November CPS; 1997-2003 March CPS; 2004 March CPS

tion has slightly declined over time, falling to 10.4 percent as of 2004. Thus in relative size, the two groups have flipped: Formerly less than half the size of the second generation, the foreign born are now a good deal more numerous.

Likewise, national origins have also changed, while still reflecting the impact of the immigration patterns of the first half of the 20th century. Thirty-five years ago, European origins were far more prevalent among the second generation (see Table 1). While the mix has since changed greatly, the ranks of immigrant offspring still retain a European plurality (34.9 percent). Moreover, the US-born children of the recent arrivals have only begun to make their mark: note the large proportion of the second generation with Mexican-born parents (28.5 percent), reflecting the long-standing nature of Mexican immigration to the United States, and the much smaller share maintained by very diverse Asian-origin second generation (19.4 percent). Surely, this will all shift in the years to come. Still, the nature of the demographic processes at work — having

⁴ This report principally relies on merged data from the 1997, 1999, 2001, and 2003 CPS; as the year 2000 falls in the midpoint among these years, we will refer to this merged sample as the “2000” survey.

to do with mortality rates among the aging descendants of the European immigrants and fertility differentials among the new immigrants — means that the composition of the second generation will continue to look quite different from the first generation for quite some time.

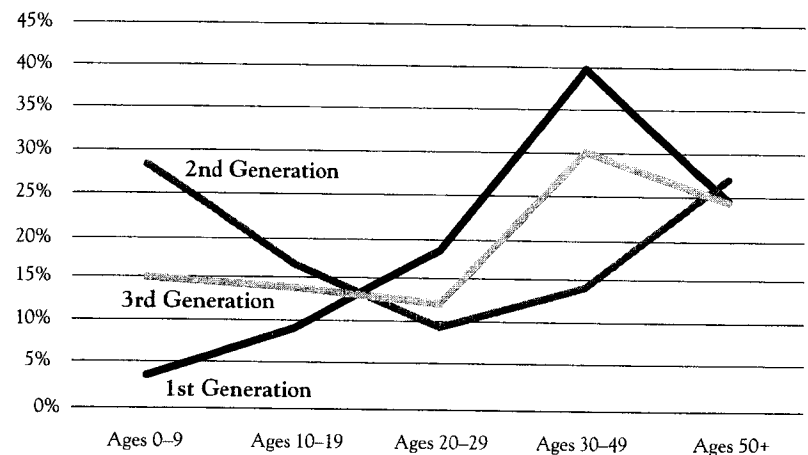
In terms of national origins, Mexicans accounted for 28.8 percent of all foreign-born persons living in the United States, as of 2004. No single country of origin was remotely as numerous; Filipinos, the next largest group, made up only 4.4 percent of the foreign born. Seven of the ten largest sending countries were either in Asia (China, India, Vietnam, and Korea) or in the Americas (Cuba, Canada, and El Salvador). The national origins of the second generation, however, take a very different form. Though Mexicans predominate (accounting for 25 percent), the legacy of earlier immigrations can still be readily detected: Italy, Russia, Poland, Germany, Canada, England, and Ireland still rank among the top ten countries of origin among the second-generation population. However, if the focus is on the very young, a different profile is emerging: The national origins of second-generation children ages ten or under closely resemble the national origins of the foreign-born population. However, there is one key exception: Mexican-origin persons account for 36.5 percent of this group, as opposed to 28.8 percent among the foreign born.

DIFFERENCES IN AGE STRUCTURE BETWEEN THE FIRST AND SECOND GENERATIONS

Age structure provides another significant dimension of variation. Migration is a selective activity, most likely to be undertaken by younger adults. The age distribution of the foreign-born population highlights this propensity, as children are under-represented and adults aged 20 to 29 and 30 to 49 are over-represented among this group (see Figure 1). The age structure among the second generation takes a very different, U-shaped form, with the largest groups either younger than ten or older than 50 and a small population of prime-age adults. This distinctive U-shape reflects the discontinuities in America's migration history. The large cohort at the older end of the age structure represents the US-born children of the immigrants of the last age of mass migration. The even larger cohort at the young end of the age structure is the offspring of today's arrivals. By contrast, the cohorts of prime-age adults are persons born in the United States between the end of World War II and the very early 1980s.

Controlling for national origin provides an important refinement. The second generation with origins in Europe, Canada, or Australia is an especially old group: Almost 60 percent are 50 years of age and above. By contrast, young

FIGURE 1. PERCENT OF TOTAL POPULATION BY GENERATION AND AGE GROUP, 2000



Source: Current Population Survey, March 1997-2003.

children predominate among all the other national origin categories: Among second-generation persons with origins in Mexico, elsewhere in the Americas or Asia, well over 40 percent were younger than ten years old as of 2000. About 70 percent in all three national origins categories were under age 20.

We argue that the distinctive age structure of the second generation implies that the advent of a "new" second generation has yet to yield its full effect. As of now, the institutional impact is mainly felt by the schools, especially those in the major immigrant-receiving cities, where growing immigrant numbers have produced a large population of school children of immigrant origins. In contrast, the impact on the labor market is far more modest due to the small size of the prime-age worker cohort of today's second generation.

