

# Chapter 1

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## Introduction

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The rapid rise in the proportion of foreign-born residents in the United States since the mid-1960s is one of the most important demographic events of the past fifty years. As a consequence of this immigrant surge the country has become more diverse linguistically, culturally, socioeconomically, and perhaps politically. The increasing relative size of the immigrant population raises many key questions for understanding trends in U.S. poverty rates and inequality. To begin, immigration has altered the demographic composition of the nation, increasing the proportion foreign-born, the proportion of the resident population with extremely low levels of education, as well as the proportion with relatively high levels of educational attainment. These compositional effects alone have likely impacted overall U.S. poverty rates.

Second, immigrants supply new skills and compete for jobs in the U.S. labor market. The additional workers brought to the United States via immigration may impact the wages and employment levels of the native born, and in turn the likelihood that natives experience poverty through multiple channels. For natives most similar to immigrants in terms of their labor market skills, competition with immigrants may suppress wages and employment and increase poverty. Alternatively, natives whose skills are sufficiently different from those of immigrants may find their wages and employment rates enhanced by the presence of immigrants with skills that complement their own in the workplace. Immigrants may also bring investment capital to the United States either directly through personal savings and investment or indirectly through their very presence attracting international capital flows, a factor that would improve employment prospects and diminish poverty generally in the United States.

Third, new immigration flows may impact poverty rates among previous immigrants. Newly arrived immigrants and immigrants with some tenure in the United States are perhaps most likely to be in direct competition with one another in the U.S. labor market. Moreover, immigrant communities tend to geographically cluster in enclaves. To the extent that such geographic clustering provides

ready social networks rich with information on negotiating U.S. institutions and finding work, the existence of enclaves may increase employment and reduce poverty among newer immigrants. On the other hand, such geographic clusters may inhibit English-language acquisition and perhaps make immigrants less willing to migrate internally for jobs in cities and states with smaller co-national populations.

Finally, over time immigration has and will continue to alter the demographic composition of the native born population, raising the fractions of people with Hispanic and Asian origin. The effects of these changes on overall poverty rates depend critically on the extent to which the children of immigrants climb the socioeconomic ladder. In general, the children of immigrants, especially immigrants from countries with low levels of educational attainment, tend to achieve educational attainment levels that greatly exceed those of their parents. Moreover, English-language acquisition in the 1.5 and second generation is nearly universal. However, there are important differences across national-origin groups in outcomes among the 1.5 and second generations, some of which may be culturally determined and others driven by specific policies that impact select groups within the United States.

This discussion highlights the complexities and subtleties of the relationship between recent U.S. immigration trends and the nation's poverty rate. In addition to the mediating role of economic forces operating through the channels of labor market competition and overall economic growth, the extent to which recent immigration trends enhance or diminish the nation's poverty rate depends on immigrant cultural practices brought to the United States, the cultural development of immigrant communities within the United States, as well as specific assimilation trajectories experienced by immigrants in different national-origin communities. Moreover, all of these avenues may be exacerbated or assuaged by policy governing antipoverty programs, education, the civil rights of the unauthorized, and immigration flows more generally.

The chapters in this volume are devoted to studying these various economic, social, and policy factors that may link immigration to poverty among immigrants themselves and among the native born. The contributors to this volume represent a multidisciplinary research team assembled with the specific aim of employing complementary methodological approaches to flesh out the relationship between immigration and poverty in the United States. In this volume, our authors employ microeconomic theoretical and empirical analysis, detailed demographic analysis of census data, ethnographic methods, historical policy analysis, as well as detailed investigations of the consequence of specific policy interventions with the aim of achieving a better understanding of the immigration/poverty nexus.

The research contributions can be grouped into four main categories: the impact of immigration on poverty operating through composition, labor market competition, and geographic segregation; immigration, poverty, and intergenerational mobility; public policy and poverty among the foreign born; and the relative socioeconomic status of immigrants in Europe. In the following sections, we provide a detailed summary of the various chapters, interwoven with some basic empirical

analysis documenting recent trends in immigration and poverty in the United States.

## COMPOSITION, COMPETITION, AND THE GEOGRAPHY OF IMMIGRANT POVERTY

Table 1.1 documents recent trends in the foreign-born share of the U.S. population, and the associated shifts in the composition of the population.<sup>1</sup> Between 1970 and 2009, the immigrant population increased from roughly 5 to 13 percent of the U.S. resident population. Classifying the foreign-born population into recent immigrants (those arriving within the last five years) and earlier immigrants, the fraction of recent arrivals rose from 18 to 24 percent between 1970 and 2000, but has fallen back in recent years as immigrant inflow rates have stabilized and declined. The table also reveals an important long-term effect of immigration: the changing ethnic composition of the native-born population. Specifically, the fraction of Hispanics among the native born increased from 3 to 12 percent between 1970 and 2010, and the proportion of Asians increased from 0.5 to 3 percent.

Focusing on the overall increase in the immigrant share masks large internal changes in the composition of the immigrant population over the past forty years. Latin American immigrants accounted for 19 percent of the foreign born in 1970 but 53 percent in 2009. We also observe a large increase over this period in the proportion of the immigrant population from Asian countries: approximately 7 percent in 1970 versus 26 percent in 2009. In contrast, the proportion of the immigrant population from European nations declined dramatically. Europeans made up 52 percent of immigrants in 1970, but only 10 percent in 2009.

The patterns documented in table 1.1 suggest two obvious pathways linking immigration to poverty in the United States. First, to the extent that immigrants are more likely to experience poverty than the native born, the higher proportion of foreign born will mechanically increase the national poverty rate. Second, to the extent that immigrants suppress the wages of the native born, immigration may elevate poverty rates among the native born and for the nation overall.

Regarding the first avenue, it is true that immigrants experience relatively high poverty rates. Figure 1.1 presents poverty rates for all U.S. residents and for the native born and foreign born separately from 1970 through 2009. Overall poverty rates declined modestly between 1970 and 2000 (from 14 percent to 12 percent), but increased sharply by 2009 (to 15.4 percent) with the onset of the recent recession. Poverty rates for the native-born population closely track the national averages, a fact that is not surprising given that natives still constitute 87 percent of the resident population at the end of the period. Among immigrants, poverty rates are distinctly higher each year. Moreover, relative immigrant poverty rates increased markedly between 1970 and 2000, and somewhat further over the past decade.

The increase in poverty among immigrants is driven mostly by the changing national-origin composition of the foreign born. This becomes evident when the

# Immigration, Poverty, and Socioeconomic Inequality

TABLE 1.1 / Distribution of the U.S. Resident Population

	1970	1980	1990	2000	2009
Foreign-born status of U.S. residents					
Native born	95.18	93.82	92.03	88.82	87.10
Immigrant	4.82	6.18	7.97	11.18	12.90
Immigrant arrival group					
Recent (≤five years)	17.54	23.85	24.85	24.37	17.37
Later (>five years)	82.46	76.15	75.15	75.63	82.54
Ethnicity of native-born					
Non-Hispanic white	84.50	81.61	81.52	76.67	70.31
Non-Hispanic black	11.43	11.94	10.50	11.71	13.72
Non-Hispanic Asian	0.50	0.69	1.07	2.11	3.01
Non-Hispanic other	0.42	0.74	0.99	1.39	1.11
Hispanic	3.15	5.02	5.91	8.10	11.84
Country of origin of immigrants					
Canada	9.60	6.13	4.12	2.90	2.07
Latin America					
Mexico	8.22	15.82	22.77	30.74	29.45
Central America	1.21	2.54	5.52	6.46	7.49
Caribbean	7.05	9.12	9.08	9.09	9.35
South America	2.71	4.08	5.18	5.93	6.87
Europe					
Western <sup>a</sup>	40.94	26.27	16.37	9.99	6.73
Eastern <sup>b</sup>	11.36	6.58	4.22	3.48	3.00
Russian Empire	6.09	3.51	1.99	2.79	2.82
Asia					
East	4.31	6.84	8.90	8.63	9.30
Southeast	1.74	6.60	10.13	9.89	9.47
India/SW	0.92	2.79	4.13	5.45	7.16
Middle East	1.33	2.02	1.95	1.71	1.85
Africa	0.63	1.35	1.54	2.50	3.92
Oceania	0.43	0.58	0.53	0.53	0.45
Other	3.45	5.77	3.57	0.00	0.06

