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Second-Generation Mexicans: Getting Ahead or Falling Behind?

By Roger Waldinger and Renee Reichl
University of California Los Angeles

March 1, 2006

The 1965 Immigration and Nationality Act, which eliminated nationality-based quotas, opened the United States to a new wave of immigration from Asia, Africa, and the Americas. Compared to circumstances in their home countries, the United States has offered most new arrivals a chance to do well. In the long run, however, the fate of immigrants may not be the central issue.

More important are the prospects for integration and social and economic mobility on the part of their children, also known as the second generation. Their small but growing numbers have placed them in the research spotlight: Who are they? How well are they doing in school? What is their attachment to the workforce? Are they becoming economically self-sufficient? Are they getting ahead or falling behind in America? The answers to these questions have consequences for both education and employment-related policies.

Yet research has not produced a definitive analysis of the paths that the children of immigrants are likely to follow. The most pessimistic scenario, "segmented assimilation," 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, stumbling beneath the ranks of the lower working class in which their parents have established themselves. The more conventional perspective posits "assimilation," meaning progress beyond what their parents achieved.

On the other hand, relative, not absolute progress, may be the more important factor since doing better than one's parents does not necessarily imply doing as well as the dominant or majority group. For example, convergence may be postponed or precluded if the majority of the second generation never quite succeeds at educational catch-up and, even more so, if income growth is largely concentrated among workers with the most schooling.

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 middle-class American dream. If, over time, their prospects are bleak and they find themselves in the lower socioeconomic ranks (joining historically underprivileged groups such as African Americans), they may also conclude that their search for advancement has stalled.

Why Second-Generation Mexicans

According to data from the 2004 Current Population Survey (CPS), Mexicans accounted for 29 percent of the 34 million foreign-born persons living in the United States. No group was remotely as numerous; Filipinos, the next largest group, made up only four percent of the foreign born.

Among immigrants, the Mexican foreign born have consistently been the least educated. In 1970, eight of every 10 adult Mexican immigrants lacked a high school degree; in 2004, the proportion fell to just under six in 10, well over 30 percent above any other group. This gradual decline, however, was out of line with the shifts other groups experienced. Relative to whites and other groups, the gap actually grew.

Not surprisingly, the Mexican foreign born are overwhelmingly concentrated in low-skilled, low-

wage work. Forty-four percent of all men born in Mexico fall in the bottom quintile of the male wage distribution. Also, of the 10.3 million undocumented immigrants in 2004, 57 percent (or 5.9 million) are from Mexico, according to estimates from the Pew Hispanic Center. With nearly two-thirds of all Mexican immigrants undocumented, legal status undoubtedly affects their ability to obtain work that matches their skill level.

The children of immigrants from Europe, Canada, or Australia are an especially old group; almost 60 percent are at least 50 years old. By contrast, young children predominate among all the other national-origin categories. Indeed, the national origins of immigrant children ages 10 or younger closely resemble the national origins of the foreign-born population, with one key exception: Mexican-origin youth account for a disproportionately large 37 percent of the 5.7 million in this group.

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 public schools, especially those in the major immigrant-receiving cities where growing immigrant numbers have produced a large population of school children of immigrant origins. The impact on the labor market is far more modest because most of today's second generation have not yet reached working age.

In this context, the US-born children of Mexican immigrants are of particular concern. It's important to note that many of them, unlike their parents, are US citizens because they were born on US soil and therefore already have an advantage over their parents. The goal is to examine whether evidence supports the "rainbow underclass" hypothesis for this group.

Methodology

With the exception of Mexicans, numbers are too small for disaggregating by national origin. Consequently, the comparison is between second-generation Mexicans and three global categories: Europeans/Canadians/Australians (to be referred to as Europeans/Canadians); "other Americas" (all countries in the Western Hemisphere except for Mexico and Canada); and "Asia" (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.

Given interest in generational differences, native-born benchmark groups are restricted to the third generation, meaning those born in the United States to US-born parents. We include the two groups 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).

This study 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 because 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. Therefore, census data is used only for the 1970 results.

For later years, data from CPS is used. In 1979, CPS began asking respondents about their parents' nativity on a periodic basis, and started doing so on a regular basis in 1994. The main drawback of CPS is its small sample size. Consequently, CPS data from several years — 1997, 1999, 2001, and 2003 — have been merged. As the year 2000 falls in the midpoint among these years, this merged sample is referred to as the "2000" survey.