In terms of national origin, US-born offspring of Mexican immigrants — the children of America's lowest skilled immigrants — will comprise the overwhelmingly largest group of the second generation. Other national origin groups such as Salvadorans and Dominicans that have similar social and economic characteristics will add a smaller, but still substantial component to the new second generation moving into the labor force. Though most of the new

second-generation children are still in school, the base size of the population is such that small proportions translate into large numbers of second-generation persons, already either in the labor force or making the transition from school to work. Acknowledging that the future is always unpredictable, the remainder of this chapter focuses on the education and employment of youth and young adult members of the second generation. While partial, their current experience in the worlds of school and work is sufficiently extensive to offer at least a reasonable benchmark from which to make forecasts.

FROM SCHOOL TO WORK

Schooling is a prerequisite for advancement in the 21st-century United States. A critical hurdle is obtaining a high school diploma, a credential which a large and rising share of prime-aged native-born adult Americans has attained. A large proportion of immigrants, however, arrive in the United States with just a few years of secondary schooling and many possess less. Thus, for immigrants' offspring to move beyond their parents, graduation from high school often represents a major leap. However, the fact that low-skilled immigrants are employed at impressively high rates may mean that a failure to complete high school may not have equally negative effects for all. To examine this crucial passage, we begin by looking at the transition from school to work.

YOUTH, AGES 16 TO 20

School enrollment is lowest among first-generation Mexicans 16-20; only 40 percent of whom are in school (see Table 2). Going to school is much more common among all other first- and second-generation groups, with rates generally hovering either around or above the level for third-generation whites and substantially above the level for African Americans. Among the second generation, enrollment rates of persons originating in Europe, "the other Americas," and especially Asia compare favorably with the pattern for third-generation whites. Not surprisingly, all groups report lower full-time enrollment rates. Relative to whites, the Asian advantage in full-time enrollment rates is even greater than for enrollment of all types; whether one focuses on general or full-time enrollment rates, African Americans appear equally (and slightly) disadvantaged.

In general, individuals who leave school early suffer a greater risk of joblessness. Among third-generation whites, 71.4 percent of males and 65.1 percent of females report having a job (see Table 2, "Youth aged 16-20" panel). Overall, employment rates for out-of-school youth from most first- and second-generation groups fall below the level enjoyed by whites; the gap, however, is modest.

TABLE 2. PERCENTAGE TEENAGERS (AGES 16 TO 20) IN SCHOOL BY NATIONALITY AND GENERATION, 2000

Enrollment types	All		Full-time	
	First Generation	Second Generation	First Generation	Second Generation
Canada/Europe/Australia	72%	69%	72%	67%
Asia	77%	73%	79%	76%
Mexico	40%	35%	64%	57%
Other Americas	61%	56%	72%	68%
	Third Generation			
Whites	66%	62%		
African Americans	62%	59%		

Source: Current Population Survey March 1997-2003.

The group least likely to be in school, immigrant Mexicans, is also the group most likely to be at work: 81.3 percent of out-of-school men in this group hold a job. By contrast, out-of-school African Americans appear the least likely to have moved from school to a job: Whether male or female, less than half of African Americans out of school hold a job. Young African Americans are particularly disadvantaged, holding jobs at less than 60 percent of the rate for out-of-school whites.

YOUNG ADULTS, AGES 21 TO 25

As compared to their younger counterparts, adults aged 21 to 25 are far less likely to be enrolled in school. In this age range, just over a quarter of third-generation whites are in school (see Table 3). At this modest level, whites are outdistanced by a number of groups: Close to half of the Asian foreign born and second generation are still in school; enrollment rates for Europeans/Canadians, both first and second generation, as well as second-generation persons with origins in the "other Americas" compare favorably with the pattern displayed by whites. As young adulthood is also the prime age for migration (especially among the low-skilled), school enrollment is rare among Mexican immigrants; by contrast, enrollment among second-generation Mexicans falls just modestly below the level for whites. While rates of full-time enrollment are lower for all groups, whites lag behind first- and second-generation persons of

TABLE 3. PERCENTAGE YOUNG ADULTS (AGES 21 TO 25) IN SCHOOL BY NATIONALITY AND GENERATION, 2000

Enrollment types	All	Full-time	All	Full-time
	First Generation		Second Generation	
Canada/Europe/Australia	34.9%	28.8%	34.0%	27.9%
Asia	44.8%	38.8%	45.3%	36.8%
Mexico	7.3%	4.7%	24.4%	15.4%
Other Americas	22.4%	16.4%	38.8%	31.4%
	Third Generation			
Whites	27.2%	21.7%		
African Americans	22.7%	17.6%		

Source: Current Population Survey March 1997-2003.

European/Canadian and Asian origin, as well as second-generation young adults of origin in the “other Americas.” For Mexican immigrants, however, the full-time enrollment rate is a fifth of the white level; the Mexican second generation does much better, but in comparison to whites, only three quarters as many Mexican American young adults are studying full-time.