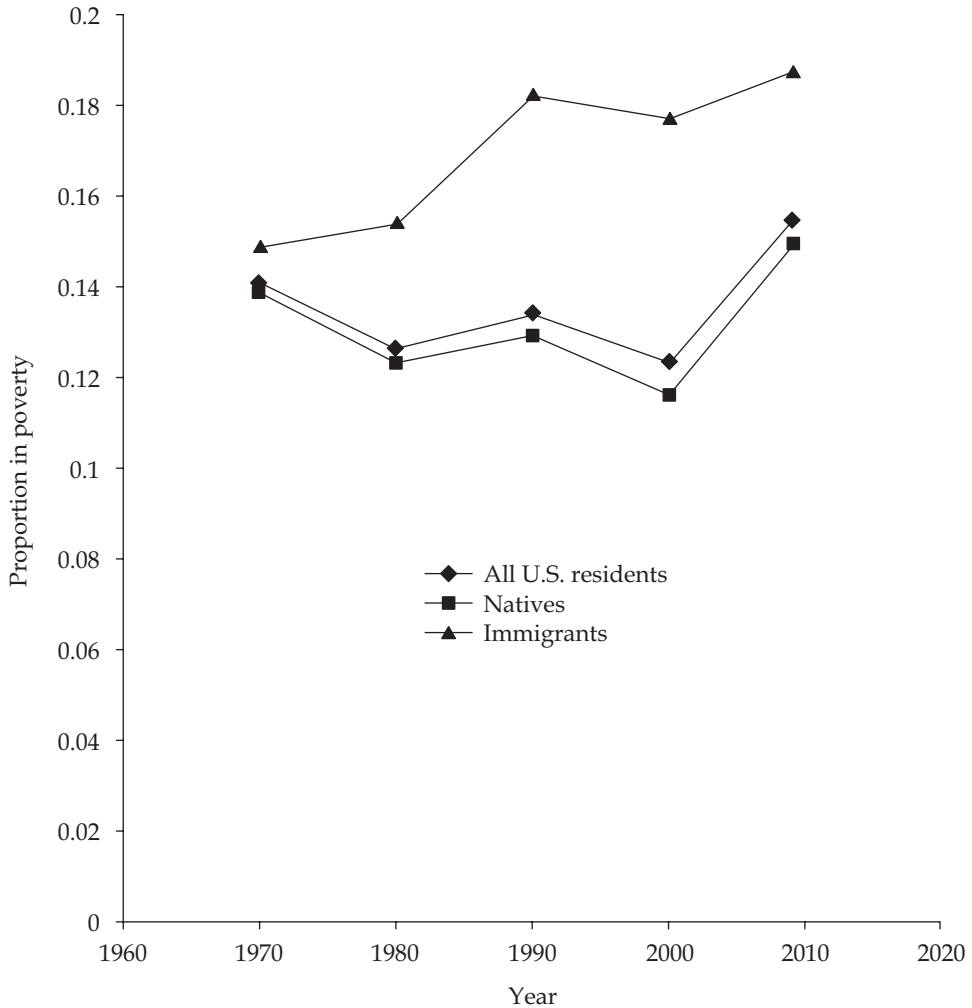
Source: Authors' tabulations of microdata from the 1970, 1980, 1990, and 2010 One Percent Public Use Microdata Sample of the U.S. Census of Population and Housing and the 2000 American Community Survey.

<sup>a</sup>Excludes Warsaw Pact Countries plus the components of the former Yugoslavia.

<sup>b</sup>Includes former Warsaw Pact countries plus the components of the former Yugoslavia.

increase in poverty overall among the foreign born is contrasted with poverty rates for specific immigrants groups. Table 1.2 presents poverty rates for 1970 through 2009 for immigrant groups by region of origin. For the most part, poverty rates are fairly stable within each group after 1980, or even declining (for Southeast Asians in particular). Hence, an increase in poverty within specific national-origin

FIGURE 1.1 / U.S. Poverty Rates



Source: Authors' tabulations of microdata from the 1970, 1980, 1990, and 2010 One Percent Public Use Microdata Sample of the U.S. Census of Population and Housing and the 2000 *American Community Survey*.

groups cannot explain the higher poverty rates among immigrants today relative to past decades. On the other hand, table 1.2 also reveals higher poverty rates among immigrant groups that have come to comprise larger proportions of the immigrant population (for example, immigrants from Mexico, Central America, and Asia) and lower poverty rates among immigrant groups whose relative share in the immigrant population is declining (for example, European immigrants).

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TABLE 1.2 / Poverty Rates Among Immigrants

	1970	1980	1990	2000	2009
North America	0.090	0.080	0.081	0.076	0.091
Latin America					
Mexico	0.292	0.264	0.294	0.265	0.281
Central America	0.159	0.206	0.224	0.199	0.211
Caribbean	0.147	0.164	0.186	0.175	0.193
South America	0.145	0.153	0.146	0.155	0.129
Europe					
Western <sup>a</sup>	0.126	0.085	0.081	0.078	0.083
Eastern <sup>b</sup>	0.143	0.089	0.092	0.117	0.098
Russian Empire	0.161	0.149	0.197	0.196	0.157
Asia					
East	0.134	0.127	0.156	0.151	0.153
Southeast	0.162	0.198	0.184	0.122	0.117
India/SW	0.146	0.172	0.124	0.110	0.113
Middle East	0.143	0.201	0.195	0.183	0.261
Africa	0.125	0.204	0.149	0.176	0.213
Oceania	0.119	0.159	0.161	0.121	0.099
Other	0.208	0.231	0.247	—	0.364

Source: Authors' tabulations of microdata from the 1970, 1980, 1990, and 2010 One Percent Public Use Microdata Sample of the U.S. Census of Population and Housing and the 2000 American Community Survey.

<sup>a</sup>Excludes Warsaw Pact Countries plus the components of the former Yugoslavia.

<sup>b</sup>Includes former Warsaw Pact countries plus the components of the former Yugoslavia.

This suggests that the changing internal composition of the immigrant population is the likely driver of the immigrant poverty trends documented in figure 1.1.

To summarize the relative importance of changes in within-group poverty rates and changes in the internal composition of the U.S. resident population in driving national poverty trends, table 1.3 presents the results from various decompositions of the change in national poverty rates. The first set of results decomposes changes between various starting years and 2004, a relatively low-poverty year. The second decomposes changes from the same base years to 2009, in the midst of the Great Recession. For each interval, the entry in the first column shows the actual change in the national poverty rate. The second column shows the contribution of changing population shares to the poverty change (assuming that each group had constant poverty rates).<sup>2</sup> The third column presents the contribution of changes in the group-specific poverty rates between the base and end years.

