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# *Into the Mainstream? Labor Market Outcomes of Mexican-Origin Workers*

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We evaluate recent revisions of assimilation theory by comparing the labor market performance of Mexican immigrants and their descendants to those of native white and black Americans. Using the Current Population Survey Contingent Worker Series, we examine public and non-standard employment and fringe benefits in addition to earnings. We find little evidence that Mexican Americans cluster in non-standard work, noting instead intergenerational improvement in benefits and pay. However, all Mexican-origin workers are disadvantaged relative to native whites in terms of benefits. It is only within the public sector that the labor market outcomes of Mexican-origin workers converge with native whites.

## *INTRODUCTION*

Whether immigrants and their children will move ahead is a central question confronting scholars of contemporary immigration to the U.S. Proponents of assimilation theory answer yes, but that response encounters an empirical challenge in the size and characteristics of Mexican migration – the largest and most enduring component of today’s immigration to the U.S. For roughly a century, Mexican migrants, most of them displaced peasants possessing little formal schooling, have moved to the U.S. Two features have consistently characterized their experience: convergence on low skilled, poorly paid, stigmatized jobs, and a negative reception context, of which the most salient feature has been unauthorized status. In recent years, these initial disadvantages have been compounded by changes in the U.S. labor market: the shift from a manufacturing to service-based economy has increased the earnings premium placed on higher education (Goldin and Katz, 2007), while job security and benefits have simultaneously declined. This state of affairs, as well as deep-seated tendencies

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toward discrimination against persons of Mexican origin – whether foreign or native born – has led some scholars to wonder whether the U.S.-born descendants of Mexican immigrants can surmount the difficult circumstances that they encounter (Portes and Zhou, 1993; Portes and Rumbaut, 2001). Hypothesizing “segmented” assimilation, these scholars forecast a future of lasting inequality, where second-generation Mexican Americans “stagnate” in the working-class position of their foreign-born parents (Portes and Fernández-Kelly, 2008).

Confronting this challenge head-on, Alba and Nee’s recent effort to update assimilation theory for the 21st century – *Remaking the American Mainstream* (2003) – contends that the forces propelling advancement for immigrants of all skill levels remain strong. On the one hand, there are significant similarities in the characteristics and labor market placement of immigrants in the current and past eras of mass migration. Whether past or present, whether from Italy or Mexico, peasant migrants and their descendants are expected to follow a similar path of upward mobility in the labor market. On the other hand, conditions affecting *all* immigrants, whether highly or lowly skilled, have changed in one crucial respect: unlike the *last* era of mass migration, labor markets are now structured in such a way as to diminish discrimination. This shift facilitates movement into the economic “mainstream,” “that part of society within which ethnic and racial origins have at most minor impacts on life chances (Alba and Nee, 2003:12)” and where good jobs – of the same quality as those accessed by Italian, Polish, and other children of the last mass migration – can still be found.

There is, however, a third possibility: the perspective that Alba and Nee dubbed as “the pluralist alternative,” representing, in their words “a safe route between the Scylla of racial subordination and exclusion and the Charybdis of assimilation (2003:163).” In this view, first presented by Glazer and Moynihan (1963), and most extensively developed in the literature on ethnic niches (Lieberson, 1980; Waldinger, 1996; Rosenfeld and Tienda, 1999; Lim, 2001), distinctive ethnic social structures put in place by migration persist even as immigrants and their descendants move ahead in the labor market. *Like* the neo-assimilation approach developed by Alba and Nee, the pluralist alternative forecasts second (and later) generation advance; similarly, the pluralist perspective also sees continuity in immigrant experiences past and present. *Unlike* the neo-assimilation approach, however, the pluralist perspective expects that progress will not take place through dispersion into an ethnically undifferentiated “mainstream.”

Rather, second and later generations can best achieve upward mobility through the continued development of a different and better set of labor market concentrations than those occupied by immigrants, displaying distributions across jobs that remain distinct from native whites.

While the perspectives outlined above are formulated at a general level, they can be applied to the case of Mexican Americans as the following hypotheses to be tested empirically in this article:

1. *Absolute and relative economic mobility:* Neo-assimilation and pluralist perspectives predict that second- and subsequent-generation Mexican Americans will enjoy employment conditions – more stable working relationships, better benefits, and higher earnings – that improve upon those of their parents. Segmented assimilation theory, in contrast, posits stagnation in employment conditions from one generation to the next and the continued confinement of the second and later generations to the unstable, poorly remunerated jobs held by Mexican immigrants.
2. *Distribution across job types:* The neo-assimilation perspective predicts that later generation Mexican Americans will disperse from the low-quality ethnic enclave clusters of the foreign-born into the mainstream labor market, eventually displaying similar distributions across employment sectors as those of white, native-born workers. The pluralist perspective forecasts continuing ethnic difference in job type, as second and later generations seek better returns for their human capital within employment clusters that continue to distinguish them from the dominant group. Finally, segmented assimilation predicts that overrepresentation in unstable and working-class occupations will endure for Mexican Americans.
3. *Labor market rewards:* The neo-assimilation perspective expects Mexican immigrants and their children should experience the best remuneration and lowest degree of inequality within the economic mainstream, where large, regulated firms prevail and discriminatory practices have been greatly reduced. By contrast, both pluralist and segmented assimilation perspectives question whether white majority mainstream institutions can provide equitable rewards to minority workers. Both these theories expect lasting inequality within mainstream jobs, but better, more equitable rewards within clusters where there are a higher proportion of co-ethnic workers. Segmented assimilation emphasizes self-employment as an escape from discrimination

in a labor market dominated by white employers. Pluralism anticipates that advantageous concentrations can be found in a variety of sectors, particularly within public employment.

This article evaluates these hypotheses with unique data from the February 1995, 1997, 1999, 2001, and 2005 series of the Current Population Survey (CPS). These data provide measures of job type and rewards that are more expansive than those customarily used to evaluate assimilation hypotheses. First, the CPS special supplement that we use includes additional information about the nature of the employment relationship, not available from any other source. This material allows us to distinguish standard, long-term employment relationships from new, alternative kinds of working arrangements. Our article is thus the first to analyze the distribution of first- and second-generation Mexican-origin workers in “non-standard” jobs, involving work for an intermediary such as a contract or temporary agency, temporary employment, or part-time employment, in addition to the information on class of worker (public, private, or self-employed) available from customary sources. *This gives us traction on the relationship between ethnic inequality and recent changes in the employment relationship – most notably the growth in non-standard work.*<sup>1</sup>

Another increasingly important source of labor market inequality is access to employer-sponsored healthcare and retirement benefits. In addition to asking about earnings – as does the Census of Population – the CPS, unlike the Census of Population, also collects information about the receipt of health insurance and retirement benefits. The employment relationship is identified by Kalleberg as “the main means by which workers in the U.S. have obtained rights and benefits associated with work with respect to labor law and social security” and that they are “... intimately related to ... demographic characteristics of the labor force (2009:12).” We therefore measure the impact of ethnicity, job type, and the interaction between the two on eligibility for employer-sponsored healthcare and retirement plans.

Last, the CPS is unique in that it is the only nationally representative data source identifying both foreign-born and second- and later gen-

<sup>1</sup>While the CPS special supplement provides information on benefits and non-standard employment not available in the census, the smaller size of the CPS precludes the type of detailed disaggregations that might identify employment clusters or niches *within* the non-standard sector as we have defined it here.

eration Mexican Americans. Rather than collapsing the second and subsequent generations together, this allows us to compare first- and second-generation Mexican-origin workers to native whites, blacks, and Mexican-origin respondents of the third generation and beyond.

Drawing on information about employment relationships and adding in information about class of worker, we categorize all jobs within one of four types – private sector, standard; private sector, non-standard; public sector; and self-employment – and then examine inter-ethnic differences in allocation across these job types and in rewards in ways not previously pursued by other researchers. Consistent with the predictions of neo-assimilation and pluralist perspectives, we find evidence of inter-generational *improvement* in terms of employment relationships among second- and third-generation Mexican American men. However, evidence of *distributional* convergence with native whites anticipated by neo-assimilation theory is far more limited. Neither do our findings support the segmented assimilation model: second- and third-generation Mexican Americans do not stagnate in the non-standard jobs in which the foreign-born are overrepresented nor do they show a reliance on self-employment. Rather, as predicted by the pluralism perspective, Mexican-origin workers shift from a concentration in non-standard work in the first generation to a concentration in the public sector in the second and third generation, trading a poorly remunerated niche for a better remunerated one. Finally, an assessment of rewards also finds support for the pluralist perspective. Although non-standard jobs provide the lowest rewards in *absolute* terms, Mexican-origin disadvantage relative to native whites is highest in the standard sector. Steady, long-term employment relationships no longer guarantee health and retirement benefits – and this deterioration in job quality is disproportionately born by Mexican-origin workers. It is only within the public sector that Mexican-origin workers have access to benefits on par with native whites. Consequently, the concentration of second- and third-generation Mexican Americans in the public sector *reduces* ethnic inequality, providing a protected niche.

### *MEXICAN MIGRATION AND LABOR MARKET SEGMENTATION*

Several books and edited volumes are dedicated to the topic of Mexican labor market performance, most comparative in either a historical perspective (Alba and Nee, 2003; Bean and Stevens, 2003; Perlmann, 2005;

Borjas, 2007) or comparative across groups (Portes and Rumbaut, 2001, 2007). Despite the variety of interpretations, many of their empirical findings are similar. In the aftermath of mid-1960s changes in immigration policy – the end of the Bracero program and the enactment of the Immigration and Nationality Act amendments of 1965 – large numbers of very low educated Mexican immigrants entered the U.S. Mexican foreign-born men have strong employment rates, but they earn low wages, even after controlling for their levels of human capital, and continue to earn less than the native born even after many years in the U.S.