Although youth is a period of protracted transition from school to work, the early adult years tend to yield stable job attachment. Overall, 83 percent of out-of-school young men and 71 percent of young women in this age range are working. Among men, Mexican immigrant men work at the highest rates of all (88.6 percent) (see Table 3, “Youth aged 21-25” panel). Job-holding rates among other foreign-born and second-generation individuals do not fully match up to that of white men (86.8 percent), though the gap ranges from a percentage point for European/Canadian foreign born to 10 percentage points for the second-generation “other Americas” men. A similar pattern holds true for women, with the notable exception being Mexicans: Whether first or second generation, their employment rate lags 34 and 10 percentage points, respectively, behind the employment rates of white women (76.6 percent). That disparity notwithstanding, Mexican female employment rates rise from 42.3 percent to 66.6 percent between the first and second generations.

Although the job-holding gap among African Americans ages 16-20 narrows in the 21 to 25 age range, African Americans remain at a great disadvantage.

African American men do particularly poorly, working at rates substantially below those of all other groups. African American women, by contrast, have employment rates roughly comparable to those of immigrant women from Asia and the “other Americas,” as well as second-generation Mexican women.

As noted earlier, the bleaker social science view forecasts the emergence of a rainbow underclass scenario, in which the offspring of working-class immigrants fail to acquire the skills they need to get ahead and, if they drop out of school, to barely enter the labor force. As a result, they join a population locked out of the labor force on a long-term or, perhaps, even permanent basis. The patterns reviewed above provide little support for this pessimistic assessment. The group least likely to stay in school — Mexican immigrants — are also the most likely to be at work, a pattern that persists to older ages, as we shall see below. In all likelihood, the low enrollment rates capture the behavior of both Mexican-born, but US-raised youth, as well as young Mexican immigrants, who move right from Mexico into employment in the United States. For these young newcomers, as with older immigrants from Mexico, the strength and prevalence of networks connecting veteran settlers with newcomers provide relatively easy access to US workplaces, albeit at poorly paid jobs.

By contrast, we find that second-generation Mexican youth maintain enrollment patterns fairly close to whites’ levels. To be sure, the fall-off in school enrollment is greater among young Mexican adults in the college-attending ages, with the full-time enrollment rate dropping noticeably. Nonetheless, out-of-school second-generation youth of Mexican origin tend to be working; young adults in their early 20s maintain employment rates close to the white level, suggesting that difficulties in securing employment experienced by the slightly younger group (aged 16 to 20) are a transitional phenomenon. The pattern among second-generation Mexican women, who are both advancing well beyond the schooling levels of the first generation and maintaining higher employment levels, is particularly striking. Thus, there is ample evidence of integration, though the sharp drop-off in school enrollment rates among young adults suggests that, whether male or female, relatively few young second-generation Mexican adults will complete college, a factor that will surely limit their ability to catch up with whites in terms of economic rewards.

Regarding the other first- and second-generation groups, caution needs be taken given the global nature of the categories used in this chapter. However, there is certainly no support for the notion of a rainbow underclass. The data for Asians, both foreign and native born, point in the direction of a very

positive outcome, a pattern consistent with the findings of other studies.⁵ The chief source of concern, rather, involves African Americans, and particularly men, for whom a “youth employment crisis” identified well over two decades ago does not seem to have abated. Moreover, employment difficulties experienced in the late teenage and early adult years prove more persistent than among all other groups, a pattern evident among prime-age adults as well.

THE WORKING-AGE POPULATION

This section focuses on adults between ages 25 and 65, with a particular focus on employment, wages, and non-monetary forms of compensation. As economic attainments are likely to be influenced by the skills that workers bring to the market, we begin by examining changes in both the absolute and relative levels of their education.

EDUCATIONAL LEVELS

A paradox of the new immigration patterns is that the influx of a large group of low-skilled workers occurs just as the American economy shifts to ever higher levels of skill intensity. Less-skilled workers have seen earnings growth stagnate as demand has shifted to workers with higher levels of education. Employment in manufacturing has also eroded as low-skilled production jobs have moved overseas. In the view of many researchers, the decline of manufacturing accounts for the persistent employment problems experienced by less-skilled African American men. At the same time, components of both the native and the immigrant labor force have engaged in substantial skill upgrading. The past three decades have witnessed a large growth in the size of the college-educated domestic population; likewise, significant numbers of highly skilled immigrants have entered the US economy. How second-generation Americans fit into this evolving skills structure will determine their access to employment and the jobs and compensation they attain.

As shown in Table 4, the relative size of the less-educated labor force has been in sharp decline for over 30 years. While 48.5 percent of all adults did not possess a high school degree in 1970, by 2004, only 12.1 percent had failed to finish high school. Although these declines are found among every group, there are considerable inter-group differences in educational progress.

⁵ See M. Zhou, “Contemporary Immigration and the Dynamics of Race and Ethnicity,” pp. 200-242 in N. Smelser, W. J. Wilson, and F. Mitchell, eds., *America Becoming: Racial Trends and Their Consequences*. Volume I. Commission on Behavioral and Social Sciences and Education, National Research Council. Washington DC: National Academy Press, 2001.