A word of caution is in order. Although this comparison includes generation and origin groups in terms of their educational and work characteristics, group differences were not tested for their statistical significance. As such, the analysis provides only a descriptive portrayal of group differences.

From School to Work

Schooling is a prerequisite for advancement in 21st-century America. The first hurdle is the high school diploma, a credential possessed by 88 percent of prime-aged adult Americans, according to the 2004 CPS. About 32 percent of the foreign born, however, arrive in the United States with a few years of secondary schooling or less, according to the 2000 census.

Thus, for immigrants' children to move beyond their parents, graduation from high school often represents a major leap. Alternatively, as indicated by the fact that low-skilled immigrants are employed at impressively high rates, a failure to complete high school may not have equally negative effects for all. Crucial to examining the effect of a high-school diploma is the transition from school to work.

Youth, ages 16 to 20

Enrollment is lowest among first-generation Mexicans, among whom only 40 percent are in school (see Table 1). Going to school is much more common among all other foreign-born and second-generation groups, with rates generally hovering either around or above the level for third-generation whites and far above the level for African Americans (with the exception of first-generation youth from the other Americas).

Table 1. Percentage Teenagers (Ages 16 to 20) in School by Nationality and Generation, 2000

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

Source: Current Population Survey, March 1997 to 2003

Among the second generation, enrollment rates among 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. However, the falloff varies. Relative to whites, the Asian advantage in full-time enrollment rates is even greater than for enrollment of all types; whether focuses on general or full-time enrollment rates, African

Americans appear equally (and slightly) disadvantaged. Among both Mexican foreign-born and second-generation youth, however, the gap in full-time enrollment rates exceeds the disparity in overall enrollment rates.

In general, early school leavers suffer greater risk of joblessness. Among third-generation whites, 72 percent of the male and 65 percent of the female members report having a job. In general, employment rates for out-of-school youth from most foreign-born or second-generation people fall below the level enjoyed by whites; the gap, however, is quite modest.

On the other hand, the group least likely to be in school, foreign-born Mexicans, is also the group most likely to be at work: 80 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 comparable whites.

Young adults, ages 21 to 25

As compared to their younger counterparts, adults 21 to 25 are far less likely to be enrolled in any type of formal education. In this age range, just over a quarter of third-generation whites are in school (see Table 2). At this modest level, whites are outdistanced by a number of groups: close to half of Asian foreign-born and foreign-parentage persons are still in school; enrollment rates for Europeans/Canadians, both first and second generation as well as second-generation individuals with origins in the "other Americas," compare favorably with the pattern displayed by whites.

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

Source: Current Population Survey, March 1997 to 2003

As young adulthood is also the prime age for migration (especially among the low skilled), enrollment is rare among Mexican immigrants; by contrast, enrollment among second-generation Mexicans falls below the level for whites. While rates of full-time enrollment are lower for all groups, whites lag behind the first- and second-generation persons of European/Canadian and Asian origins, as well as second-generation young adults from 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.

Mexican young adult men work at the highest rates of all (89 percent). Job-holding among other foreign born and second-generation individuals does not fully match up to that of whites (87 percent for men and 77 percent for women), though the gap ranges from a percentage point for European/Canadian foreign born to 10 percentage points for males of "other Americas" parentage.

A similar pattern holds for women, with the notable exception of Mexicans: whether first or second generation, their employment rates lag 34 and 10 percentage points, respectively, behind whites' employment rates.

That disparity notwithstanding, the more notable facts are (a) second-generation Mexican women are far more likely to be employed (66 percent) than are their first-generation counterparts (42 percent); and (b) gender differences in employment are far smaller among the Mexican second generation than among the first.

Although the job-holding gap, so evident among African Americans in the younger cohort, narrows in the 21-to-25 age group, African Americans are still at a great disadvantage. African-American men do particularly badly, working at rates (67 percent) substantially below those of other groups. African-American women, by contrast, have an employment rate (65 percent) roughly comparable to immigrants from Asia and the other Americas, as well as second-generation Mexican women.

Education Levels of the Working-Age Population

The paradox of the post-1965 wave of immigration is the simultaneous influx of a large group of low-skilled workers and an increase in demand for workers with ever-higher levels of skill. Just how second-generation Americans fit into this evolving skills structure is a crucial factor, influencing their access to employment and the types of jobs and levels of reward that they are likely to attain.