Research on their children is slightly more tentative, given their youth, and the difficulty in identifying them in large datasets.<sup>2</sup> However, there is general consensus that most second-generation Mexican Americans have made considerable gains in earnings and occupational status, relative to their foreign-born parents (Perlmann, 2005; Portes, Fernandez-Kelly, and Haller, 2005). Despite these gains, many scholars still caution against a conclusion of convergence with native whites. Telles and Ortiz (2008), for instance, find tenacious residential and occupational segregation for the majority of their sample in their longitudinal study of Mexican Americans in San Antonio and Los Angeles. Similarly, recent studies by Hall and Farkas (2008) and Mosisa (2006) show continued inequality in terms of occupational status and earnings between second-generation Latinos and U.S. native-born whites.

Although assimilation is a multi-generational process, initial evidence from studies of first-, second (and in some cases third)-generation Mexican Americans casts doubt on whether Mexican American progress entails movement into an economic “mainstream” in which ethnicity plays little or no role in structuring employment relations. The question of whether ethnic origins will continue to structure the labor market status of later generations, as contended by pluralist or segmented assimilation perspectives, is very much in question.

### *Enduring Ethnic Segmentation*

The contention that ethnic differences in job type persist was first articulated by labor economists who developed the hypothesis of “labor market segmentation.” The most influential perspective emphasized the difference

<sup>2</sup>To identify the second generation, surveys must ask questions about parent’s place of birth. Unfortunately, the Census stopped asking the necessary questions in 1970.



between *primary* and *secondary* labor market segments – the first containing “good,” the second containing “bad” jobs – as well as the barriers to mobility across these sectors (Doeringer and Piore, 1971). This dualistic approach to labor market segmentation lost favor, largely because efforts to determine the boundaries of the primary and secondary sectors proved unsuccessful (Hodson and Kaufman, 1982). Assessing its application to the study of ethnic differences, Alba and Nee (2003:159–163) similarly contend that dual labor market theory attributes a degree of rigidity and impermeability to ethnic boundaries that is inconsistent with historical evidence of boundary change among white ethnics.

Yet, more recent perspectives of ethnic labor market segmentation, such as Tilly’s (1998) concept of “durable inequality,” suggest that ethnicity and the economy may be intertwined, even in the absence of the sort of barriers to movement emphasized by dual labor market theory. To begin with, categorically distinct job types can be defined: “core” jobs offer opportunities for on-the-job training, full benefit packages, and protection from unemployment, whereas “peripheral jobs” are characterized by low levels of firm-specific knowledge, ineligibility for fringe benefits, and perceived risk of job loss. Workers with favorable working conditions tend to “hoard” opportunities through referral recruitment and promotion systems, so that historical inequalities in job placement are reproduced even in the absence of present discrimination. Thus, relative newcomers, such as women, non-whites, and immigrants, are effectively blocked from privileged positions where their skills would be best rewarded.

Arguments of this sort recurrently appear in the immigration literature. While the emphasis varies depending on the author and the context, the literature discussing immigrant networks (Massey *et al.*, 1987), immigrant enclaves (Portes and Bach, 1985), immigrant niches (Waldinger, 1996), and, most explicitly, *segmented* assimilation (Portes and Zhou, 1993) sounds a common theme, picking up on the earlier ideas of labor market segmentation. In these literatures, however, it is the immigrants who hoard opportunity: although immigrants and their children may be excluded from the social networks that lead to recruitment and promotion in an economy dominated by white natives, they may also be able to rely on ethnic ties that can funnel them into ethnic niches where fellow immigrants have already gained a foothold.

The literature has drawn particular attention to ethnic clusters of two types: entrepreneurship and public sector employment. Self-employment has served as an important incorporation pattern for a variety of immigrant



groups throughout U.S. history (Light and Gold, 2000). Proponents of segmented assimilation argue that by generating social capital, ethnic economies could provide the children of working-class immigrants with better opportunities than the mainstream market. By contrast, Alba and Nee find it “implausible” that ethnic economies “will prove attractive to substantial members of the second generation” (2003:235). In particular, Mexican immigrants bring fewer educational and financial resources than are found among the Cuban or Korean immigrants who are currently overrepresented in self-employment. Nonetheless, business ownership in landscaping, construction, and food service is an important component of Mexican foreign-born employment, particularly among the older cohorts (Rajman and Tien-da, 2000). Whether Mexican immigrants’ descendants might take on and expand these businesses, or use their higher education levels to leverage ownership in more profitable industries, remains an empirical question.

Alternatively, Mexican Americans might avail themselves of jobs in the public sector. Government employment offers the attractions of a highly formalized personnel system, diminishing the potential for discrimination, along with a compensation system that, while limiting the potential for very high earnings, has retained a full benefit package to a greater extent than most jobs in the private sector. As indicated by the earlier experience of Irish and Italian Americans, and more recently, black Americans, ethnic networks can become fully embedded within the public sector, increasing access for co-ethnics with ties to established government workers (Erie, 1990; Modell, 1993; Katz and Stern, 2006). Various scholars have already noted Mexican American concentration in the public sector, most recently Katz and Stern who argue that “Like Black Americans, Mexican Americans found the road to economic mobility in public and publicly funded employment rather than in owning small businesses (2006:117; but *see* also, Ortiz, 1996).” Given the U.S. citizenship and higher levels of education among the Mexican second generation, as well as the possible advantages associated with the use of Spanish in providing government services to new immigrants, one might expect government to serve as a mechanism of Mexican American mobility.

These perspectives contradict the rational choice approach of neo-assimilation models, in which individuals’ efforts to search out the good life produces a “decline of an ethnic difference” (Alba and Nee, 2003:14). Instead, the pluralist and segmented assimilation perspectives point to the enduring significance of ethnicity in the distribution of benefits and rewards, arguing that the rational choice may be the maintenance, rather than the abandonment of the homeland centered, network pro-

cesses that originally propelled the migration. Moreover, in an economy that is growing ever more “precarious” (Kalleberg, 2009) and bifurcated (Portes and Rumbaut, 2001), full-time work in the mainstream may no longer guarantee the opportunity for upward mobility that characterized the 1940s and 1950s, when the last second generation came of age. In such an economy, self-employment and concentration in the public sector may prove an important buffer to market risks.

### *A Diminished, Restructured Mainstream*

As suggested above, the questions of whether immigrants and their descendants cluster in particular segments or diffuse into the economic “mainstream,” and which tendency is most likely to yield success, have garnered extended sociological attention. Yet, despite the fact that economic restructuring and the “hourglass economy” are frequently cited as potential barriers to immigrant success (Portes and Zhou, 1993; Portes and Rumbaut, 2001), there is very little empirical work that actually measures the employment relationships of immigrants and their descendants.

In particular, we focus on two types of changes in the employment relationship. First, many organizations, large and small, have recently adapted to greater volatility in the business environment by embracing “numerical or external flexibility,” shifting exposure to risk to workers with a limited, possibly tenuous connection to the organization (Kalleberg, 2000). These new practices often involve the deployment of workers in a non-standard way, whether through indirect employment (*e.g.*, via the employment of independent contractors or through a contract company or temporary help agency) or on a part-time or short-term/temporary basis. Research suggests that the turn to more flexible employment yields distributional consequences. Workers with more tenuous ties to their employer are more difficult to organize, and the declining strength of unions is a driving factor in wage stagnation and worsening labor conditions among less skilled workers (Dinardo, Fortin, and Lemieux, 1996). As shown by Kalleberg, Reskin, and Hudson (2000), non-standard employment is far more likely than standard employment to be associated with “bad job” characteristics (*e.g.*, low pay and lack of fringe benefits) and that minority workers are more likely to be found in non-standard jobs than their majority counterparts. Linking this change to the prospects for assimilation, segmented assimilation scholars argue that access to the economic mainstream, as conceptualized by Alba and Nee,

may be shrinking, with immigrants and their descendants increasingly confined to non-standard jobs. While a key supposition of the segmented assimilation perspective, this link has not yet been empirically tested.

Second, employment relationships even *within* the standard jobs that best approximate the mainstream may be changing, in ways that work to the disadvantage of immigrants and their descendants. The offspring of the labor migrants of the 1900s – whose experience exemplifies the trajectory forecast by the neo-assimilation approach – moved ahead via a mainstream that provided a package of rewards, including not just high wages, but also health and retirement benefits that offset the threats to workers' security posed by illness and old age (O'Rand, 1986). Low unemployment in the post-WWII boom, educational expansion, and strong worker mobilization, provided second-generation white ethnics the economic stability and political voice necessary to advance their position. At the turn of the 21st century, however, a stable employment package may be harder to find, even among mainstream employers, who, facing greater competition, are seeking to externalize costs to their employees (Kalleberg, 2000; Shuey and O'Rand, 2004), a tendency illustrated by the decline in health and pension plans (Kalleberg, 2009:8). Moreover, cost-reduction pressures within the mainstream may offset the equalizing impact of "non-zero sum mobility" emphasized by neo-assimilation theory (Alba, 2008), as hard-pressed organizations may conclude that they can only offer the full package of wages and benefits to those workers to whom they are most committed – the "insiders" who have not historically included minority employees. Consequently, Mexican Americans may find that diffusion into the mainstream does not reduce inequality, but rather, as predicted by the pluralist and segmented assimilation approaches, that entrepreneurship or clustering within public employment offers more equitable rewards.