TABLE 4. PERCENT WITH LESS THAN HIGH SCHOOL EDUCATION, ADULTS (AGES 25 TO 65) 1970, 2004

	1970	Difference from whites (1970)	2004	Difference from whites (2004)	Percent change from 1970
First Generation					
Canada/Europe/Australia	48.8	8.7	6.1	-0.4	-88
Asia	31.5	-8.6	9.5	3.0	-70
Mexico	81.2	41.1	58.0	51.5	-28
Other Americas	48.3	8.2	26.5	20.0	-45
Second Generation					
Canada/Europe/Australia	40.2	0.1	2.9	-3.6	-93
Asia	24.6	-15.5	3.6	-2.9	-85
Mexico	69.1	29.0	16.9	10.4	-76
Other Americas	31.6	-8.5	2.4	-4.2	-93
Third Generation					
Whites	40.1	-	6.5	-	84
African Americans	65.5	25.5	12.1	5.6	-81
Total population	48.5	8.4	12.1	5.6	-75

Sources: 1970 IPUMS; 2004 March CPS.

Among immigrants, Mexicans have consistently been the least educated. In 1970, eight out of ten adult Mexican immigrants lacked a high school degree; in 2004, the proportion fell to just under six in ten (see Table 4). This gradual decline, however, was out of line with the shifts experienced by other groups. Thus, for Mexican immigrants, the education gap with whites and other groups actually grew. A somewhat different story holds true for the second-generation Mexican adults, who in 1970 were an overwhelmingly less-educated group. However, over time, they experienced a substantial educational upgrading, as the share of the Mexican second generation without a high school degree fell from 69 to 17 percent between 1970 and 2004.

The proportion of college-educated workers grew rapidly during the same period, though the rate of growth at the high end of the educational spectrum was

TABLE 5. PERCENT WITH A COLLEGE DEGREE, ADULTS (AGES 25 TO 65) 1970, 2004

	1970	Difference from whites (1970)	2004	Difference from whites (2004)	Percent change from 1970
First Generation					
Canada/Europe/Australia	10.9	-0.9	42.2	10.5	286
Asia	35.4	23.6	51.2	19.5	45
Mexico	2.2	-9.7	5.7	-26.0	166
Other Americas	12.1	0.3	21.2	-10.5	76
Second Generation					
Canada/Europe/Australia	12.2	0.4	42.6	10.9	251
Asia	16.2	4.4	57.4	25.7	256
Mexico	3.2	-8.6	14.1	-17.6	334
Other Americas	15.1	3.3	41.3	9.6	174
Third Generation					
Whites	11.8	-	31.7	-	169
African Americans	4.7	-7.1	17.8	-13.9	277
Total population	10.2	-1.6	29.8	-2.0	192

Sources: 1970 IPUMS, 2004 March CPS.

not as sharp as the rate of decline at the low end. In 1970, a college education (or higher) was relatively rare, possessed by one in ten adults; by 2004, it had become a good deal more commonplace, with about a third completing college (see Table 5).

Whites have consistently lagged behind a number of first- and second-generation groups. In 1970, the relatively small group of Asian immigrants residing in the United States already possessed a markedly high-skilled profile; by 2004, more than half of Asian-born adults had a college diploma. Even more notable is the shift among Asian second-generation adults, who already enjoyed a slight lead over whites in 1970, but are now almost twice as likely to have earned a college degree.

Groups that lagged in 1970 have made little progress toward reducing the gap. A college education was rare among Mexican immigrants in 1970. At the time, it was almost as scarce among African Americans and second-generation Mexican adults. A college education remained highly uncommon among Mexican immigrants throughout the intervening years; as a result, Mexican immigrants were just as disadvantaged at the turn of the 21st century as they had been three decades before. Levels of college education rose more rapidly among second-generation Mexicans and African Americans. Although the increasing educational attainment of these two groups narrowed the gap, it still left them well behind whites.

To sum, we find that the educational levels of the workforce have risen sharply over the past three decades. At the same time, the ranks of the least skilled immigrants, arriving with schooling levels far below the norm for any native group, have burgeoned. As noted, one can detect a change toward a better-educated migrant flow from Mexico, but the shift is so slight that the educational attainment gap separating Mexicans from whites has actually grown.

Other groups that were highly disadvantaged in 1970 — most notably the US-born offspring of Mexican immigrants and African Americans — have made considerable strides since then, as evidenced by a sharp fall-off in the proportion of persons lacking a high school degree. That progress, however, has not matched the rate of change among whites. Thus, although only a small minority of second-generation Mexicans and African Americans possess low levels of schooling, the share of those with less than a high school degree remains disproportionately large.

A college education is far more common in 2004 than it was in 1970, a statement that holds for almost all groups except Mexican immigrants. Compared to their parents, members of Mexican second-generation are more likely to possess a college degree; however, they still lag behind whites. Low levels of college completion are likely to translate into depressed earnings capacity among the Mexican second generation, to the extent that the economy continues to pay a premium for levels of schooling including college completion.