Between 1970 and 2004, the overall poverty rate declined by roughly 1 percentage point. Behind this modest decline, changes in the composition of the population (defined by nativity, ethnicity, and country of origin) actually caused a 1.15 percentage point increase in poverty, which was offset by a decline in poverty rates for each group that averaged roughly 2.1 percentage points. Hence, the de-

TABLE 1.3 / Decomposition of Changes in National Poverty Rates

	National Poverty Rate	Population Shares	Group-Specific Poverty Rates
1970 to 2004	-0.94	1.15	-2.09
1980 to 2004	0.56	0.63	-0.07
1990 to 2004	-0.01	0.54	-0.56
2000 to 2004	0.90	-0.28	1.18
1970 to 2009	1.43	2.27	-0.84
1980 to 2009	2.94	1.70	1.24
1990 to 2009	2.36	1.61	0.75
2000 to 2009	3.28	0.84	2.44

Source: Authors' tabulations of microdata from the 1970, 1980, 1990, and 2010 One Percent Public Use Microdata Sample of the U.S. Census of Population and Housing and the 2000 and 2005 American Community Survey.

Notes: The decompositions above are calculated as follows. Let  $w_{it}$  be the proportion of the U.S. population at time  $t$  accounted for by group  $i$ , where the index  $i$  encompasses the native born and each of the country-of-origin groups listed in Tables 1.1 and 1.2. In addition, define  $poverty_{it}$  as the corresponding poverty rate for group  $i$  in year  $t$ . The national poverty rate for 1970 and 2004 can be expressed as a weighted sum of the group-specific poverty rates:

$$poverty_{1970} = \sum_{i=1}^I w_{i1970} poverty_{i1970}, \quad poverty_{2004} = \sum_{i=1}^I w_{i2004} poverty_{i2004}.$$

The change in poverty rates can be expressed by

$$\Delta Poverty = \sum_{i=1}^I w_{i2004} poverty_{i2004} - \sum_{i=1}^I w_{i1970} poverty_{i1970}.$$

Adding and subtracting the term  $\sum_{i=1}^I w_{i1970} poverty_{i2004}$  to equation (2) and factoring give the decomposition

$$\Delta Poverty = \sum_{i=1}^I (w_{i2004} - w_{i1970}) poverty_{i2004} + \sum_{i=1}^I w_{i1970} (poverty_{i2004} - poverty_{i1970}).$$

The first component on the right-hand side shows the contribution to the poverty change associated with the shift in population shares between 1970 and 2004. This component is reported in the second column of the table. The second component represents the contribution of changes in group-specific poverty rates between 1970 and 2004 holding the population shares constant at 1970 levels. This component is reported in the third column of the table.

composition suggests that if one were to roll back the demographic composition to 1970, the poverty rate in 2004 would have been an additional 1.15 percentage points lower. Relative to an overall poverty rate for 2004 of 13.8 percent, this suggests that eliminating the post-1970 wave of immigrants, and thereby stabilizing the various population groups' shares, would only reduce poverty by about 10 percent. The contributions of changes in the population composition using other base years are generally smaller, and between 2000 and 2004 are actually slightly negative.

Our decomposition results relative to 2009 show larger overall increases in poverty associated with the Great Recession, but again relatively small contributions

of population composition changes. This is most clearly evident in the decomposition between 2000 and 2009. In this interval, changes in population composition increased poverty by 0.84 percent. Increases in poverty rates for each of the groups associated with the Great Recession contributed a much larger 2.44 percentage points to the rise in the national poverty rate.

Overall these decomposition results suggest that immigration does contribute modestly to U.S. poverty rates through compositional effects. Nevertheless, most poverty in the United States is not explained by immigration trends. Of course, this conclusion rests on the assumption that immigration has no general equilibrium effects on native poverty rates, operating through labor market competition between new immigrants and existing residents. This is the fundamental issue Giovanni Peri addresses in chapter 2.

At first blush, the basic proposition prompting Peri's analysis is relatively simple. To the extent that competition with immigrants suppresses the wages of native workers, immigration will reduce household income. This in turn should increase the likelihood that the native born, especially less educated native-born workers with income levels in the neighborhood of the federal poverty line, will fall into official poverty. Reality, however, is not so simple.

To start, the effects of labor market competition with immigrants on wages depends on a number of factors and can be either positive or negative. The direction of these effects for a particular native skill group will depend on the degree to which employers can substitute immigrants of various skill levels for native workers as well as possible complementarity or substitutability that may exist between workers of different skill levels. For example, the effect of an influx of immigrants with less than a high school diploma on the wages of comparatively educated natives would be large if such workers are perfect substitutes in production. Alternatively, the effects of such an inflow on less-educated natives may be negligible if employers cannot substitute such workers for natives because of poor English-language ability among the foreign born. Moreover, the effect of such an inflow will depend as well on the degree to which workers with less than a high school education can be substituted for those with a diploma. To the extent that this is true, the labor market shock associated with a concentrated increase in foreign-born workers with little education will be dissipated across a larger native labor pool and thus result in smaller wage declines.

Aside from substitution possibilities, high-skilled immigration into the United States may actually increase the demand for the low-skilled labor of the native born at greatest risk of experiencing poverty. Specifically, to the extent that high-skilled immigrants are complements for low-skilled workers in production, or demand goods and services produced by low-skilled natives, such immigration may – all else being equal – actually alleviate poverty among natives. In general, the skill distribution of immigration is a key factor in the overall and distributional effects of immigration on the native wage distribution. Balanced immigration flows (in terms of skill) should have little impact on the native wage distribution, whereas immigration flows biased toward a specific skill group will have disproportionately adverse effects on natives with comparable skills.



Peri simulates the effects of net migration during the 1990s and 2000s on the native wage distribution using a structural model of the economy and assuming parameter values characterizing the degree of substitutability between different skills groups that spans the existing literature on the wage effects of immigration. He then uses the simulated wage effects to construct a counterfactual native household income distribution that reverses net migration over the past two decades. A comparison of poverty rates using this distribution to actual poverty rates provides a gauge of the effect of competition with immigrants on native poverty.

The principal findings from the analysis are as follows. First, Peri documents a new stylized fact regarding the skill content of migration flows over the past two decades. Migration during the 1990s was heavily biased toward low-skilled immigrants, but the relative skill level of immigrants rose from 2000 to 2009. This is evident in both national data as well as state-specific and MSA-specific tabulations.

Second, Peri's simulations show relatively modest effects of immigration on native wages, even using relatively extreme values for the substitution parameters that would tend to yield the largest adverse effects of immigration on native wages. In fact, his analysis suggests that new migration inflows from 2000 to 2009 likely increased the wages of low-skilled natives, holding all else equal. Finally, in nearly all his model simulations, the labor market competition effects of immigration on native poverty rates are negligibly small, and suggest that immigration reduced native poverty from 2000 to 2009. When compared with actual changes in poverty for vulnerable native groups over the two decades analyzed, the contributions of immigration to poverty (or detractions as may be the case) are minuscule. This is true nationally as well as for key immigration destination states and metropolitan areas.

Although new immigrant inflows have negligible effects on native poverty, new low-skilled migration does appear to suppress the wages of previous low-skilled migrants, and by extension to raise poverty rates among the overall foreign-born population. This suggests that even within well-defined skills groups, defined by age, gender, and education, immigrants tend to work in labor markets that are somewhat segmented from those of native workers.

In chapter 3, Ethan Lewis assesses the degree to which limited English-language ability separates the foreign born in the United States into relatively isolated segments of the labor market. Lewis begins with a review of the large body of empirical research on labor market competition between the native born and the foreign born that establishes two stylized facts. First, immigration to the United States has had a relatively small impact on the average wages of native born Americans. Second, the limited impact of competition with immigrants is due in part to imperfect substitutability between native and immigrant workers in the U.S. economy. The inability of employers to perfectly substitute foreign-born workers for native-born workers shields the native born from immigrant competition, limiting the effect of immigration on wages and by extension, poverty among the native born. On the other hand, employers are better able to substitute new immigrants for previous immigrants. Hence, labor market pressures from new immigrant flows disproportionately affects immigrants already in the United States.

Lewis sets out to assess whether English-language ability is the key factor driving the imperfect substitutability between immigrants and natives. The chapter begins by documenting the large disparities in average earnings for immigrants and natives with similar levels of educational attainment and work experience. Lewis demonstrates that these earnings differential are almost entirely attributable to self-reported differences in English-language ability.