## *DATA, VARIABLES, AND METHODS*

### *Data*

This article uses the February releases of the CPS and the CPS Contingent Labor Supplement to examine ethnic and generational differences in job type, retirement and healthcare benefits, and earnings. The survey is based on a nationally representative sample of approximately 50,000 households, excluding persons in the armed forces and institutionalized living quarters. While the survey asks for place of birth, it does not inquire into the legal sta-

tus of respondents; it is therefore likely that our foreign-born sample includes undocumented workers. As the focus of this article is changes *across*, rather than within generations, this should not impact conclusions of *general* differences between first- and subsequent-generation Mexican-origin workers.

In the odd years from 1995 to 2001 (1995, 1997, 1999, 2001), and again in 2005, the February CPS series included a Contingency Labor Supplement, an additional set of questions that contains information on contingent and alternative working arrangements, employee benefits, and earnings. To measure employment sector and benefits, we merge and analyze all available Contingent Labor Supplements, from 1995 to 2001 and 2005, controlling for survey year in all analyses.<sup>3</sup> These data are unique for the analysis of employment sector and benefits, the main contributions of this article. Earnings information, however, for the Supplement Sample is not representative of both contingent and standard workers after 1999. Therefore, we must restrict our earnings analysis to 1995–1999.<sup>4</sup>

<sup>3</sup>The sampling frame of the CPS is based on the U.S. Census. The 1995–2001 samples are based on 1990 Census; in 2005, a new sampling frame was phased in based on the 2000 Census. The redesign is controlled through survey year dummies; in addition, we tested for interactions between survey year and ethnicity, and survey year and employment sector. The interaction terms were very small (in absolute terms) and uniformly insignificant. However, the main effect for 2005 is frequently significant in our models. We decide not to interpret these coefficients in the text due to uncertainty as to whether the effect is due to a period effect or the sample redesign.

<sup>4</sup>The CPS uses a rotating sample scheme, in which one-fourth of the sample, the “outgoing rotation,” exits every month. Only the March CPS asks all workers in the monthly sample for their earnings. Otherwise, all basic monthly surveys only ask earnings information of the “outgoing rotation” group members. In the Contingent Labor Supplement, earnings data are collected *only* for supplement respondents who report contingent employment (wage and salary as well as self-employed workers who expect their current job, or their self-employment, to last a year or less for non-personal reasons) or an “alternative” working arrangement, defined by the Bureau of Labor Statistics as independent contractors, on-call workers, workers employed by a temporary help agency, and workers provided by contract firms (Email communication with a Bureau representative, February 7, 2009). In 1995–1999, we use earnings information from the Contingent Supplement, in conjunction with earnings data collected from the outgoing rotations in the basic survey, for our earnings analysis. Unfortunately, in 2001 and 2005, the Contingent Labor Supplement no longer included the outgoing rotations. This means that for these years, there is no wage information for workers in the Supplement who do not fulfill the contingent or “alternative” work definition above. The result is that for these years, only comparisons between contingent workers and workers in alternative arrangements were possible.

### *Sample*

The sample includes both native- and foreign-born employed men, ages 25–60. The focal indicators of this article – employment sector, employer-subsidized health and retirement benefits, and wages – are all indicators of inequality *within* the employed population. As a result, we restrict our analysis to the employed population only. We also limit the focus to men for two reasons: (1) as job sorting is gendered, different models would be required for men and women and (2) as other authors have shown (*see* for instance Waldinger and Feliciano, 2003; Katz, Stern and Fader, 2007) Mexican Americans are characterized by significant *intra-ethnic* gender differences in wages, occupational status and employment, and these differences change across generation.

For similar reasons, we restrict the sample to prime-age adults. Young adults still making the transition from school to full-time employment are more likely to be in unstable jobs: as of 1999, 20 percent of workers who expect their job not to last longer than a year were younger than 25 and 60 percent of these workers were enrolled in school (Edwards and Grobar, 2002). By limiting our analysis to adults age 25–60, we attempt to exclude students and retirees who may also be working from our sample. Finally, for our employment sector and benefits analysis, we restrict our sample to those with complete data for all independent and dependent variables, resulting in a loss of 3 percent ( $N = 3,352$ ) of our sample of employed, prime-aged men. To account for the sampling design of the CPS, Contingent Labor Supplement sample weights provided by the CPS are applied for all descriptive statistics and analyses.<sup>5</sup>

Following the practice adopted by other researchers (Farley and Alba, 2002; Grogger and Trejo, 2002; Bean and Stevens, 2003; Blau and Kahn, 2007), the contrasts between Mexican-origin generations developed in this article are cross-sectional: neither directly nor indirectly do they match parents with children who may have entered the labor market at an earlier period of time. The disadvantages of this approach are well known, principally pertaining to any unmeasured impact of changes in

<sup>5</sup>To calculate correctly the standard errors of weighted data, only the cases in the subpopulation of employed men ages 25–60 are used in the calculation of the estimates, but all supplement cases are used in the calculation of the standard errors.

migrant selectivity or to inter-generational shifts in ethnic persistence.<sup>6</sup> To control for the problem of changing selectivity, we include year of migration for our foreign-born cohorts. Regarding changes in ethnic persistence, the cross-sectional approach has the advantage, as argued by Grogger and Trejo (2002), Bean and Stevens (2003), and Blau and Kahn (2007), of holding the social and economic environment constant for inter-generational comparisons.

### *Dependent Variables*

We focus on three sources of inequality in the labor market: employment sector, fringe benefits, and weekly wages.

*Sector of Employment.* We define four different employment sectors in our article: private sector standard and non-standard employment, public sector employment, and self-employment. Respondents are categorized according to the characteristics of their main job.

1. *Standard employment*, as defined here, is described by Tilly (1998), as the “core,” full-time employment that best characterizes the mainstream. We define standard employment here as working for 35 h a week or more, with the expectation of employment for at least a year or more, at the employer’s place of business, and under the employer’s direction.
2. *Non-standard employment* includes employment via an intermediary such as a contract or temp agency, temporary employment (lasting a year or less), and part-time employment. Our definition seeks to

<sup>6</sup>If migrant selectivity is diminishing, as is likely true among Mexican immigrants (e.g., Borjas, 1995), cross-sectional comparisons between first and second generations may yield upwardly biased indicators of inter-generational change, as the contemporary second generation are the offspring of an earlier, and possibly more selective group than the most recent cohorts. By contrast, cross-sectional comparisons between second and third generations may yield downward biases, due to differences in the ways in which these populations are identified. Whereas the second generation is identified genealogically, using information about parent’s birthplace, the third plus generation is identified psychosocially, using information regarding ethnic identity. While current knowledge does not tell us whether retention of Mexican ethnic identity varies by social class or ethnicity of marital partner, research on other groups (e.g., Alba, 1990) suggests that social mobility and intermarriage decrease the likelihood of continued affiliation.

approximate the increase in flexible working arrangements and the externalization of risk by employers.

3. *Public sector employment* We define as any job with standard characteristics where the employer is classified as federal, state, or local government. Employees of the government who are employed temporarily or in part-time positions, constituting only 1 percent of the total sample ( $N = 1,308$ ), are omitted from all analyses.<sup>7</sup>
4. *Self-employment* consists of individuals who report working for themselves, either incorporated or as individuals, and are responsible for their own taxation and have no employer.

*Fringe Benefits.* We define both health care and retirement as dichotomous variables. For wage and salary workers, those who are eligible for employer-sponsored health care are coded as 1, with all others coded as 0. Eligibility is defined as having health care from the employer, or reporting eligibility for any “employer-offered” plan regardless of the respondent’s use of this eligibility. This better captures job inequality than the more common dichotomy of health care/no health care, as it is independent of employee preferences for health care.<sup>8</sup> Self-employed individuals have no employer, therefore we use the less direct measure of *health care from any source* (=1) to capture health insurance variation among the self-employed. *Retirement* is a dichotomous variable, coded 1 if the respondent is included in an employer-sponsored pension plan, and 0 otherwise. As the self-employed have no employer, we exclude them from this analysis.

*Earnings.* Finally, wages are observed as the natural log of a continuous weekly earnings variable, converted into constant 1999 dollars (Bureau of Labor Statistics 2009). Wages are combined with overtime, commissions, and tips in the CPS as weekly earnings, which includes overtime for salary

<sup>7</sup>Including this group makes all models unestimable, as there are no Mexican foreign-born respondents who are employed in the public sector in a non-standard arrangement. Given that this group represents only 1 percent of my total sample ( $N = 1,308$ ) I omit these respondents.

<sup>8</sup>Using healthcare coverage as the dependent variable in our ethnic and generational comparisons results in larger differences between Mexican-origin groups and all native whites and blacks, although the direction of the relationships are the same as reported here.



earners. Given that reported earnings of the self-employed are defined as receipts minus expenses, their earnings include profits in addition to their wage earnings. This presents difficulties in comparisons of self-employed individuals to wage and salary earners, thus the self-employed are modeled separately. As noted above, only the 1995, 1997, and 1999 Contingent Labor Supplements had representative earnings information, and therefore we restrict this analysis to those years.

### *Independent Variables*

We include a set of traditional control variables, as well as the inter-group comparison variables that are the focus of this article.