LABOR MARKET OUTCOMES

Employment provides the best gauge for assessing the contention that the offspring of today's working-class immigrants are likely to enter the ranks of a rainbow underclass. Although there are many ways to define the "underclass," William Julius Wilson's description of a world where "work has disappeared"

captures the phenomenon's central trait.⁶ In this section we compare rates of current employment as an indicator of labor force attachment. The sections that follow examine other kinds of labor market outcomes, namely, groups' earnings and health and pension coverage.

EMPLOYMENT

In the years since 1970, employment trends for men and women have followed two very different paths, with job-holding rates eroding modestly among men, while increasing substantially among women. In 1970, 87 percent of adult males were employed. By 2004, only 82 percent of men were holding a job. This overall shift closely corresponds to the trend among white men and among most first- and second-generation men (see Table 6). Paradoxically, given the economy's evolving structure of skilled work, the great exception to employment decline occurs among the one group — Mexican immigrant men — that should be most at risk of job loss. While Mexican immigrant men were less likely than white men to be employed in 1970, they have consistently become more likely to hold jobs (see Table 6). US-born men of Mexican origin have seen a slight erosion in job-holding, with employment rates always remaining just a few percentage points below the white level. The most severe decline in job-holding has occurred among African American men. Already a good deal less likely than whites to be employed in 1970, barely seven out of ten African American men were employed in 2004.

For women, the story is quite different: In 1970, 46 percent of adult women were working; by 2004, the figure stood at 68 percent. Employment rose among all groups, though the increase started from disparate beginnings and changed at varying rates. The sharpest gains were made by second-generation Mexican women: 38.8 percent were employed in 1970 and 70.2 percent in 2004 — essentially equivalent to white women (70.5 percent) (see Table 6). That pattern differs from the experience of Mexican immigrant women, among whom job-holding rates rose from very low levels recorded in 1970, but at such a slow pace that they fell further behind whites, in both absolute and relative terms. Unlike their male counterparts, African American women increased job-holding rates in the years after 1970; however, the pace of change was modest, with the result that employment rates, which earlier had exceeded those of white women, subsequently slipped below the white job-holding level by 2004.

This review of employment patterns finds little support for the view that the new second generation may be a rainbow underclass in the making. The

⁶ See W. J. Wilson, *When Work Disappears: The World of the New Urban Poor*, New York: Knopf, 1996.

TABLE 6. PERCENT EMPLOYMENT AMONG ADULTS IN THE LABOR FORCE BY GENERATION AND ORIGIN (AGES 25 TO 65), 1970 TO 2004

	1970	1980	1990	2000	2004
MEN					
First Generation					
Canada/Europe/Australia	88.7	87.9	83.6	84.5	83.4
Asia	87.8	83.4	85.0	84.4	86.4
Mexico	84.9	87.9	85.4	87.6	87.3
Other Americas	89.1	88.4	81.6	85.1	84.9
Africa	84.3	92.9	82.2	85.1	84.7
Second Generation					
Canada/Europe/Australia	90.0	81.8	79.6	81.2	82.6
Asia	93.6	90.0	88.8	84.0	83.6
Mexico	86.3	85.6	78.0	80.9	81.1
Other Americas	88.6	78.6	83.3	84.7	83.6
Third Generation					
Whites	89.1	87.8	86.7	85.0	83.2
African Americans	80.3	77.8	73.7	73.3	69.7
WOMEN					
First Generation					
Canada/Europe/Australia	43.9	52.6	59.0	62.9	62.9
Asia	47.4	56.7	60.7	63.4	62.6
Mexico	30.8	38.2	42.6	47.5	45.3
Other Americas	54.6	59.8	58.2	64.3	66.0
Africa	38.9	59.2	62.5	63.2	62.5
Second Generation					
Canada/Europe/Australia	46.2	52.2	60.4	69.1	69.9
Asia	58.5	62.0	68.4	74.3	68.3
Mexico	38.8	51.5	54.4	66.7	70.2
Other Americas	54.7	55.3	60.0	75.0	84.0
Third Generation					
Whites	43.8	57.3	68.1	71.5	70.5
African Americans	52.8	58.7	62.9	68.4	67.4

Sources: 1970 IPUMS; 1979 November CPS; 1989 November CPS; 1997-2003 March CPS; 2004 March CPS.

experience of second-generation Mexican women, in particular, is at odds with the predictions of this pessimistic scenario: Labor force attachment is far stronger in the second, as opposed to the first generation, yielding strong evidence of convergence, *not* divergence, with the dominant group. The trends among Mexican men differ, in part, because employment rates among the first generation are exceptionally high, an aspect probably intrinsic to the immigrant phenomenon itself and not likely to be reproduced by those who never undergo the migration experience. That being said, the employment rate of second-generation Mexican men is close to white men and diverges widely from that of African American men, among whom there is the weakest attachment to work.