Lewis then turns to an analysis of substitutability between immigrants and natives. The principal results of this chapter derive from estimating a relatively simple empirical relationship. To be specific, if immigrants and natives are imperfect substitutes for one another, then an increase in the relative supply of immigrants, as measured by the ratio of immigrant hours worked to native hours worked in a given metropolitan area, should negatively affect the relative wages of immigrants. This follows from the fact that an increase in immigrant supply will have a larger effect on the wages of immigrants than those of natives, thus suppressing immigrant relative wages. On the other hand, if immigrants and natives are perfectly substitutable, an increase in the relative supply of immigrants will suppress the wages of both natives and immigrants equally. Under this scenario, no empirical relationship between relative wages and relative labor supply would exist.

Lewis uses this insight to assess whether immigrants with stronger English-language ability are more substitutable for otherwise similar natives than their counterparts are. He tests this proposition using several alternative gauges of English ability. First, he estimates the effect of relative immigrant supply and relative immigrant earnings for different groups of immigrants based on self-reported language ability, exploiting cross-metropolitan area and cross-time period variation in relative supply. These results show decisively that relative wages are much more responsive to relative supplies among immigrants with poor English relative to immigrants with strong English-language ability. Lewis also finds greater sensitivity of relative wages among immigrants with higher levels of educational attainment. This is a reasonable result, as one would expect language ability to be particularly important in jobs requiring greater skill.

Second, Lewis tests for differential substitutability between natives and different subgroups of immigrants, based on their age of arrival and time in the United States. The basic insight here is that immigrants who arrive at younger ages speak better English, as do immigrants who have been in the country for relatively longer periods. The results are as one would expect. The degree of substitutability between natives and the foreign born is greater when natives are compared with those who arrived at younger ages and who have been in the country longer than with those who arrived at older ages and have only recently arrived.

Finally, Lewis tests for imperfect substitution in a national context where immigrants and natives differ little in their ability to speak the principal language. Specifically, exploiting variation in relative supplies across groups defined by educational attainment and experience, he tests whether immigrants to Puerto Rico (most of whom are from Spanish-speaking Latin America) and native-born Puerto

Ricans are imperfect substitutes. Here, Lewis finds no relationship between relative supplies and relative wages. In parallel regression results estimated for the United States, the imperfect substitutability between immigrants and native emerges.

Overall, this chapter addresses and partially resolves a long-standing puzzle in the immigration literature. A key source of imperfect substitutability between native and foreign-born residents of the United States is differences in language ability. This limits the impact of immigration on the wages and poverty rates of native-born residents. However, it also implies that previous immigrants are indeed harmed through economic competition with more recent immigrants.

The relatively intense labor market competition between old and new immigrants suggests that immigrants may be harmed by their geographic concentration in specific states and metropolitan areas. Moreover, within metropolitan areas, immigrants tend to locate in older neighborhoods with a high fraction of black and Hispanic residents—a pattern that tends to alter the social geography of residential patterns within cities and suburbs across the country. In chapter 4, Michael Stoll studies the degree to which the foreign born are residentially segregated in U.S. metropolitan areas, and investigates several possible ramifications of segregation for both immigrants and natives.

The chapter begins with an analysis of segregation patterns using recent data from the American Community Survey. Although immigrants as a whole are fairly segregated from native-born whites, heterogeneity across groups is significant, with Southeast Asian and Latin American immigrants showing particularly high levels of residential segregation. One interesting finding in this chapter concerns the pattern of cross-metropolitan area heterogeneity in the degree of immigrant segregation. In particular, immigrants who migrate to U.S. cities with historically high levels of segregation between native-born whites and blacks tend to be more segregated from whites than those who migrate to areas with historically low levels of black-white segregation. Stoll speculates that this pattern reflects cross-area differences in what he calls “segregation infrastructure,” referring to the collective effects of historical differences in land-use patterns, real estate practices, race relations, and other social and economic factors that have tended toward separating the spatial residential distributions of blacks and whites.

Building on this finding, Stoll explores whether greater immigrant segregation is associated with poor English-language skills among the foreign born, and whether any such association can be interpreted as a causal effect of segregation or simply self-selection of the linguistically isolated into ethnic enclaves. Indeed, the cross-metro area correlation is strong between the proportion of the foreign born with poor English skills and the degree of residential segregation between immigrants and whites. This relationship is particularly strong for Asian and Latin American immigrants and survives after controlling for observable metropolitan area physical and economic characteristics.

Moreover, Stoll presents evidence strongly suggesting a causal effect of segregation on linguistic isolation. Making use of the relationship between current immi-

grant-white segregation and historical measures of black-white segregation, Stoll estimates a series of IV models in which the key dependent variable is the proportion of immigrants with poor English skills, and the main explanatory variable is the dissimilarity segregation score between immigrants and native-born whites. The black-white dissimilarity score measured in 1990 (roughly a decade and a half before the period analyzed in this chapter) is used as an instrument for immigrant-native dissimilarity. The results from these models are nearly identical to the results from simple bivariate regressions.

In conjunction with Lewis's analysis in chapter 3, Stoll's research identifies a clear avenue through which spatial concentration may harm the labor market prospects of immigrants and isolate them from the broader national labor market. An alternative link between immigrants' locations and their labor market outcomes may arise through their choices of metropolitan areas. Although traditional destination cities offer new immigrants a denser social network and an instant community of compatriots, such destinations may have relatively poor labor market opportunities due to the intensified competition for jobs among linguistically isolated immigrant workers. New destination cities, by comparison, may offer superior employment opportunities at the expense of weaker social networks. In chapter 5, Mark Ellis, Richard Wright, and Matthew Townley analyze immigrants' location choices with an eye on the net contribution to immigrant poverty rates.

During the latter half of the twentieth century, most immigrants to the United States settled in a handful of metropolitan areas in California, Illinois, Florida, and the New York Consolidated Metropolitan Statistical Area (which includes parts of New Jersey and Connecticut). These traditional gateway cities remain important and still account for a disproportionate share of the nation's foreign born, but the array of geographic destinations has broadened. Over the past fifteen years, many areas that previously received few immigrants have become important destinations. These include smaller metropolitan areas as well as new areas of the country, such as the South.

An interesting empirical puzzle is that immigrants residing in these new destination cities earn higher wages and have lower poverty rates than their counterparts in traditional gateways. This pattern may reflect superior employment opportunities in these new destinations, selective in-migration of lower poverty immigrants, or some combination of both factors. Ellis, Wright, and Townley begin chapter 5 by documenting the large variation across metropolitan areas defined as either traditional-continuing gateway or emerging immigrant destinations in native and immigrant household poverty rates. They then go on to develop a decomposition method that allows them to distinguish what they call a "metropolitan context effect" from simple demographic composition effects. The metropolitan context effect essentially summarizes the net impact of the local economy on poverty among immigrants and natives, after taking account of the observable human capital and family structure characteristics of the local population. Comparing average metro-context effects across different metropolitan areas

makes it possible to discern whether newer destination cities provide better opportunities to immigrants than traditional gateways.

The authors then use the metropolitan area composition results to characterize the sources of variation in immigrant and native poverty rates across all metropolitan areas. To be specific, cross-area difference in poverty rates can come from either difference in demographics, difference in metro-context effects, or the covariance between these two sets of determinants. Decomposition results are provided for both immigrants and natives for 2000 and 2007–2009 periods.