*Group Variables.* Our article compares the labor market experiences of nine different categories of workers. As our comparison groups, we include both non-Hispanic whites of native parentage *and* non-Hispanic blacks of native parentage. We include native whites as a rough approximation of the “mainstream” as it is frequently conceived. Following Kasinitz *et al.* (2008), we also include African Americans as the largest native-born minority, or “sidestream” group in the U.S. With their distinctive labor market outcomes, African Americans provide a useful counterpoint comparison group to native whites. Among our Mexican-origin groups, we distinguish four cohorts of foreign-born Mexicans,<sup>9</sup> native-born Mexican Americans with at least one foreign-born parent (second generation), and native-born Mexican Americans of native parentage (third+ generation). The third-generation Mexican American category is a self-identified, heterogeneous mix of those with Mexican-born grandparents as well as older generations. In 1995–2001, those third-generation members who report a Chicano, Mexican American, or Mexicano ethnicity are counted as third generation plus Mexican origin. Starting in 2005, the CPS introduced changes to the ethnicity question to correspond to 2000 Census changes, and “Mexican” was the only option.

All other persons are retained and grouped into “Others.”

<sup>9</sup>Fortunately, by pooling four survey years together, we are able to capture enough first-generation Mexicans to control for the impact of immigrant cohort (Borjas 1985). Four cohort dummies, pre-1970, 1970–1980, 1981–1990, and 1991–2005 are included in each analysis.

*Control Variables.* We divide education into a set of categorical variables: primary school or less, some high school, high school diploma or its equivalent, some college or an associate degree, or a college degree, with respondents with a graduate degree as the omitted category in all models. Years of work experience is a continuous variable constructed from respondent's age-years of schooling - 6; experience squared is the difference of this equation squared. Metropolitan status is a dummy variable, 1 if in metropolitan area, 0 otherwise. Marital status is coded 1 if the respondent is married with spouse present, 0 otherwise. Following the results of previous research showing that each of our employment sectors may differ in terms of benefits and wages, when modeling fringe benefits and wages we include dummy variables for employment in the public and non-standard employment sectors outlined above, with standard work arrangements as the omitted category. Finally, we control for weekly hours worked in our wage model to control for workweek differences beyond the full-time/part-time distinctions.

### *Descriptive Statistics*

Weighted descriptive statistics are provided in Table 1. Differences of means tests were also conducted for relevant comparisons, and are reported in the text below where appropriate.

Although our sample is restricted to employed workers, we provide a frame of reference for our discussion of interethnic differences across employment outcomes with statistics on labor force participation and employment for all men ages 25-60 at the top of Table 1. A look at employment status reveals that our sample includes the majority of men ages 25-60, although white men and the Mexican foreign-born have the highest percentage employed (87%), with black American men reporting the lowest rates of employment at 75 percent, and second- and third-generation Mexican-origin men somewhere in the middle at 86 percent and 83 percent, respectively. Unemployment rates are fairly similar across the groups, ranging from 3 percent to 6 percent. The largest interethnic difference we observe is that nearly twice as many Black American men are out of the labor force as any other group.

Turning to dependent variables within our analytic samples, we see that the majority of the sample holds standard jobs. Although standard job-holding rates are similar across our comparison groups ( $t$ -tests of dif-

TABLE 1  
WEIGHTED MEAN VALUES BY ETHNIC AND GENERATIONAL COHORT, U.S. MEN 1995-2005

	Mexican foreign-born cohorts						Other
	<1970	1970s	1980s	1990+	Mex 2	Mex 3	
All men ages 25-60							
Percent employed	0.874	0.860	0.872	0.873	0.860	0.832	0.855
Percent unemployed	0.034	0.036	0.067	0.046	0.051	0.056	0.039
Percent out of labor force	0.091	0.160	0.062	0.081	0.089	0.112	0.106
N	103,401	414	1,126	1,609	1,152	2,148	26,039
Sector and benefits analytic sample, U.S. employed men, 1995-2005							
Whites 3+							
Blacks 3+							
Sector of employment							
Standard sector	0.660	0.715	0.807	0.788	0.666	0.681	0.664
Public sector	0.124	0.118	0.038	0.006	0.170	0.150	0.104
Non-standard sector	0.062	0.052	0.081	0.162	0.083	0.088	0.087
Self-employed	0.155	0.115	0.074	0.043	0.081	0.081	0.145
Benefits							
No health insurance (self-employed)	0.218	0.625	0.583	0.847	0.503	0.466	0.295
Employer health care (wage and salary)	0.846	0.736	0.614	0.361	0.729	0.733	0.750
Has retirement plan (wage and salary)	0.676	0.449	0.344	0.144	0.542	0.570	0.547
N	72,055	266	740	957	777	1,384	16,631
Earnings analytic sample, U.S. employed men, 1995-1999							
Weekly earnings, constant 1999 dollars	806.74	549.32	452.10	379.71	586.87	681.15	784.70
SD	582.78	295.01	331.79	211.06	374.62	441.20	602.79
N	20,064	87	202	295	195	316	4,551

Source: CPS Contingent Labor Supplement 1995-2005.

ferences of mean values reveal that only the post-1960 foreign born cohorts differ at the 0.05 level), the alternative employment relationships show strong evidence of ethnic segmentation. Native-born Mexican and black Americans are significantly (at the 0.05 level) overrepresented relative to whites in the public sector, whereas white Americans are overrepresented in self-employment. Overrepresentation in non-standard work is only substantively notable among the more recently arrived foreign-born cohorts, likely due in part to undocumented status. Although both native blacks and Mexican-origin workers differ significantly from whites, the difference is slight, with only slightly higher percentages of black and second- and third-generation Mexican-origin workers reporting non-standard work. Initial results therefore do not point toward either self-employment as a distinctive incorporation pattern for second- and third-generation Mexican Americans, nor to stagnation in non-standard jobs, but rather to clustering in the public sector.

Despite their representation in stable working environments, Mexican Americans and black Americans experience much lower rates of healthcare and retirement coverage, as well as lower wages, than native whites. Among the self-employed, the differences are especially large. The percentage of self-employed foreign-born Mexicans who have no healthcare coverage from any source is as high as 85 percent in the most recently arrived cohort, as compared to only 22 percent of self-employed whites. Even the second and third generations include more than two times more uninsured self-employed workers than native whites, at 50 percent and 47 percent, respectively. Black Americans fare better, with only 38 percent reporting no health insurance. All groups differ significantly from native whites at the 0.001 level. At first glance, self-employment appears to be a sector where ethnic inequality in rewards is exacerbated, rather than reduced.

When we look at healthcare *eligibility* and retirement among wage and salary earners, however, ethnic disparity is much more compressed, suggesting different benefit take-up rates among our groups, as well as different availability of fringe benefits. In addition, there are clear signs of improvement across foreign-born cohorts and generations. Although healthcare and retirement eligibility rates remain significantly (at the 0.001 level) lower for both second- and third-generation Mexican-origin workers than for native whites, with over two-thirds eligible for health care and over half eligible for a pension plan, the second and third generation have made clear progress over the foreign born.

Earnings paint a similar picture of intergenerational improvement. Second-generation Mexican Americans earn on average \$200 a week more than the most recently arrived foreign-born cohort, a significant difference at the 0.001 level. Moreover, the third generation makes statistically significant (0.05 level) improvements over the earnings of native blacks and the second generation – surpassing their earnings by about \$100 a week.

These findings suggest progress in benefits and earnings across time and generations for Mexican-origin workers, although parity with native whites is not achieved. Given their lower education levels (*see* independent variables in Appendix A), it is likely that Mexican-origin and black American workers are sorted into jobs of lower quality than the jobs of whites, with a negative influence on their benefits, a possibility that will be explored more fully in our multivariate analyses.

### *Sector of Employment*

Multinomial logistic regression is used to estimate the likelihood of employment sector. Full results are presented in Table 2.

All control variables are significant predictors of employment sector, suggesting a clear hierarchy of the desirability of jobs within different sectors. Educational attainment, work experience, and being married are negatively associated with the odds of employment in non-standard, rather than standard employment, whereas these variables are positively associated with the odds of self-employment and employment in the public sector. A look at the survey year reveals a relationship between market cycles and employment relationships: the boom years of 1997, 1999, and 2001 are associated with higher likelihoods of standard employment, with the likelihoods of public, non-standard and self-employment reaching their lowest levels at the peak of the boom in 2001 and then rising again in 2005.

*Inter-Group Comparisons.* Regression results show that ethnicity and generation sort workers across job categories in distinctive ways. To summarize these differences, we see that net of all controls, all ethnic and generational groups differ significantly from whites at the 0.05 level in their likelihood of public sector and self-employment, rather than standard employment, with the exception of the oldest Mexican foreign-born cohort. Public employment proves a niche for minority groups, as all non-white native-born groups are significantly more likely than whites to be employed in the public sector rather than the private sector.