This section focuses on adults between ages 25 and 64, with a particular focus on employment, wages, and nonmonetary forms of compensation. As economic attainments are likely to be influenced by the skills that workers bring to the market, changes in both absolute and relative levels of their education are examined.

As shown in Table 3, the relative size of the less-educated labor force has been in sharp decline for over 30 years; whereas in 1970, 49 percent of all working-age adults did not possess a high school degree, by 2004, only 12 percent had failed to complete a high school education.

Table 3. Percent with Less than High School Education, Adults (Ages 25 to 65) 1970, 2004

	1970	Difference	2004	Difference	Percent

		from whites (1970)		from whites (2004)	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

Source: 1970 IPUMS; 2004 March CPS

In 1970, a college education (or higher) was relatively rare, possessed by one in 10 adults; by 2004, it had become a good deal more commonplace, with about a third completing college (see Table 4).

	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

Source: 1970 IPUMS; 2004 March CPS

While college education has become more prevalent among all groups, there has been no single pattern to the change. College education is actually an indicator on which whites have consistently lagged behind a number of first- and second-generation groups. The relatively small group of Asian immigrants residing in the United States in 1970 already possessed a markedly high-skilled tilt. By 2004, more than half of the adults in this group possessed a college diploma. Even more notable is the shift among Asian second-generation adults, who already enjoyed a slight lead above whites in 1970, but are now almost twice as likely to possess a college degree.

On the other hand, groups lagging behind in 1970 have made little progress toward erasing the gap. A college education was found among only two percent of Mexican immigrants in 1970. In fact, it was almost as scarce among African Americans and adults of Mexican parentage.

Among the Mexican foreign born, six percent now have a college education, but this level of education remains highly uncommon. As a result, Mexican immigrants are just as disadvantaged at the turn of the 21st century as they were three decades before. Although second-generation Mexicans, at 14 percent, are much more likely to possess a college degree, they still lag behind whites.

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, sociologist William Julius Wilson's description of a world where "work has disappeared" captures the phenomenon's central trait.

Thus the focus here is on comparison of rates of current employment as an indicator of labor force attachment. The next section examines 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 eroding modestly among men, but increasing substantially among women. In 1970, 87 percent of adult males were employed. By 2004, only 82 percent of men were holding a job. White men and most foreign-born and second-generation men closely track this shift (see Table 5).

Yet the one group that should be most at risk of job loss, foreign-born Mexican men in low-skilled work, became more likely to hold jobs by 2004 (see Table 5). Second-generation Mexican men have seen slight erosion in job-holding, with employment rates always remaining just a few percentage points below the white level.

Table 5. Percent Employment among Adults in the Labor Force by Generation and Origin (Ages 25 to 65), 1970 to 2004

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

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

The most severe decline has occurred among African-American men. Already a good deal less likely than whites to be employed in 1970, barely seven out of 10 African-American men were employed in 2004.

For women, an almost opposite story can be told: 46 percent of adult women were working in 1970, a number that jumped to 68 percent by 2004. Employment rose among all groups, though the sharpest gains came from second-generation Mexican women, whose numbers went from 39 percent to 70 percent during this period — effectively placing them on par with whites (see Table 5). In contrast, foreign-born Mexican women 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 whites', subsequently slipped below the white job-holding level by 2004.

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 1**). 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.

At the other end of the spectrum stood the Mexican foreign born, who earned half as much as

whites; African Americans, with earnings two-thirds those of whites; and immigrants from the "other Americas," with earnings 68 percent of the white level. Second-generation Mexican men also lagged behind whites, though with earnings 76 percent those of whites, they stood at the midpoint between the earnings of the Mexican foreign born and those of whites.

With a median wage and salary of roughly \$28,000, white women earned just over half as much as their male counterparts. That figure pushed them ahead of almost all the foreign-born groups but left them lagging behind women of European/Canadian, Asian, and "other Americas" parentage. As with men, foreign-born Mexican women had the lowest earnings of all, barely exceeding 50 percent of the white level (\$14,552). As compared to their male counterparts, both second-generation Mexican women and African-American women enjoyed a much smaller earnings gap.

Since educational levels vary so greatly, further light can be shed on the sources of earnings disparity by examining earnings within major educational categories. 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.