The authors reach several interesting conclusions. First, evidence is clear of more favorable metro-context effects for immigrants in the emerging destinations metropolitan areas, as well as of unfavorable metro-context effects in the traditional gateway areas. The cross-metropolitan area variability in these effects, however, narrows with the onset of the Great Recession. Second, for both immigrants and natives, metro-context effects provide the greatest contribution to cross-area variance in poverty rates, dwarfing the effects of variability in demographic characteristics in both years analyzed. Finally, the sorting of immigrants with more positive demographic characteristics (that is, those associated with higher income and lower poverty) to cities with higher metro-context effects increased substantially over the decade of the 2000s. As a result, when the Great Recession hit, the immigrant populations in many low-wage cities were particularly vulnerable to the risk of rising poverty. For natives, we observe the opposite pattern.

Taken together, the four chapters in this section suggest that immigration has had relatively small impacts on native poverty. However, residential crowding in specific metropolitan areas, linguistic isolation which in turn is reinforced by residential concentrations, and disproportion concentration of immigrants in traditional gateway cities have all contributed to the relatively high poverty rates experienced by immigrants themselves.

A key long-term outcome of concern that may also be impacted by these factors is the relative socioeconomic status of the children from these immigrant communities. One can imagine several avenues through which a dense social network of co-ethnics and pan-ethnics can serve to propel or retard socioeconomic mobility across generations. This is precisely the subject of the following three chapters.

## INTERGENERATIONAL MOBILITY WITHIN IMMIGRANT COMMUNITIES

The long-term consequences of higher immigration for U.S. poverty levels depend on the degree to which immigrants rise out of poverty with time in the United States, and the likelihood that the children of immigrants experience poverty in adulthood. Regarding the relationship between poverty and time in the United States, the evidence in table 1.4 shows that poverty among immigrants tends to fall with time in the United States. The table presents poverty rates for specific immigrant arrival cohorts at different points in time—for example, the poverty rate for

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TABLE 1.4 / Immigrant Poverty Rates by Census and Arrival Years

Year of first arrival	Census Year				
	1970	1980	1990	2000	2009
A: All immigrants					
1965–1970	0.180	0.123	0.108	0.103	0.103
1975–1980	—	0.279	0.163	0.131	0.126
1985–1990	—	—	0.303	0.179	0.158
1995–2000	—	—	—	0.278	0.166
2005–2009	—	—	—	—	0.280
B: Immigrants age 18 to 34 in census year immediately following arrival					
1965–1970	0.168	0.104	0.095	0.095	0.098
1975–1980	—	0.270	0.148	0.120	0.111
1985–1990	—	—	0.296	0.175	0.147
1995–2000	—	—	—	0.285	0.216
2005–2009	—	—	—	—	0.295
C: Natives age 18–34 in reference year					
1970	0.107	0.083	0.072	0.074	0.081
1980	—	0.114	0.089	0.071	0.094
1990	—	—	0.134	0.085	0.102
2000	—	—	—	0.138	0.121
2009	—	—	—	—	0.188

Source: Authors' tabulations of microdata from the 1970, 1980, 1990, and 2010 One Percent Public Use Microdata Sample of the U.S. Census of Population and Housing and the 2000 American Community Survey.

immigrants who arrived between 1965 and 1970 in the 1970, 1980, 1990, and 2000 censuses and the 2010 American Community Survey (ACS).<sup>3</sup> The data in the first panel pertain to all immigrants, in the second panel to those between eighteen and thirty-four in the survey year closest to their arrival date, and in the third panel to natives roughly the same age as the various younger arrival cohorts.

Table 1.4 reveals three notable patterns. First, immigrant poverty rates decline sharply within arrival cohorts across census years, greatly narrowing the poverty gaps between immigrants and comparably aged natives.<sup>4</sup> Second, the poverty rates of the newest arrivals are much higher today than in the past (for example, the most recent arrivals in the 1970 census had an 18 percent poverty rate, versus 28 percent in the 2010 census). This of course is consistent with the changing composition of immigrants documented in table 1.1. Third, even for the relatively recent arrival cohorts that start in the United States with historically high poverty rates, we observe large declines in poverty with time in the United States and convergence toward the lower poverty rates of natives from comparable birth cohorts.

Table 1.5 presents comparable tabulations for immigrants from specific national-origin groups. For Central American, South American, East Asian, and Southeast

TABLE 1.5 / Immigrant Poverty Rates by Region of Origin

Year of first arrival	Census Year				
	1970	1980	1990	2000	2009
A: Mexico					
1965–1970	0.292	0.209	0.222	0.163	0.151
1975–1980	—	0.298	0.272	0.264	0.178
1985–1990	—	—	0.350	0.264	0.231
1995–2000	—	—	—	0.325	0.336
2005–2010	—	—	—	—	0.362
B: Central America					
1965–1970	0.220	0.147	0.094	0.125	0.140
1975–1980	—	0.303	0.161	0.126	0.114
1985–1990	—	—	0.303	0.193	0.162
1995–2000	—	—	—	0.267	0.231
2005–2010	—	—	—	—	0.299
C: South America					
1965–1970	0.200	0.089	0.087	0.073	0.086
1975–1980	—	0.259	0.112	0.098	0.103
1985–1990	—	—	0.223	0.103	0.109
1995–2000	—	—	—	0.257	0.138
2005–2010	—	—	—	—	0.182
D: East Asia					
1965–1970	0.213	0.046	0.048	0.057	0.123
1975–1980	—	0.229	0.054	0.057	0.136
1985–1990	—	—	0.317	0.098	0.183
1995–2000	—	—	—	0.357	0.149
2005–2010	—	—	—	—	0.234
E: Southeast Asia					
1965–1970	0.157	0.037	0.024	0.056	0.070
1975–1980	—	0.284	0.078	0.075	0.102
1985–1990	—	—	0.264	0.106	0.108
1995–2000	—	—	—	0.215	0.119
2005–2010	—	—	—	—	0.302

*Source:* Authors' tabulations of microdata from the 1970, 1980, 1990, and 2010 One Percent Public Use Microdata Sample of the U.S. Census of Population and Housing and the 2000 American Community Survey.

Asian immigrants, we see patterns that are comparable to those for immigrants overall. Poverty drops sharply with time in the United States, even among the most recent arrivals who experience very high poverty rates upon arrival. The table does reveal a slower decline in poverty rates among Mexican immigrants, especially in the most recent decades. This may be driven in part by the high proportion unauthorized within the Mexican immigrant population.

The poverty rates of the offspring of immigrant families depend on the degree

of intergenerational socioeconomic mobility experienced within immigrant communities, the chief determinant of which is the level of formal educational attainment among the children of immigrant households. In chapter 6, Renee Reichl Luthra and Roger Waldinger provide an empirical analysis of intergenerational mobility among the offspring of immigrants in Los Angeles. Analyzing data from the Immigration and Intergenerational Mobility in Metropolitan Los Angeles (IIM-MLA) Survey as well as data from various years of the March Current Population Survey, the authors document several stark patterns in educational and occupational mobility. First, in both the analysis of national data that compares members of given ethnic groups according to the first, 1.5, and second generation as well as the analysis of Los Angeles data that compares the outcomes for young 1.5- and second-generation adults with those of their parents, the authors find remarkable levels of mobility for all groups. It is true that the children of immigrants from groups with higher average education ultimately surpass other immigrant children, but at the same time the children of the least-educated immigrants also surpass their parents in both education and occupational status.

Second, the authors document large differences across groups in the degree to which parental advantage or disadvantage transfers from parent to child. The children of some ethnic groups perform uniformly better regardless of parental education or socioeconomic status. In particular, the children in Vietnamese, Korean, Chinese, and Salvadoran households exhibit fairly high levels of educational attainment and weak correlation between ultimate educational attainment and that of their parents. Intergenerational correlation in educational attainment within Mexican immigrant households is also remarkably low, indicative of a fair degree of intergenerational mobility in this group. For Mexicans, however, the low levels of average parental educational attainment often means that substantial intergenerational mobility coexists with relatively inferior within-generation education for Mexican youth relative to others.