**TABLE 2**  
**MULTINOMIAL LOGISTIC REGRESSION RESULTS FOR EMPLOYMENT SECTOR, U.S.**  
**WAGE AND SALARY AND SELF-EMPLOYED MEN 25–60, 1995–2005**

Standard employment omitted	Public sector			Non-standard			Self-employed		
	<i>b</i>	SE	<i>e<sup>b</sup></i>	<i>b</i>	SE	<i>e<sup>b</sup></i>	<i>b</i>	SE	<i>e<sup>b</sup></i>
Ethnic/generational group, whites 3+ omitted									
Blacks 3+	0.668	0.040	1.951*	0.274	0.054	1.316*	-0.798	0.063	0.450*
<1970	0.292	0.222	1.339	-0.373	0.306	0.689	-0.313	0.208	0.731
1970s	-0.579	0.218	0.561*	-0.071	0.158	0.932	-0.710	0.163	0.492*
1980s	-1.072	0.222	0.342*	0.307	0.107	1.359*	-0.575	0.129	0.563*
1990+	-2.239	0.487	0.107*	0.521	0.107	1.684*	-0.915	0.179	0.401*
Mex 2	0.718	0.112	2.050*	0.115	0.149	1.122	-0.356	0.149	0.701*
Mex 3	0.485	0.088	1.624*	0.232	0.110	1.262*	-0.460	0.112	0.631*
Other	-0.160	0.033	0.852*	0.271	0.038	1.311*	0.014	0.029	1.015
Education (grad or more omitted)									
Primary or less	-2.448	0.121	0.0865*	0.369	0.091	1.446*	-1.058	0.082	0.347*
<High school	-2.151	0.073	0.116*	0.347	0.071	1.415*	-0.864	0.055	0.421*
High school grad	-1.471	0.037	0.230*	0.026	0.057	1.026	-0.738	0.037	0.478*
Some college	-0.924	0.035	0.397*	0.159	0.057	1.172*	-0.615	0.037	0.541*
BA or equivalent	-0.685	0.036	0.504*	-0.170	0.061	0.843*	-0.360	0.038	0.698*
Experience									
Years work experience	0.048	0.005	1.049*	-0.059	0.006	0.942*	0.088	0.005	1.092*
Experience squared	0.000	0.000	1.000*	0.001	0.000	1.001*	-0.001	0.000	0.999*
Marital status (all other omitted)									
Married with spouse present	0.040	0.027	1.041	-0.600	0.031	0.549*	0.073	0.025	1.076*
Geographic (non-metro omitted)									
Metropolitan status	-0.324	0.028	0.723*	0.050	0.038	1.052	-0.340	0.025	0.712*
Survey year (1995 omitted)									
1997	-0.083	0.033	0.920*	-0.122	0.042	0.885*	-0.075	0.031	0.928*
1999	-0.110	0.033	0.896*	-0.231	0.043	0.794*	-0.156	0.031	0.856*
2001	-0.203	0.037	0.817*	-0.242	0.047	0.785*	-0.252	0.035	0.777*
2005	-0.107	0.036	0.898*	-0.059	0.045	0.943	-0.100	0.034	0.905*
Constant	-1.184	0.070		-1.343	0.084		-1.937	0.070	

Source: CPS Contingent Labor Supplement 1995–2005.

Note: \* $p < 0.05$ .

In contrast to the emphasis placed on entrepreneurship in segmented assimilation theory, the odds of self-employment are always lower for Mexican-origin workers than for whites. With the exception of the oldest foreign-born cohort (likely a fairly selective group due to return migration patterns), every group in the sample reports significantly lower odds of self-employment, even net of all controls.

Finally, Table 2 reveals a complex relationship between ethnicity, generation, and work in the non-standard sector. In line with assimilation hypotheses, we see that the most recently arrived foreign-born cohorts have much higher odds of non-standard employment, rather than stan-

dard employment, but that the pre-1970 and 1970 foreign-born cohorts, as well as second-generation Mexican Americans, do not differ significantly from whites in their odds of non-standard employment. As anticipated by segmented assimilation theory, however, more settled minority groups do have higher odds of non-standard employment than native whites: 26 percent higher for third-generation Mexican Americans, and 31 percent higher odds for native blacks of native parentage.

Finding similarities in employment sector between black Americans and Mexican Americans supports the perspective that ethnicity will have a lasting impact on the labor market distribution of Mexican Americans. To further explore this possibility, we rerun the model with black Americans as the omitted category.<sup>10</sup> While we find that both second- and third-generation Mexican Americans have significantly higher odds of self-employment than do black Americans, they do not differ significantly from black Americans in their odds of either public or non-standard employment.

To aid interpretation, we also compute predicted probabilities of non-standard, public sector, and self-employment for each group, holding all control variables constant at sample modes and means. The results, plotted as a bar graph in Figure I, can be interpreted as the probability of each sector of employment if all differences in human capital and other controls between the ethnic and generational groups disappeared. These predicted probabilities are suggestive of upward mobility across generations via an ethnically structured incorporation path. With higher probabilities of public sector employment, and lower probabilities of self-employment, Mexican Americans share greater similarity in employment sector probabilities with the other largest minority in the U.S., black Americans, than with the native white “mainstream.” Yet contrary to the prediction of “stagnation,” only the most recently arrived foreign-born cohorts have higher probabilities of non-standard employment than native whites, and Mexican-origin workers are more likely than native blacks to be self-employed.

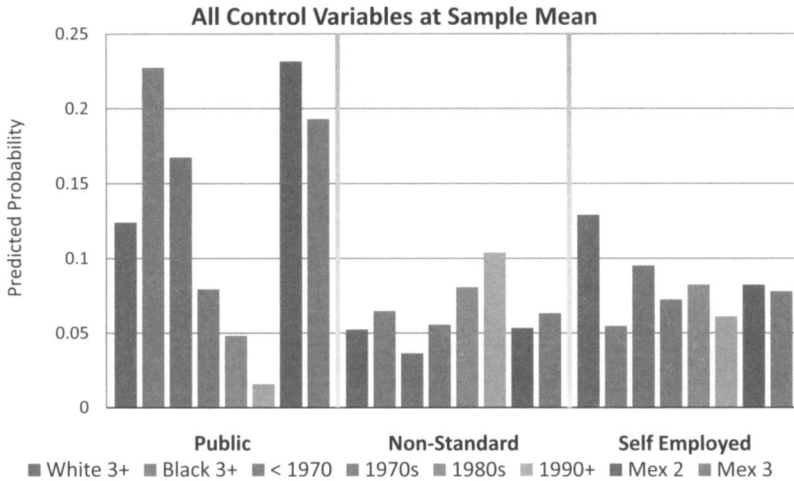
### *Benefits*

This section of the article inquires into two key forms of non-monetary compensation – health care and retirement – asking how they vary by ethnicity and generational status or employment sector.

<sup>10</sup>Full results not shown.



**Figure I. Predicted Probabilities of Non-standard, Public Sector, and Self Employment.**



Men 25-60. CPS Contingent Labor Supplement 1995-2005

*Healthcare Benefits.* Our estimates of eligibility for employer-sponsored insurance among wage and salary earners, before and after sector controls, are found in columns 2–5 in Table 3. Our discussion of wage and salary workers below draws from the second model including sector controls (columns 4 and 5). The estimates of having health care from any source among self-employed workers can be found in columns 6–7 of the same table. For both wage and salary and self-employed workers, all human capital measures, along with marriage and living in a metropolitan area, share a significant, positive association with healthcare coverage.

*Inter-Group Comparisons.* Ethnicity and generation are important predictors of healthcare coverage for both wage and salary and self-employed workers. Among wage and salary earners, all non-white groups are significantly less likely to be eligible for employer health care, even after controlling for differences in education, work experience, and marital and metropolitan status. While the odds of healthcare coverage dramatically improve with time spent in the U.S. and across generations, Mexican-



TABLE 3 (CONTINUED)  
 LOGISTIC REGRESSION RESULTS FOR HEALTHCARE COVERAGE, U.S. WAGE AND SALARY AND SELF-EMPLOYED MEN 25–60, 1995–2005

	Wage and salary: employer health care						Self-employed: any health care		
	Before sector controls			After sector controls			b	SE	e <sup>b</sup>
	b	SE	e <sup>b</sup>	b	SE	e <sup>b</sup>			
Survey year (1995 omitted)									
1997	0.047	0.031	1.048	0.038	0.032	1.039	0.068	0.070	1.071
1999	0.073	0.031	1.075*	0.049	0.033	1.050	0.121	0.071	1.129†
2001	0.119	0.034	1.126*	0.107	0.036	1.113*	0.028	0.079	1.028
2005	-0.073	0.033	0.930*	-0.073	0.035	0.929*	-0.164	0.074	0.849*
Employment sector (standard omitted)									
Public sector				1.681	0.063	5.369*			
Non-standard sector				-1.664	0.032	0.189*			
Constant	1.723	0.070		1.906	0.074		1.213	0.173	

Source: CPS Contingent Labor Supplement 1995–2005.

Note: †p < 0.10, \*p < 0.05.

origin workers never achieve parity with native whites *or* native blacks,<sup>11</sup> and experience 39 percent lower odds of healthcare eligibility than whites even into the third generation. While it is more difficult to make healthcare *access* comparisons among the self-employed, we do see large and lasting inequality in terms of actual healthcare benefits: net of all control variables, Mexican-origin self-employed workers, even those of the second and third generations, experience less than half the odds of healthcare coverage than native whites.