Although more schooling has a positive effect on all groups, it does not affect them uniformly. As other research has shown, additional years of schooling acquired before migration do relatively little to boost the earnings of Mexican-born workers. Consequently, relative gaps in earnings are smallest among the least educated; among men, in particular, the gap, relative to whites, is the greatest among the workers with the most education.

By contrast, each major increment in schooling pushes the earnings of second-generation Mexican workers upwards: college-educated, second-generation Mexican men enjoy median earnings two and half times the level received by their counterparts lacking a high school degree. At all educational levels, second-generation Mexican men earn more than African-American counterparts, among whom college completion has a much weaker impact than among whites or second-generation Mexican workers.

Benefits

Fringe benefits — most notably pensions and health insurance — compose a crucial dimension of job quality. In the United States, employers generally provide health and pension benefits.

Health insurance

Two-thirds of white males receive some form of health coverage from their employer (see **Figure 2**). Other groups do better, most notably European/Canadian and Asian second-generation workers. Foreign-born workers, however, all lag far behind whites, with Mexican immigrants — among whom only one-third receives any form of health insurance — the most disadvantaged. By contrast, half of African-American men and just over half of second-generation Mexican men have employer-sponsored health insurance.

Health insurance coverage is uniformly lower among women than among men for all groups but African-American women, half of whom receive health coverage from their employers, a rate that puts them at parity with African-American men and ahead of white women (see **Figure 2**).

Most second-generation women are also covered at higher rates than whites, with Mexican second-generation women being the one exception. On the other hand, employer-provided health coverage is twice as common among second-generation Mexicans as foreign-born Mexican women. The latter are particularly unlikely to receive health coverage, a pattern that may be related to their prevalence in domestic work and similar jobs.

Pension benefits

Employers are more likely to provide health than pension coverage, though the disparity is

generally greater for men. Just over half (56 percent) of white males are covered by a pension; only second-generation European/Canadian men exceed whites in pension coverage (see Table 6). Foreign-born men are all less likely to be covered by a pension plan, and pension coverage is particularly low for Mexican immigrants — just over one-third the rate of whites.

Table 6. 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 to 2003

Among women, second-generation Asian and European/Canadian workers are covered at higher rates than whites; all other groups are covered at lower rates.

Mexican immigrants are again highly disadvantaged, with just under a fifth covered by an employer-provided plan. Pension coverage of second-generation Mexican men is twice as high as among foreign-born Mexicans, though it still lags well below the white rate.

Conclusion

Mexican immigrants, the largest single group of poorly schooled newcomers, make up a working poor, with limited access to jobs beyond the low-wage sector. Given these circumstances, can their US-born and US-raised children be expected to progress?

While US-born Mexican men do not retain the extraordinary job-holding rates of their Mexican-born counterparts, the shift downward takes them to levels that characterize 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, the labor force behavior of Mexican immigrant men and women sharply diverges, with Mexican immigrant women showing much lower levels of labor force attachment than their male counterparts. By contrast, the labor

force behavior of second-generation Mexican women looks a good deal more like the pattern evident among native whites. Though a gap persists, the disparity is of greatly diminished proportions. As with their male counterparts, second-generation Mexican women enjoy higher levels of schooling, which in turn generates more handsome economic rewards.

This type of good news lends support to the idea that second-generation Mexicans are not becoming part of the "rainbow underclass." Yet 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, there remains a very substantial gap.

Catching up will require continued schooling, indeed persistence, through the college years. For many children 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. However, these jobs pay poorly and offer little upward mobility and few benefits.

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.

If today's second-generation Mexican adults are struggling to catch up, one also wonders how the young children of the immigrant working poor, for whom things have surely not gotten better over the past 20 years, will manage. Their future cannot be of academic interest only, as demography ensures that the second generation will be a force with dimensions not to be ignored.

Roger Waldinger is Professor of Sociology at UCLA and the author of numerous books on immigration, most recently, How the Other Half Works: Immigration and the Social Division of Labor (co-authored with Michael Lichter; University of California Press, 2003). Renee Reichl is a graduate student in the Department of Sociology, UCLA.

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MPI • 1400 16th St. NW, Suite 300 • Washington, DC 20036
ph: (001) 202-266-1940 • fax: (001) 202-266-1900
source@migrationinformation.org