Finally, the authors' results hints at a relatively novel pattern that is generally under-researched in the social science literature on economic assimilation. In particular, they characterize the degree to which immigrants from specific countries are positively selected along observable measures of human capital relative to their nonimmigrant co-nationals. In nearly all cases, immigrants are positively selected from their national-origin distributions in terms of educational attainment. One might argue that this is likely to carry over into other domains, such as motivation and entrepreneurial ability. More important for the question at hand, the degree to which immigrants are positively selected shows a fair degree of heterogeneity. For example, the degree of positive selection is particularly high among Asian immigrants and immigrants from the Caribbean and somewhat lower among Mexican immigrants. The intergenerational analysis suggests that the base level of second-generation educational attainment (the average component that appears to occur regardless of parental characteristics) is higher the more positively selected the immigrant group. Some evidence indicates that the intergenerational correlation in education and occupational status may be weaker among more positively immigrant groups.



In chapter 7, Jennifer Lee and Min Zhou present an in-depth qualitative analysis of social mobility pathways among 1.5- and second-generation Mexican, Chinese, and Vietnamese immigrants in the Los Angeles area that supplements and enriches the statistical analyses in chapter 6. Drawing on personal interviews with 140 study participants from the IIMMLA survey, Lee and Zhou shine a light on the role of inter-ethnic variation in culture in explaining differences in relative and absolute social mobility. From the outset, the authors establish the tremendous intergenerational mobility observed for the children of immigrants in all three ethnic groups, with even the least-educated study participants (those of Mexican descent) achieving levels of educational attainment and other markers of social mobility that far exceed those of their immigrant parents. However, the authors also establish sharp differences between the educational attainment of the adult children of Mexican immigrants relative to those of Vietnamese and Chinese immigrants. Through their qualitative interviews, the authors seek explanations for these disparities.

Lee and Zhou use the concept of *social frames* to explore the life courses of their study subjects. Defining a frame as a “way of understanding how the world works,” the authors seek to understand systematic variation across ethnic groups in the frames within which decisions regarding education are made. Moreover, the authors shed light on how variation in the social resources available through co-ethnics and pan-ethnics reinforce differences in these frames and ultimately play a hand in determining educational attainment and social mobility.

The results of the interviews reveal sharp differences in frames, social networks, and ultimately outcomes. Among Vietnamese and Chinese immigrant families and their larger communities, graduation from high school with high marks is taken as given and college attendance is seen as an obligation. Several respondents echo the sentiment that the grade scale by which these individuals were judged as children is best described by “A is for average, and B is an Asian fail.” Even those whose parents have little formal schooling were expected to excel academically.

Most important to their story is the reinforcing role of co-ethnics in bolstering and strengthening this particular frame. High average socioeconomic status, or at a minimum substantial numbers having the highest levels of formal education, expose young members of an ethnic group to role models and provide information about the keys to conventional success. Moreover, sharing information about which schools perform the best and how to ensure one’s children are enrolled in Advanced Placement courses, along with a willingness to invest in supplemental educational services during summers and over the course of the school year, also reinforce and solidify the cultural ethic of academic achievement. The authors note that although performing well in school is sometimes derisively characterized as “acting white” by underrepresented minority youth, this particular frame carries no resonance among Chinese and Vietnamese youth in Los Angeles.

The frame revealed through the interviews with Mexican study participants is markedly different. High school graduation and minimal levels of postsecondary education are often seen as substantial achievements, given that such outcomes

often exceed those of the parents. Parents see little distinction between colleges, and in some instances are not familiar with or do not understand the practice of moving from home to attend university. This difference in the framing of formal education appears to create particular barriers for young Mexican women, where cultural values regarding the living arrangements of unmarried daughters come into sharp conflict with relocation to further education.

Another sharp contrast concerns the availability of role models and the over-reliance on resources provided through public institutions (in particular, school guidance counselors) in charting out educational paths. Given the low level of education among Mexican immigrant parents and the low variance in education among co-ethnics, several participants found the concept of role models from within their community (as the concept pertains to education) to be an almost novel idea.

In chapter 8, Roberto Gonzales explores one barrier to socioeconomic mobility for a constrained set of 1.5-generation immigrants. He provides a qualitative analysis of the educational and post-education work experiences of 1.5-generation undocumented young adults in the Los Angeles area. An estimated 2.1 million unauthorized immigrants in the United States entered the country as children and attended U.S. public schools, have little or no experience with their country of birth, and are for all intents and purposes American youth. Their legal immigration status, however, is a substantial barrier to social mobility. Although all children have the right to K-12 education regardless of immigration status, access to higher education (including admission criteria as well as eligibility for financial aid and in-state tuition) varies from state to state. Furthermore, undocumented immigrants are categorically ineligible for federal student financial aid.

Perhaps most ominous is the lack of legal authorization to work. Jobs in the formal sector in the United States technically require proof of identity and legal authorization to work. Moreover, employers are increasingly checking the work eligibility of potential hires through the federal E-Verify system (the subject of chapter 10). Young undocumented immigrants clearly incorporate these limitations into their choices regarding whether to continue formal education at key junctures, in particular, whether to drop out of high school or to continue into higher education. In addition, undocumented youth who achieve bachelor's degrees and beyond often find that the available employment opportunities after graduation are painfully similar to those what would have been available had they dropped out of high school or not gone to college.

Gonzales describes the results of four years of fieldwork interviewing and documenting the lives of undocumented youth in the Los Angeles area. He presents separate narratives for youth who go on to postsecondary education and those who drop out of high school or stop at high school graduation. The analysis reveals some key differences between youth who continue onto college or leave early with those who continue attending smaller high schools and receiving considerably more attention from teachers and guidance counselors. Regardless, most youth ultimately find themselves working in very low-wage informal sector jobs, where there is no discernible return to formal education.

Collectively, the three chapters in this section provide reasons for optimism yet point to particular challenges for Latino youth. The chapters document substantial intergenerational mobility, especially for youth with the least educated parents. Culture certainly plays a role in generating inter-ethnic differences in average adult socioeconomic status among the children of immigrant households. However, even among Latino households with limited parental education, most children complete high school and many pursue postsecondary education. The chapters do reveal the importance of public institutions in furthering social mobility among such households: guidance counselors and teachers who go above and beyond the call of duty substituting for community social capital, for example, within the Chinese and Vietnamese communities. Most ominous are the prospects for unauthorized 1.5-generation immigrants trapped by their legal status.

## **PUBLIC POLICY AND POVERTY AMONG THE FOREIGN BORN**

The material welfare and sense of security of immigrants in the United States depend on various domains of public policy. Just as the nation's policy choices have an impact on native well-being, policies governing redistribution, education, work eligibility, and legal status have an impact on the foreign born. Sometimes this occurs through eligibility standards applied to noncitizens. Sometimes it results from bodies of legislation targeted toward foreign-born noncitizens. These policy choices have an impact on immigrant poverty through employment, education, and benefits eligibility.

In chapter 9, Douglas Massey reviews U.S. immigration policy in the twentieth century with an eye on how this policy has affected Latinos. He argues that the various policy efforts to control undocumented immigration coupled with immigration reform intended to limit the eligibility of those with criminal convictions has effectively racialized U.S. Latinos, Mexican immigrants and Mexican Americans. Massey defines racialization as the "deliberate acts of psychological framing and social boundary definition undertaken to identify Latinos as a stigmatized out-group and to undermine their standing with respect to fundamental human attributes." He argues that policy choices driven by divisive politics catering to anti-immigrant sentiment are behind this racialization process and are creating a permanent underclass of U.S. residents with limited opportunities for social mobility and substandard civil rights.