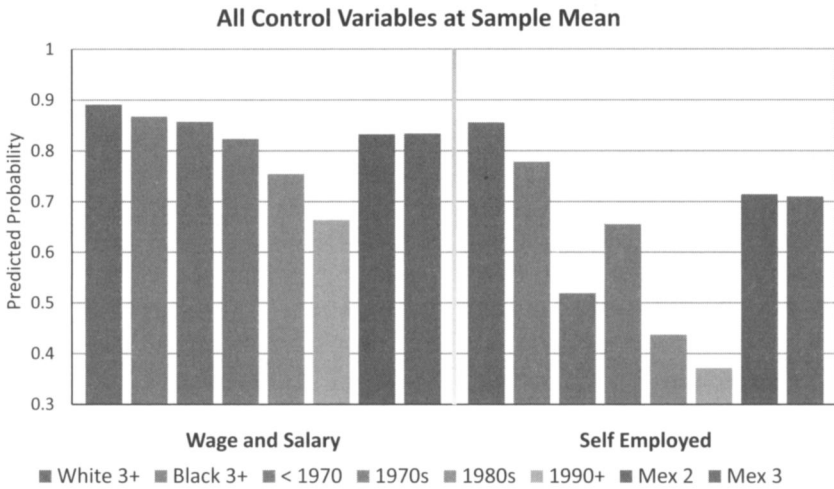
*Effects Across Sectors.* Turning to our sector controls, all sectors differ significantly from the standard sector in terms of healthcare coverage. Consistent with the literature, public sector employees experience over five times the odds of healthcare eligibility than standard private sector workers, whereas non-standard workers experience 81% lower odds. While sector effects are large and significant, their addition to the model does little to decrease the ethnic disparity in healthcare coverage. To the contrary, adding sector effects to the model *increases* the gap between whites and minorities, suggesting that the lack of convergence in employment sector observed among Mexican-origin workers above may actually serve to diminish their disadvantage relative to whites.<sup>12</sup>

To better interpret the size of these inter-group disparities, we also report predicted probabilities of healthcare coverage for each group in Figure II, with all control variables and employment sector held constant at the sample means and modes. The foreign born have very low probabilities of healthcare eligibility and coverage across all sectors of employment upon arrival, but make significant gains across cohorts. After controls, the probability that a Mexican second generation worker is eligible for health care remains 6 percentage points lower than the probability of an equivalent white worker. Among the self-employed, the Mexican second generation has a probability of health care coverage that is 14 percentage points lower than that of an equivalent white self-employed man. For both wage and salary and self-employed workers,

<sup>11</sup>Black/Mexican-origin comparisons tested with a model where African Americans are omitted. With the exception of the pre-1970 foreign-born cohort, all Mexican-origin groups have significantly lower odds of healthcare coverage as compared to African Americans.

<sup>12</sup>We explore this possibility later by testing for interaction effects between ethnicity and employment sector.

**Figure II. Predicted Probabilities of Health Care Eligibility and Health Care Coverage.**



Men 25-60. CPS Contingent Labor Supplement 1995-2005

improvement stalls after the second generation, and the third generation has nearly identical probabilities of healthcare eligibility and coverage as the second.

As predicted by the pluralist perspective, and in contrast to the segmented assimilation perspective, Mexican-origin workers achieve great improvement in healthcare across time and generations. Further in contrast with the segmented assimilation perspective, inequality in health care is greatest among the self-employed. At the same time, Mexican-origin probabilities of healthcare coverage, even net of human capital and employment sector differences, never converge with native whites.

*Retirement.* We next examine inter-group differences in eligibility for an employer retirement program, restricting our sample to wage and salary workers. Once again our control variables are significant and in the expected direction.

*Inter-Group Comparisons.* Models of retirement eligibility for employer pension plans, both before and after sector controls, are included in Table 4. A bar graph of predicted probabilities, with all probabilities computed with the controls at sample means and modes, is found in

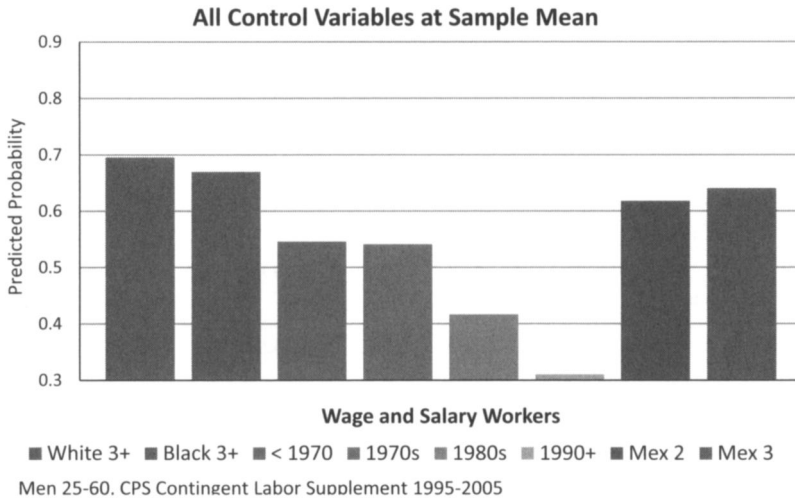
Figure III. The findings for retirement eligibility largely mirror those of healthcare eligibility. Second-generation and older cohort foreign-born Mexican workers make significant gains in terms of retirement eligibility over more recently arrived foreign-born cohorts, yet continue to have 22 percent lower odds of retirement eligibility than native whites in the third generation. This result is largely congruent with the pattern observed in the healthcare model. There is, however, one key difference: as compared to health insurance, ethnic disparities in retirement are more compressed, reflecting the relatively lower level of eligibility for retirement overall.

**TABLE 4**  
**LOGISTIC REGRESSION RESULTS FOR RETIREMENT PROGRAM INCLUSION, U.S. WAGE AND SALARY MEN**  
**25–60, 1995–2005**

	Before sector controls			After sector controls		
	<i>b</i>	SE	<i>e<sup>b</sup></i>	<i>b</i>	SE	<i>e<sup>b</sup></i>
Ethnic/generational group, whites 3+ omitted						
Blacks 3+	-0.024	0.034	0.976	-0.120	0.036	0.887*
<1970	-0.548	0.150	0.578*	-0.642	0.160	0.526*
1970s	-0.672	0.097	0.510*	-0.661	0.100	0.516*
1980s	-1.203	0.085	0.300*	-1.164	0.086	0.312*
1990+	-1.719	0.109	0.179*	-1.626	0.109	0.197*
Mex 2	-0.200	0.087	0.819*	-0.346	0.092	0.707*
Mex 3	-0.186	0.066	0.830*	-0.249	0.069	0.780*
Other	-0.531	0.023	0.588*	-0.517	0.024	0.597*
Education (grad or more omitted)						
Primary or less	-2.307	0.063	0.0996*	-2.041	0.065	0.130*
<High school	-1.892	0.045	0.151*	-1.633	0.047	0.195*
High school grad	-1.204	0.035	0.300*	-1.015	0.037	0.363*
Some college	-0.850	0.035	0.428*	-0.706	0.037	0.493*
BA or equivalent	-0.377	0.037	0.686*	-0.281	0.039	0.755*
Experience						
Years work experience	0.060	0.004	1.061*	0.047	0.004	1.048*
Experience squared	-0.001	0.000	0.999*	-0.001	0.000	0.999*
Marital status (all other omitted)						
Married with spouse present	0.526	0.019	1.692*	0.485	0.020	1.625*
Geographic (non-metro omitted)						
Metropolitan status	-0.028	0.022	0.972	0.021	0.023	1.022
Survey year (1995 omitted)						
1997	0.066	0.025	1.068*	0.074	0.026	1.077*
1999	0.158	0.025	1.171*	0.166	0.026	1.181*
2001	0.201	0.028	1.223*	0.226	0.029	1.254*
2005	0.114	0.027	1.121*	0.138	0.029	1.148*
Employment sector (standard omitted)						
Public sector				1.823	0.041	6.191*
Non-standard sector				-1.279	0.033	0.278*
Constant	0.351	0.053		0.276	0.056	

Source: CPS Contingent Labor Supplement 1995–2005.

Note: \* $p < 0.05$ .

**Figure III. Predicted Probabilities of Retirement.**

*Effects Across Sectors.* Net of ethnic and control variables, non-standard employees experience 0.72 lower odds of retirement than standard employees, whereas public sector employees have over six times the odds of retirement coverage than standard private sector employees. While the direction of each group coefficient does not change, the net *disadvantage* of second- and third-generation Mexican-origin and black workers again *increases* after the addition of sector controls. This finding, while counter-intuitive, is not surprising in light of the overrepresentation of native-born Mexican-origin workers in the public sector, which also provides much higher rates of retirement coverage than private standard employers. Hence, the employment sector distribution of Mexican second and third generation may substantially *mitigate* their disadvantage in terms of both healthcare and retirement benefits.

#### *Ethnic Inequality in Health Care and Retirement Within Sectors*

Inequality in healthcare and retirement eligibility relative to whites *increased* among non-white wage and salary earners with the introduction of sector level controls. To investigate statistically whether Mexican-origin workers experience greater inequality in some sectors than others, we included an interaction term between the ethnicity/generation identifiers



TABLE 5.  
PREDICTED PROBABILITIES OF BENEFITS BY ORIGIN AND SECTOR, ALL CONTROLS AT MEAN

	Standard	Public	Non-standard
Eligible for employer healthcare plan			
Whites 3+ generation	<i>0.894</i>	<i>0.978</i>	0.586
Blacks 3+ generation	<b>0.874</b>	<b>0.962</b>	0.534
Mex FB	<b>0.746</b>	0.963	<b>0.465</b>
Mex 2nd generation	<b>0.827</b>	0.992	0.471
Mex 3rd generation	<b>0.829</b>	0.962	0.572
Other	<b>0.817</b>	0.969	<b>0.520</b>
Eligible for retirement plan			
Whites 3+ generation	0.714	0.939	0.402
Blacks 3+ generation	0.698	<b>0.913</b>	0.355
Mex FB	<b>0.446</b>	<b>0.865</b>	<b>0.195</b>
Mex 2nd generation	<b>0.627</b>	0.953	0.303
Mex 3rd generation	<b>0.647</b>	0.956	0.394
Other	<b>0.593</b>	<b>0.912</b>	0.318

Source: CPS Contingent Labor Supplement 1995–2005.