THE TERMS OF COMPENSATION: MEDIAN EARNINGS

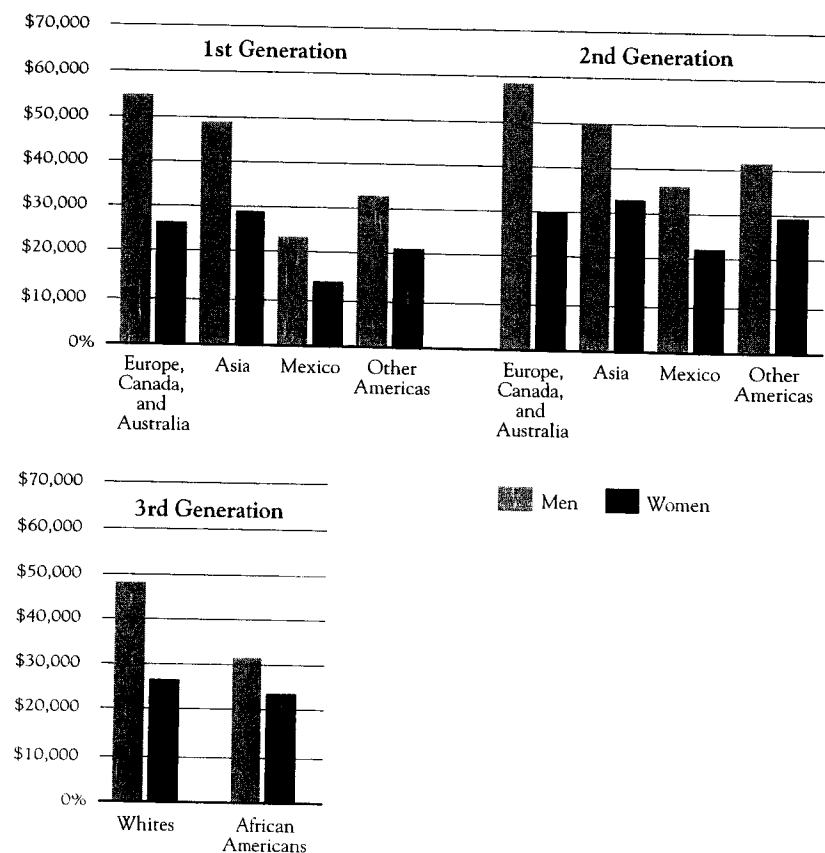
In 2000, median earnings for third-generation white men were close to \$49,000, a figure that put them above most, but not all groups of men (see Figure 2). Second-generation Europeans/Canadians reported the highest earnings of all (\$59,330), followed by first-generation members of the same group, and then second- and first-generation Asians, respectively. Mexican immigrants stand at the other end of the spectrum, earning half as much as whites; African Americans, with earnings two-thirds those of whites; and immigrants from the "other Americas," reporting earnings 68 percent of the white level. Second-generation Mexican men also lagged: with earnings 76 percent those of whites, they fall at the mid-point between first-generation Mexican and white men.

With a median salary of roughly \$28,000, white women earned just over half as much as white men. They earned more than all the foreign-born groups but less than second-generation European/Canadian, Asian, and "other Americas" women. As with men, Mexican immigrant women earned less than all other groups and earned slightly more than half (\$14,552) that of the level of white women. As compared to their male counterparts, second-generation Mexican women and African American women experienced a much smaller earnings gap.

The source of earnings disparity cannot only be linked to differing educational levels but to earnings within major educational categories. To simplify, we limit the following discussion to the contrast among first- and second-generation Mexican workers, African Americans, and third-generation whites. Higher levels of education yield higher earnings for all groups, whether among men or women. However, the impact of education varies by level received, as college completion (or continuation beyond college) boosts earnings more sharply than any other increment in schooling. Moreover, inter-group earnings disparities vary both by education and gender. Disparities are smallest for workers

with the lowest levels of education but expand with higher levels of schooling. However, inter-group differences are consistently greater among men than among women.

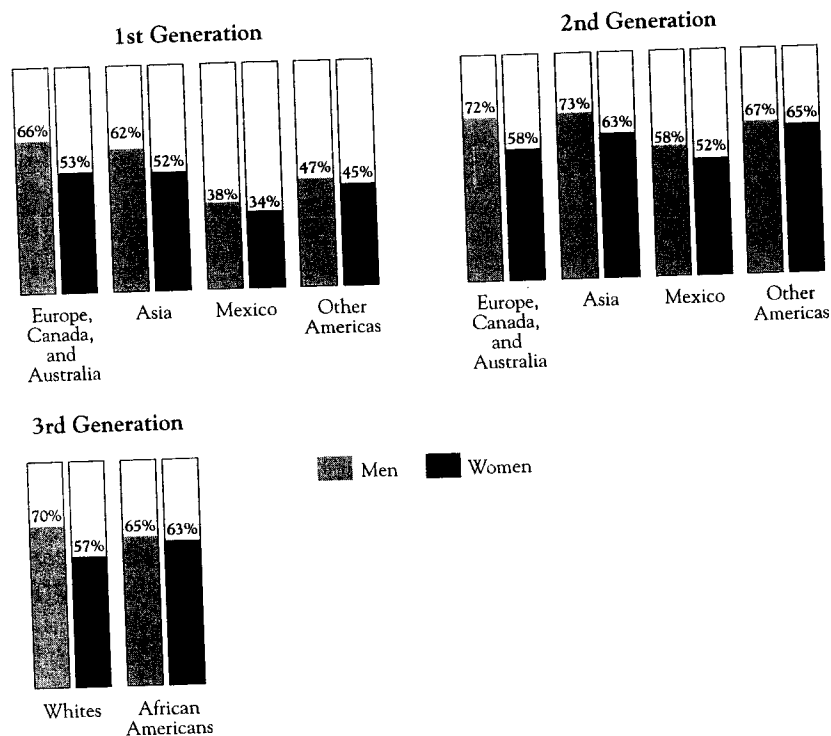
FIGURE 2. MEDIAN YEARLY WAGE AND SALARY INCOME (\$) OF WORKERS* BY GENERATION, ORIGIN, AND GENDER, 2000