The chapter documents the significant changes in the nature of immigration from Latin America over the twentieth century. At mid-century, most immigration involved temporary migration of Mexican men under the Bracero temporary worker program. The abrupt end of this program, coupled with the first imposition of numerical limits on annual immigration to the United States from Western Hemisphere countries, greatly shifted the composition of Latin American migrants. Under the Bracero program, most migrants to the United States were temporarily in the United States to perform agricultural work and were here le-

gally. By contrast, migration after the end of the program was disproportionately unauthorized migrants. Moreover, the various efforts to strengthen security at the border greatly reduced the cyclical nature of Mexican migration, and in recent years also affected migration from Central American countries such as Guatemala, El Salvador, and Honduras. Undocumented migrants who manage to cross the increasingly militarized border without being apprehended have become reluctant to return home, given the enhanced difficulties and costs of border crossings. Hence, since the mid-1990s, the country has experienced a large increase in the size of the undocumented population with many settling away from the border states and settling into a more permanent existence in the United States.

To be sure, for most undocumented immigrants this permanent existence involves low-paying informal employment, the inability to engage in the most mundane activities legally (for example, driving), and not being able to engage the authorities when needed. Perhaps most distressing is the plight of the undocumented who arrive as children and are thus not able to fully participate in American society.

One sign of the drastic and punitive policy shift toward undocumented immigrants is the rise in state legislative activity intended to limit their work opportunities and, in general, make life as difficult as possible for them. The last few years have witnessed a turning point in the traditional relationship between federal and state governments when it comes to immigration policy. Although immigration policy is generally a federal responsibility, many states have now passed legislation intended to deter undocumented immigrants from settling within state borders. Arizona is at the forefront of this wave of legislation, having passed some of the most punitive and stringent state laws intended to limit the employment opportunities of undocumented workers and increase the ability of local police to find undocumented immigrants and turn them over to federal authorities.

In chapter 10, Sarah Bohn and Magnus Lofstrom evaluate the impacts of Arizona's legislative effort to prohibit unauthorized immigrants from finding employment. The authors focus on the effects of legislation on the employment outcomes of the unauthorized as well as on the employment outcomes of authorized workers most likely to compete in the labor market with undocumented immigrants. In 2007, Arizona passed the Legal Arizona Workers Act (LAWA), a law that mandated all employers to use the federal E-Verify system to establish the identity and work eligibility of all new hires beginning on January 1, 2008.

Because the E-Verify system queries social security records and immigration records maintained by the Department of Homeland Security, the new information verification requirement most certainly makes it more difficult for undocumented immigrants to find formal employment in Arizona.

Chapter 10 hypothesizes that LAWA should reduce demand for truly unauthorized workers and perhaps for authorized workers that may be easily misidentified as unauthorized (for example, naturalized Hispanics, or native-born Hispanics who speak accented English). Moreover, standard theory of labor demand sug-

gests that an increase in the price of competing input may increase labor demand for other inputs via factor substitution.<sup>5</sup> In other words, a LAWA-induced decline in demand for unauthorized labor may increase demand for legal workers who are close substitutes in production for undocumented immigrants. To be sure, some employers may still be willing to risk hiring undocumented workers. Moreover, undocumented workers always have the option of seeking employment in the informal labor market, where the E-Verify mandate as well as other regulations governing labor exchange are likely to be ignored.

Employing the synthetic comparison method to generate a comparison group against which Arizona can be compared, the authors document several facts. First, the proportion of relatively less-educated noncitizen Hispanics employed in wage and salary jobs drops notably with the implementation of LAWA. The decline exceeds the trend for the comparison group, and is statistically significant. Second, there is no comparable decline in wage and salary employment among comparable naturalized Hispanic men, native-born Hispanic men, or native-born non-Hispanic white men. Taken together, these findings suggest that the reduction in demand in the wage and salary sector for unauthorized immigrants had little beneficial effect for less-skilled naturalized and native-born workers.

Aside from the decline in wage and salary employment, Bohn and Lofstrom also document a sizable increase (on the order of 8 percentage points) in the proportion of likely unauthorized workers self-identifying as self-employed. This change is larger than the trend observed in comparison states, is statistically significant, and is not observed for other groups of workers in Arizona. The authors interpret this finding as evidence of a shift into the informal labor market, and muster evidence that self-employment for less-educated Hispanic immigrants generally means lower earnings, a much lower probability of having health insurance and other benefits, and a discretely higher probability of having an income level below the federal poverty line. The authors speculate what these results mean for a national implementation of an E-Verify mandate, a policy choice now being debated in the U.S. Congress. Earlier research documents a sizable decline in the immigrant population of Arizona in response to LAWA, suggesting that the labor market impacts were dulled to a degree by out-migration and new migrants choosing alternative states. Such interstate migration would not be a viable option should the mandate be implemented nationwide, and thus the effects on wage and salary and informal employment are likely to be larger.

In chapter 11, Marianne Bitler and Hilary Hoynes analyze the role of the U.S. social safety net in reducing poverty among the nation's noncitizen foreign-born residents. The chapter begins with a comprehensive overview of the web of federal programs designed to mitigate negative income shocks and to more generally assure a universal minimum level of material well-being. The authors outline the eligibility criteria for major cash assistance programs, such as the Temporary Assistance to Needy Families (TANF), Supplemental Security Income (SSI), and the Earned Income Tax Credit program (EITC), as well as in-kind anti-poverty programs such as Food Stamps, school-based nutritional assistance programs, and

subsidized health care programs for low-income children and adults, paying particular attention to eligibility criteria as they pertain to the foreign born. The 1990s were critical years of reform for these antipoverty programs. In addition to substantial expansions in the EITC and the introduction of public health benefits for near-poor children under the State Children's Health Insurance Program (SCHIP), cash assistance programs were fundamentally altered towards time-limited transitional assistance, with a heavy emphasis on work among recipients. While these reforms affected all households regardless of nativity, welfare reform had particularly transformative effects for immigrants.

Specifically, eligibility for several programs including cash assistance as well as Food Stamps was curtailed for legal permanent residents, with a new eligibility dividing line between those who arrived before welfare reform (that is, prior to 1996) and those who arrived after. In addition, for several programs (Food Stamps in particular) the federal government permitted states to reinstate immigrant eligibility at the state's expense. Notably, this is the first instance of state involvement in immigration policy, establishing a set of precedents that may become increasingly important in the future. Chapter 11 documents these changes in immigrant eligibility, the subsequent federal legislation that partially restored immigrant eligibility for certain groups of the foreign born and certain programs, as well state-by-state difference in program eligibility for antipoverty benefits for which states are afforded discretion by the federal government.

Chapter 11 goes on to contrast the trends in program participation among households with children headed by natives and by immigrants for the period from 1994 through 2009. These trends reveal several interesting patterns. First, when immigrants households are compared to like native households (in particular, households with pre-tax and transfer income below 200 percent of the poverty line), immigrant households are generally less likely to participate in programs than native households. This holds in most instances, though school-based nutritional programs provide a notable exception. Second, comparing program participation rates before welfare reform to those in recent years, the authors document sizable and statistically significant declines in program participation for foreign-born households relative to native households. Such relative declines are consistent with changes in eligibility criteria or a more general "chilling effect" of welfare reform on immigrant program participation.

Chapter 11 also explores whether immigrant children are more vulnerable to economic downturns relative to the children of the native born. Given the limited eligibility of immigrant households for various public safety net programs and the fact that labor earnings constitute a greater share of household income among the foreign-born poor, one might expect childhood poverty among immigrants to be particularly sensitive to the state of the economy. Chapter 11 shows that indeed a 1-percentage point increase in the unemployment rate during the Great Recession had a larger impact on childhood poverty among immigrant households than among native households. Most interestingly, this difference is largest when the authors analyze a new poverty measure that accounts for the implicit value of cash

assistance and in-kind goods and services transferred through public assistance programs. In other words, although the safety net dampens the effect of unemployment on native child poverty rates, it is less effective at achieving the same result for children in immigrant-headed households.