Note: Bolded probabilities differ from native white probabilities at 0.05 level, italicized differ from native black probability at 0.05 level, bolded and italicized are significantly different from both native whites and blacks.

when predicting health care and retirement among wage and salary earners. To improve estimation, the foreign-born cohorts were collapsed into a single foreign-born category.<sup>13</sup> The resulting ethnicity category and sector interactions were collectively significant at the 0.01 level.<sup>14</sup> Predicted probabilities from the interactive models of healthcare and retirement eligibility were computed with all control variables set at the sample mean, but allowing the impact of sector to differ by ethnicity and generation. The results, found in Table 5, can be interpreted as the probability of health care and retirement for a member of each ethnic group, within each sector, who has “average” levels of human capital and other control variables. Bolded probabilities reflect a statistically significant different probability from native whites, an italicized probability reflects statistical significant difference from native blacks.

Not only does receipt of benefits vary by sector, so too do inter-ethnic disparities. In contrast to the expectations of neo-assimilation theory, Mexican-origin workers experience the greatest inequality relative

<sup>13</sup>Including the interaction terms rendered the model inestimable due to an empty cell in the public sector 1970–1979 foreign-born cohort and we therefore collapsed the immigration cohorts into a single foreign-born category.

<sup>14</sup>Wald significance tests adjusted for survey weights test whether the ethnicity by sector interaction terms are collectively equal to 0, at the 0.01 level. For health care  $F(10, 260026) = 4.55$ ,  $p < 0.0001$ , for retirement  $F(10, 260026) = 2.33$ ,  $p < 0.009$ . Full results from the interaction models are found in Appendix B.

to native whites within the standard sector. An “average” white wage and salary employee in the standard sector has a 6 percent age points higher probability of healthcare and retirement eligibility than a third-generation Mexican American with the exact same level of human capital and other controls. All Mexican-origin workers employed in the standard private sector, regardless of place of birth, have significantly lower probabilities of health care and retirement than both native whites and native blacks. Clearly, there is considerable heterogeneity even within stable, mainstream jobs and this heterogeneity in job quality aligns with ethnicity.

In comparison, in the public sector, third-generation Mexican Americans no longer differ substantively or statistically from native whites in their probability of health care or retirement. In light of the inequality observed in the private sector, it is no surprise that Mexican Americans cluster in public sector employment.

The public sector rewards workers well – and more equitably. In contrast, non-standard jobs reward workers poorly – regardless of ethnicity. Mexican Americans reach near parity with native whites in their probability of both health care and retirement within the non-standard sector. However, as benefit eligibility is very low in this sector, this equality means little in terms of the job quality experienced. Still, inequality remains greatest within the standard sector, suggesting considerable heterogeneity in benefits within standard jobs – and that the erosion of benefits within standard work is being disproportionately borne by the descendants of Mexican immigrants, as well as African Americans.

### *Earnings*

Using the earnings samples from our data, we now turn to differences in weekly earnings among wage and salary earners and the self-employed. The first set of analyses includes all tips, commissions, and over-time earnings of those who are not self-employed; the second set includes all earnings derived from farm and non-farm business among the self-employed. Wage and salary workers are found in the first panel (columns 1–4) of Table 6, and self-employed in the second (columns 5–6). As before, for wage and salary workers the results discussed correspond to the full model including sector of employment controls. The dependent variable is logged, and beta coefficients in the text are exponentiated to represent the approximate percentage change in earnings with each unit increase in the independent variable.

TABLE 6  
LOGGED EARNINGS COEFFICIENTS, U.S. WAGE AND SALARY MEN 25–60, CPS 1995–1999

	Wage and salary								
	Before sector controls			After sector controls			Self-employed		
	<i>b</i>	SE	<i>e</i> <sup><i>b</i></sup>	<i>b</i>	SE	<i>e</i> <sup><i>b</i></sup>	<i>b</i>	SE	<i>e</i> <sup><i>b</i></sup>
Ethnic/generational group, whites 3+ omitted									
Blacks 3+	-0.235	0.018	0.791*	-0.225	0.018	0.799*	-0.254	0.059	0.776*
<1970	-0.145	0.079	0.865 <sup>†</sup>	-0.163	0.073	0.850*	-0.126	0.162	0.881
1970s	-0.236	0.044	0.789*	-0.244	0.043	0.783*	-0.035	0.123	0.966
1980s	-0.334	0.039	0.716*	-0.309	0.038	0.734*	-0.434	0.096	0.648*
1990+	-0.277	0.050	0.758*	-0.251	0.052	0.778*	-0.890	0.272	0.410*
Mex 2	-0.142	0.046	0.868*	-0.146	0.043	0.864*	-0.184	0.116	0.832
Mex 3	-0.040	0.046	0.961	-0.034	0.047	0.967	-0.051	0.120	0.950
Other	-0.140	0.017	0.870*	-0.127	0.016	0.881*	-0.017	0.028	0.983
Education (grad or more omitted)									
Primary or less	-1.011	0.035	0.364*	-0.994	0.035	0.370*	-0.698	0.074	0.498*
<High school	-0.909	0.033	0.403*	-0.891	0.032	0.410*	-0.582	0.051	0.559*
High school grad	-0.642	0.020	0.526*	-0.641	0.020	0.527*	-0.436	0.035	0.646*
Some college	-0.482	0.020	0.617*	-0.479	0.020	0.620*	-0.338	0.036	0.713*
BA or equivalent	-0.174	0.021	0.840*	-0.183	0.021	0.833*	-0.187	0.038	0.829*
Experience									
Years work experience	0.029	0.002	1.029*	0.027	0.002	1.027*	0.030	0.006	1.031*
Experience squared	0.000	0.000	1.000*	0.000	0.000	1.000*	-0.001	0.000	0.999*
Marital status (all other omitted)									
Married with spouse present	0.215	0.012	1.240*	0.192	0.012	1.211*	0.162	0.024	1.176*
Geographic (non-metro omitted)									
Metropolitan status	0.157	0.012	1.170*	0.163	0.012	1.177*	0.192	0.024	1.212*
Survey year (1995 omitted)									
1997	-0.016	0.013	0.984	-0.023	0.013	0.977 <sup>†</sup>	-0.026	0.024	0.974
1999	0.045	0.012	1.047*	0.035	0.012	1.035*	0.039	0.024	1.039
Employment sector (standard omitted)									
Public sector				-0.044	0.013	0.957*			
Non-standard sector				-0.286	0.017	0.751*			
Constant	6.286	0.029		6.391	0.029		6.195	0.075	

Source: CPS Contingent Labor Supplement 1995–1999.

Note: <sup>†</sup>*p* < 0.10, \**p* < 0.05.

*Inter-Group Differences.* Net of all of the control variables, black Americans earn 21 percent and 22 percent less than whites, as wage and salary and self-employed earners, respectively. Foreign-born Mexican-origin workers also earn significantly less than native-born whites. However, there is improvement across cohorts and generation, and the second generation earns significantly (at the 0.1 level) more than the oldest foreign-born cohorts. Similarly, the third generation makes significant gains over the second generation, and no longer differs from native whites.

*Effects Across and Within Sectors.* Employment outside the standard sector depresses wages, with the coefficients for public and non-standard sectors both negative, although the latter a good deal more so. As before, inter-group differences persist after controls for sector. However, in contrast to the pattern seen when analyzing benefits, sector controls have essentially no impact on the size of the coefficients observed for Mexican-origin and black workers. Although the negative signs for the non-standard and public sector suggest that work outside of the standard sector compresses wages, controlling for the overrepresentation of the non-white groups in these occupations fails to reduce ethnic differences, at least in this sample. On the other hand, in contrast to the benefits, third-generation Mexican-origin workers do achieve parity in earnings with native whites, net of our controls. The impact of ethnicity on access to stable jobs and benefits appears to be stronger than its impact on earnings alone.

### CONCLUSION

The “new immigration” is the label conventionally applied to the growing number of foreigners that have moved to the U.S. from the Americas, Asia, and Africa over the past several decades. Ironically, however, the single largest source of today’s U.S. immigrants – Mexico, the birthplace of roughly one-quarter of all foreign-born persons living in the U.S. – involves a century long migration. Mexican migration has historically been a peasant migration, in which displaced agriculturalists, coming with educational backgrounds well below those of the U.S. population, have taken up positions at the bottom of the job structure. This long-lasting movement of people has left a multi-generational Mexican-origin population in its wake. Given this migration’s size, its characteristics, and its history, the trajectory of Mexican immigrants and their descendents is a crucial, issue in immigration research in the U.S. today. Uncertainties regarding the eventual trajectory of Mexican-origin men and women lie behind the pessimistic scenario forecast by segmented assimilation, as well as the influence it has exercised, since first formulated almost two decades ago.

By contrast, assimilation theory, in the updated form provided by Alba and Nee (2003), contends that the labor migrants of the turn-of-the 21st century will enjoy the type of upward progression experienced by the labor migrants of the century before. In this view, immigrants and their children, regardless of class background or circumstance of arrival, are commonly motivated by the search for the good life. Their goals involve

stable, well-paying jobs, access to resources, and a better living environment, a quest facilitated by legal changes that have reduced the impact of discrimination. Consequently, Alba and Nee expect Mexican immigrants and their descendents to progress via diffusion from their initial lower level concentrations, increasingly converging on the economic mainstream. In forecasting convergence on the mainstream Alba and Nee also reply to fears that today's lesser skilled immigrants, entering an increasingly deregulated economy, will become trapped in unstable, undesirable and perhaps racialized non-standard employment relationships.