* Workers, ages 25 to 65, reporting positive wages

Source: Current Population Survey March 1997-2003.

FIGURE 3. PERCENT OF ADULTS WITH EMPLOYER-PROVIDED HEALTHCARE COVERAGE, BY GENERATION AND ORIGIN, 2000



Source: Current Population Survey March 1997-2003.

Although more schooling has a positive effect on all groups, it does not affect them uniformly. Mexican-born workers are poorly compensated for additional skills acquired prior to migration. For Mexican immigrants, additional levels of schooling tend to widen earnings disparities, with college completion having only a limited positive effect. By contrast, each major increment in schooling pushes the earnings of second-generation Mexican men upward. At all educational levels, second-generation Mexican workers earn more than their African American counterparts, for whom college completion has a much weaker impact for all groups except Mexican foreign-born workers.

THE TERMS OF COMPENSATION: BENEFITS

Fringe benefits — most notably pensions and health insurance — comprise a crucial dimension of job quality. In the United States, health and pension benefits are largely provided by employers.⁷

HEALTH INSURANCE

Seventy percent of white male workers receive some form of health coverage from their employer (see Figure 3). Other groups do better, most notably European/Canadian and Asian second-generation workers. Foreign-born workers, however, lag behind whites, with Mexican immigrants — only 35 percent of whom receive any form of health insurance — being the most disadvantaged. By contrast, 65 percent of African American men and close to 60 percent of second-generation Mexican men get health insurance from their employer.

Health insurance coverage is uniformly lower among women than among men for all groups but one: African American women. Close to two-thirds of African American women receive health coverage from their employers, a rate roughly equivalent to African American men and higher than white women (see Figure 3). Most second-generation women are also insured at higher rates than whites, with Mexican second-generation women being the exception. While employer-provided health coverage is much higher among second- versus first-generation Mexican women, low insurance levels for both may be related to the prevalence of employment within private households and other similar jobs.

Employer-provided health insurance usually entails partial premium coverage; only 19 percent of men and 15 percent of women workers have the entire cost paid by the employer. Among men, all immigrants (except those from Europe/Canada/Australia) are less likely than whites to receive full premiums. Mexican immigrants are particularly disadvantaged, having full premium coverage at half the rate received by whites. All second-generation groups do better than their first-generation counterparts. Thus, while second-generation Mexican men lag substantially behind whites, they do much better than Mexican-born men, enjoying full benefit coverage at roughly the rate of African American men.

⁷ Information on both health benefits and pension provision is collected in the CPS, though only from persons employed as wage and salaried workers; no comparable data are available for the self-employed. In the CPS, respondents are asked whether the employer provides a pension plan for any of the employees; those answering yes are then asked whether they are covered in the plan. Respondents are also asked whether they received health insurance, and if so, whether coverage extended to other family members and to what extent payments were made by the employer.

TABLE 7. PERCENT OF ADULTS INCLUDED IN EMPLOYER-PROVIDED PENSION PLAN, BY GENERATION AND ORIGIN, 2000

	Men	Women
First Generation		
Canada/Europe/Australia	47.2%	41.9%
Asia	43.3%	40.9%
Mexico	20.9%	19.6%
Other Americas	28.7%	29.7%
Second Generation		
Canada/Europe/Australia	58.3%	52.2%
Asia	53.6%	54.4%
Mexico	43.3%	43.9%
Other Americas	48.4%	45.5%
Third Generation		
Whites	56.4%	50.4%
African Americans	49.6%	48.1%

Source: Current Population Survey 1997-2003.

PENSION BENEFITS

Employers are more likely to provide health than pension benefits. About 58 percent of white males are covered by a pension; second-generation men of European/Canadian origin slightly exceed whites in pension coverage (see Table 7). Foreign-born men are all less likely than whites to be covered by a pension plan. Pension coverage is particularly low for Mexican immigrants — with their coverage being just over one third of the white rate. Pension coverage of US-born men of Mexican origin is twice as high as among foreign-born Mexicans, though it still lags well below the white rate.

Among women, second-generation Asian and European/Canadian workers are covered at higher rates than white women; all other groups are covered at lower rates. Mexican immigrant women are again highly disadvantaged, with just a fifth covered by an employer-provided plan.