In chapter 12, Cybelle Fox, Irene Bloemraad, and Christel Kesler investigate whether the nation has drifted toward less generous redistributive policies through taxes and transfer programs because of the increase in the proportion immigrant among the U.S. resident population. The authors hypothesize three possible causal channels. First, the fact that noncitizen immigrants cannot vote means that a sizable minority of adult U.S. residents is effectively disenfranchised. To the extent that policy preferences towards redistributive social policy differ among noncitizen adults relative to adult citizens, that the disenfranchised would exercise their voting rights if they were given the franchise, and that noncitizen are numerically important enough to shift electoral outcomes, such disenfranchisement might affect the degree of redistribution occurring through the state. The chapter presents evidence from California that indeed shows stronger preferences for redistributive social policy among noncitizen adults relative to the naturalized and to the native born. Some simple back of the envelope calculations for California (an admitted outlier given its high proportion of foreign-born residents) suggests that extending the franchise to immigrants may alter the balance of power over redistributive policy decisions using direct-democracy through the state's initiative process.

Second, the chapter hypothesizes that natives may simply feel threatened – for social, economic, cultural, or political reasons – by the increasing presence of the foreign born. Given the difference in income and human capital and that immigrants would be disproportionately represented among the beneficiaries of redistributive programs, such “group threat” may diminish support for redistribution among the nation's dominant groups. Such an argument is often implicit in worries over backlash against immigrants.

Finally, the chapter hypothesizes that immigration may increase the degree to which U.S. society has become fractionalized. To the extent that diversity – racial, ethnic, and otherwise – diminishes the sense of a common identity, general support for redistributive policy may in turn be diminished.

The chapter tests these three possible connections between a higher proportion of foreign-born residents and trends in state redistributive activity. Using state-level panel data, the chapter estimates a series of models in which the dependent variables are various gauges of redistributive activity measured at the state-year level (transfers per capita, state-determined AFDC/TANF benefit levels, a measure of benefit generosity pertaining specifically to immigrants). Support is mixed for the noncitizen disenfranchisement and group-threat hypotheses. However, evidence is fairly consistent that the more fractionalized a state's population, the less the state engages in redistributive social policy. This is particularly so in regard to race. The chapter reveals robust evidence of a negative impact of the proportion of black residents on the extent of redistributive policy within the

state. Evidence in this regard is weaker with respect to the proportion of Asian and Latino residents.

## IMMIGRANTS IN EUROPE

The primary focus of this volume is on immigration and poverty in the United States. Increasingly, however, immigration is a concern in other developed countries, including the those of Europe, which have experienced unprecedented increases in immigrant inflows over the past two decades. Many European immigrants are from Africa—a pattern of south to north migration that is similar to the flow from Latin America to the United States. However, specific historic events have also led to increased migration to western Europe since World War II. Of course, all of this occurs against an institutional backdrop that differs markedly from that of the United States.

In chapter 13, Christian Dustmann and Tommaso Frattini provide an overview of the recent experiences of the foreign born in western European countries, provide a historical accounting of postwar migration throughout western Europe, and a thorough characterization of the relative socioeconomic status of international migrants from other European Union (EU) countries as well as migrants from non-EU nations. The historical overview details the major events driving population movements between European countries and from outside of Europe. In contrast to the United States, where economically motivated migration accounts for the lion's share of the foreign-born resident population, major contributing factors to the foreign-born population in Europe are often driven by political developments and institutional reform. For example, several European nations—including the United Kingdom, France, Spain, Portugal, and the Netherlands—experienced large in-migrations from former colonies, sometimes as a result of political turmoil leading up to and through formal independence. Countries such as Germany received economic migrants brought in to relieve labor shortages during the period of rapid growth in the 1960s. Other major internal migratory flows were unleashed by the fall of the Berlin wall, the collapse of the Soviet Union and the subsequent civil conflicts, as well as by the expansion of the European Union and the attendant granting of migration rights to new members.

The chapter distinguishes between the outcomes of immigrants from other EU nations, and the outcomes of non-EU immigrants. The authors document sizable differences in educational attainment between the foreign and native born in most nations, with immigrants generally considerably less educated than the native born, though there are some exceptions. Interestingly, both immigrants from other EU countries and those from non-EU countries have relatively low levels of education, though the difference are considerably larger for non-EU immigrants. The relative disadvantage of the foreign born is generally observed in other domains. The foreign born are occupationally segregated from the native born, in lower-paying, less prestigious occupational categories. They are also considerably less likely to be employed and considerably more likely to have earnings in the lower



deciles of the earnings distribution of the host country. This is an interesting contrast with the United States. Although relatively less-educated immigrants in the United States certainly earn less than natives, employment rates among the foreign are quite high, especially when compared with natives with similar levels of education and work experience.

Chapter 12 also characterizes the relative well-being of children in immigrant-headed households. The higher fertility rate among the foreign born who live in western European countries translates into a higher proportional representation of children from immigrant households among all children than the comparable proportions among adults. Given the relatively poorer labor market outcomes for adult immigrants, it is not surprising that the children of immigrants are more likely to live in low-income households.

One of the most interesting findings documented in chapter 12 is that the relative disadvantage of the foreign born in Europe cannot be explained by observable difference in education, gender, and age. The lower employment rates of the foreign born, occupational segregation in less prestigious jobs, and lower position in the earnings distribution are observed both in unconditional comparisons of means as well as in regression-adjusted estimates that hold constant the effect of observable covariates. This may be determined in part by institutional rigidities within European labor markets and noncompetitive processes that ration employment opportunities along nonmeritocratic dimensions. The chapter presents some evidence that national economies with longer immigration histories tend to do a better job of integrating immigrants into the national economy. Moreover, some evidence also indicates that immigrants are occupationally segregated in economies with greater institutional rigidity, although there is no apparent connection to immigrants' relative employment.

## SUMMARY

With the resurgence of immigration since the 1960s, issues of poverty and inequality are increasingly associated with nativity. Today about one-sixth of the U.S. population who are classified as poor were foreign born. Most of the traditional antipoverty programs and many other state and federal regulations now make explicit distinctions between immigrants and natives. Moreover, the intergenerational dynamics of the low-income population are more and more linked to the socioeconomic status of immigrants and their children.

The chapters in this book offer a multifaceted perspective on the linkages between immigration, socioeconomic inequality, and poverty, and provide answers to some of the key questions in the area. Given the increasing importance of immigrants and their children in the United States, we expect that nativity will become an increasingly salient dimension of coming policy debates about poverty, inequality, and program reforms. These chapters provide a wealth of ideas and hypotheses that we predict will influence the field for decades to come.

## NOTES

1. The figures in the table use data from the 1970, 1980, 1990, and 2000 One Percent Public Use Microdata Samples of the U.S. Census of Population and Housing and 2010 American Community Survey. We restrict the sample to the noninstitutionalized resident population.
2. Note this also accounts for changes in the internal composition of the native-born population across the following race-ethnicity categories: non-Hispanic white, non-Hispanic black, non-Hispanic Asian, non-Hispanic other, and Hispanic. Hence, any impact on poverty operating through an effect on the internal composition of the native born is accounted for in these decompositions.
3. ACS data pertain to the calendar year prior. The 2010 ACS is therefore used to measure descriptive statistics for calendar year 2009.
4. Of course, this decline could be due to changing composition of arrival cohorts across census years. For example, if those most likely to be in poverty are more likely to return to their country of origin between census years, we would see a decline in poverty rates over time. Because we are presenting estimates for synthetic rather than actual cohorts, we cannot rule this out.
5. Of course, the negative scale effect on labor demand will temper the positive effects of factor substitution, and in some instances, may dominate leading to negative effects on labor demand for some authorized labor.