Our article is one of the first to confront empirically the fear that the descendents of immigrants will bear the brunt of increasingly unstable working relationships. Contrary to these fears of stagnation and lasting economic disadvantage, we find that second- and third-generation Mexican Americans do *not* cluster disproportionately in non-standard jobs. As we show, the low-paying, unstable non-standard jobs are concentrations of recently arrived Mexican foreign born, much less so among the Mexican second or third generations. Mexican American men are largely finding stable employment commensurate with their education credentials.

On the other hand, and looking at allocation across the four job types identified in this article, Mexican second- and third-generation workers' job-holding patterns remain very distinct from that of native whites of native parentage, mirroring instead the distribution of native blacks, contrary to the claims of assimilation. Compared to whites, and controlling for background characteristics, Mexican immigrant offspring are more likely to be employed in the public sector, as well as much less likely to be self-employed. Furthermore, that pattern of concentration significantly *reduces* inequality, with respect to the receipt of health insurance and eligibility for paid retirement plans. Second- and third-generation Mexican Americans also share with black Americans a much lower likelihood of self-employment. Unlike black Americans, however, second- and third-generation Mexican Americans do reach parity with native whites in their weekly earnings, although they suffer similar deprivation in terms of benefits within the standard employment sector.

Although the segmented assimilation perspective finds support in the continuing ethnic divisions in employment relationships we observe, it is the major tenet of assimilation theory, that of improvement across time and generations, that is solidly confirmed with our data. We therefore argue that, taken together, the findings of this article best align with the

“middle ground” of the pluralist perspective. Rather than predicting stagnation, or convergence with native whites, this view suggests that the offspring of Mexican immigrants are instead likely to engage in a process of “parallel mobility,” moving into better jobs than those held by their parents, but continuing to remain distinct from native whites in their employment sector distribution.

Our focus on benefits points to the likely, underlying rationale encouraging Mexican Americans to cluster in government work. Both black and Mexican Americans experience much better returns on their human capital, relative to white Americans, in the public sector as opposed to the private sector and self-employment. Contrary to assimilation arguments that portray an undifferentiated “mainstream” characterized by equitable treatment, the greatest inter-ethnic differences are found within the standard employment relationships that best approximate mainstream employment. While public sector employment is equitable in the high level of benefits offered to workers, and the non-standard sector is relatively equitable in the low levels of benefits offered, our findings suggest considerable heterogeneity in job quality among those working in standard employment relationships, even with skill levels controlled.

As we show, full-time, long-term employment in the mainstream no longer guarantees healthcare and retirement eligibility, as nearly a fifth of all standard private sector workers are ineligible for employer provided health care and 41 percent are ineligible for retirement (own calculations, not shown). Moreover, non-white workers disproportionately bear the costs of this deterioration of job quality: it is within *standard* private sector jobs – not the tenuous and short-term non-standard jobs – where Mexican second- and third-generation workers, as well as blacks, continue to have lower probabilities of health care and retirement than native whites.

Although the immigrant offspring on whom we have focused are the descendents, not of the current wave of mass migration, but rather of the smaller migration of the mid-20th century, their experiences are telling for the future of the large numbers of second-generation Mexican Americans coming of age today. As these Mexican Americans become rooted in the public sector, and unfortunately, the less desirable jobs of the standard private sector, they will probably serve as network contacts and informational ties for the adult children of today’s immigrants. Our findings suggest that the labor market distributions of Mexican immigrants and their descendents will remain distinct for a long time to come.

## APPENDIX

## APPENDIX A

WEIGHTED DESCRIPTIVE STATISTICS BY ETHNIC AND GENERATIONAL COHORT, SECTOR AND BENEFITS  
ANALYTIC SAMPLE, U.S. EMPLOYED MEN, 1995–2005

	Whites 3+	Blacks 3+	Mexican foreign-born cohorts				Mex 2	Mex 3	Other
			<1970	1970s	1980s	1990+			
Survey year									
Survey year 1995	0.201	0.198	0.257	0.167	0.192	0.037	0.191	0.146	0.166
Survey year 1997	0.200	0.197	0.243	0.252	0.209	0.071	0.206	0.187	0.186
Survey year 1999	0.202	0.210	0.223	0.235	0.188	0.141	0.181	0.225	0.194
Survey year 2001	0.200	0.201	0.175	0.195	0.204	0.262	0.170	0.199	0.213
Survey year 2005	0.197	0.194	0.101	0.152	0.208	0.491	0.252	0.243	0.241
Education									
Primary or less	0.011	0.018	0.376	0.497	0.416	0.400	0.079	0.043	0.052
<High school	0.053	0.089	0.104	0.171	0.197	0.220	0.122	0.126	0.067
High school grad	0.320	0.409	0.232	0.184	0.226	0.246	0.346	0.380	0.241
Some college	0.280	0.306	0.185	0.109	0.095	0.071	0.348	0.317	0.245
College graduate	0.223	0.134	0.050	0.034	0.048	0.042	0.078	0.098	0.233
Graduate education	0.113	0.044	0.052	0.005	0.018	0.021	0.027	0.036	0.161
Experience									
Years work experience	21.38	20.80	29.53	26.74	20.30	17.93	19.30	20.06	20.54
SD	9.90	8.18	9.34	8.57	7.74	7.14	9.06	8.16	9.67
Experience squared	549.84	523.88	986.05	813.79	492.60	397.28	486.10	491.63	520.11
SD	448.05	376.85	557.05	471.82	377.77	331.32	427.24	371.95	435.91
Geographic									
Metropolitan status	0.775	0.855	0.899	0.898	0.912	0.918	0.894	0.856	0.926
Marital status									
Married with spouse present	0.713	0.540	0.847	0.802	0.716	0.591	0.665	0.678	0.678

Source: CPS Contingent Labor Supplement 1995, 1997, 1999, 2001, 2005.

## APPENDIX B

LOGISTIC REGRESSION RESULTS FOR HEALTH CARE AND RETIREMENT, INTERACTING ORIGIN, AND  
EMPLOYMENT SECTOR, MEN 25–60

	Healthcare eligibility			Retirement inclusion		
	<i>b</i>	SE	<i>e<sup>b</sup></i>	<i>b</i>	SE	<i>e<sup>b</sup></i>
Ethnic/generational group, whites 3+ omitted						
Blacks 3+	-0.197	0.048	0.821	-0.079	0.039	0.924
Mexican FB	-1.054	0.055	0.349	-1.133	0.057	0.322
Mex 2	-0.563	0.112	0.570	-0.395	0.102	0.674
Mex 3	-0.553	0.085	0.575	-0.306	0.076	0.736
Other	-0.630	0.031	0.532	-0.538	0.026	0.584
Employment sector (standard omitted)						
Public sector	1.664	0.082	5.280	1.818	0.051	6.157
Non-standard sector	-1.782	0.039	0.168	-1.311	0.040	0.270
Interactions (white standard sector omitted)						
Public Sector*Blacks 3+	-0.354	0.172	0.702	-0.308	0.123	0.735
Public Sector*Mexican FB	0.520	0.492	1.681	0.257	0.305	1.292
Public Sector*Mex 2	1.588	0.902	4.895	0.662	0.372	1.939
Public Sector*Mex 3	-0.011	0.410	0.989	0.650	0.333	1.915



**APPENDIX B**  
**CONTINUED**

	Healthcare eligibility			Retirement inclusion		
	<i>b</i>	SE	<i>e<sup>b</sup></i>	<i>b</i>	SE	<i>e<sup>b</sup></i>
Public Sector*Other	0.263	0.165	1.301	0.143	0.110	1.154
Non-standard* Blacks 3+	-0.015	0.115	0.985	-0.121	0.127	0.886
Non-standard*Mexican FB	0.565	0.156	1.760	0.111	0.236	1.117
Non-standard* Mex 2	0.099	0.349	1.104	-0.039	0.426	0.962
Non-standard*Mex 3	0.497	0.228	1.643	0.271	0.236	1.312
Non-standard*Other	0.361	0.081	1.435	0.173	0.085	1.188
Education (grad or more omitted)						
Primary or less	-2.072	0.073	0.126	-2.021	0.064	0.133
<High school	-1.808	0.061	0.164	-1.636	0.047	0.195
High school grad	-1.223	0.053	0.294	-1.015	0.037	0.362
Some college	-0.840	0.054	0.432	-0.704	0.037	0.495
BA or equivalent	-0.385	0.056	0.681	-0.279	0.039	0.757
Experience						
Years work experience	0.018	0.005	1.018	0.047	0.004	1.048
Experience squared	0.000	0.000	1.000	-0.001	0.000	0.999
Marital status (all other omitted)						
Married with spouse present	0.548	0.023	1.731	0.487	0.020	1.627
Geographic (non-metro omitted)						
Metropolitan status	0.159	0.028	1.173	0.024	0.023	1.024
Survey year (1995 omitted)						
1997	0.037	0.033	1.038	0.074	0.026	1.077
1999	0.042	0.033	1.043	0.163	0.026	1.177
2001	0.091	0.036	1.095	0.218	0.029	1.243
2005	-0.103	0.035	0.902	0.123	0.029	1.131
Constant	1.918	0.074		0.273	0.056	

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