Our review of earnings and fringe benefits indicates that low-skilled immigrant workers have surely found a place in America's economy, but they have done so at a price — namely, jobs that pay low wages and provide little in the way of

non-monetary rewards. For Mexican immigrants, other factors seem to compound the disadvantages of being low skilled. Higher levels of schooling produce a smaller increase in rewards for Mexican immigrants than for other groups, although characteristics not measured here, such as English-language proficiency or years of work experience in the United States, may keep the returns on educational investment depressed.

Compared to immigrants, Mexican second-generation workers do better on several counts: They receive higher wages; they are less likely to work in the lowest paying jobs; they are more likely to hold jobs at higher ends of the earnings distribution; and their jobs are more likely to be accompanied by health and pension benefits. Additional increments in schooling yield substantial increases in earnings, in contrast to the Mexican foreign born. Still, although US-born workers of Mexican parentage are rewarded for college completion, college completion rates remain relatively low. Low completion rates are a powerful constraint on compensation, and all the more so in an era where college-educated workers are especially well-rewarded.

Another important finding is that second-generation Mexican women demonstrate the greatest inter-generational progress and convergence with the native white women. Compared to their Mexico-born counterparts, second-generation Mexican women have substantially higher earnings and health and pension coverage. Moreover, their job-holding rate is the same as that of whites.

While the prevalence of low-wage work among Mexican immigrants is troubling, the more dismaying evidence involves the levels of compensation earned by African American men, a disproportionate share of whom have no earnings at all. Though certainly better paid than Mexican immigrants, African American men still lag far behind whites. As with second-generation Mexican men, persistently low levels of education account for a good part of this gap. Nonetheless, college-educated African American men do consistently worse than their white counterparts.

CONCLUSION

Research on the “new” second generation has begun on a note of inflected pessimism. Concern for the prospects of the children of today's immigrants is certainly warranted. While low-skilled immigrants are moving to the United States in large numbers, they are entering an economy that provides little reward for workers with modest schooling, regardless of ethnicity. The cultural, linguistic, and legal challenges that the foreign born face impose a further

penalty, adding to the difficulties that derive from low schooling. And although extensive migration networks connect immigrants — or at least immigrant men — to employers quickly, the social connections that generate attachment seem less able to produce the skill acquisition needed for occupational mobility. Mexican immigrants, the largest single group of poorly schooled newcomers, are members of the working poor, with limited access to jobs beyond the low-wage sector. Given these circumstances, can we expect that their US-born and US-raised children will make progress?

In the view of some researchers, the answer should be no. But this chapter finds little support for the point of view that the offspring of working-class immigrants will experience downward assimilation into a rainbow underclass. While second-generation Mexican men do not retain the extraordinary job-holding rates of the foreign-born generational groups, their employment rates approximate those of native-born whites. As the second generation is significantly better educated than the first, Mexican second-generation men find jobs associated with greater stability, significantly higher levels of pay, and much greater fringe benefit coverage.

Taking gender into account alters the picture still more. As shown in this chapter, the labor force behavior of Mexican immigrant men and women sharply diverges: Mexican immigrant women show much lower levels of labor force attachment than do their male counterparts. By contrast, the labor force behavior of US-born women of Mexican origin looks a good deal more like the pattern evident among native white women. Though a gap persists, the disparity is of greatly diminished proportions. As with their male counterparts, US-born women of Mexican parentage enjoy higher levels of schooling, which in turn generates more handsome economic rewards.

Moreover, pessimism about second-generation prospects is hard to reconcile with the socioeconomic diversity that is such a salient feature of contemporary immigration. While there are certainly large numbers of low-skilled immigrants, the situation still stands in contrast to the pattern of the last age of migration. At the turn of the 20th century, newcomers were largely concentrated at the bottom of the occupational distribution. Today, there is a substantial inflow of highly skilled immigrants, many of whom equal or exceed the attainments of native whites. The children of these immigrants are succeeding on all counts as well.

If a pessimistic assessment is not warranted, there are still ample grounds for concern. The progress of second-generation Mexican men and women exemplifies assimilation, but only if one defines it in absolute terms. Relative to the

majority, that is to say, whites, a very substantial gap remains. Catching up will require continued schooling, indeed persistence through the college years; for many of the US-born offspring of Mexican immigrants, that achievement still seems far off. Enrollment patterns in the high school and college years clearly leave much to be desired. It is important to remember that second-generation Mexican drop-outs do find jobs, at rates very close to their counterparts among whites. The problem, however, is that whites are far more likely to remain enrolled; furthermore, while college completion rates have grown, the pace of change for the Mexican second generation is very modest. The consequences of the college completion gap might be different were the economy moving along a different path. But under current conditions, the best educated are the best rewarded, and to a much greater extent than was true when the offspring of the last great migration came of age. If today's second-generation adults are struggling to catch up, one also wonders how tomorrow's will manage; after all, these are the children of the immigrant working poor, for whom economic conditions certainly have not improved over the past 20 years. And their future cannot be of academic interest only, as demography ensures that the second generation will be a force not to be ignored.