



PCERII Funded Research

FINAL Report

Second Generation Immigrant Assimilation in the Labour Market

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Abstract

Economists have not extensively studied the assimilation of second generation immigrants, but arguably, the performance of the second generation may be taken as the ultimate measure of success economic assimilation in “the long run”. Early sociological work can be characterized as “straight-line” assimilation, not that assimilation proceeds linearly across generations, but only that it proceeds monotonically. That is, the second generation is more successful than the first, and the third generation (the grandchildren of immigrants) is more successful still. The rival overachievement model also maintains the latter’s generally optimistic tenor. According to this alternative, the second generation will be more successful than either the first or the third generation. Unlike the first generation, it will not suffer from a lack of host-country-specific human capital, and unlike the third generation, it will benefit from the immigrant experience and high motivation of its parents.

Recent research has attacked the straight-line and overachievement hypotheses, stressing differences in assimilation paths among ethnic groups. Thus it is conceivable that some immigrants groups could take a generation or more to “settle”. The time frame for integration can be expected to vary for the second generation as well as the first generation. The vast majority of empirical studies use American data. Our project examined the assimilation experience of Canadians by investigating the second wave of SLID (Survey of Labour Income and Dynamics). This wave has special questions which allow the identification of second generation Canadians as well as portraying their detailed labour market performance.

Executive Summary: Second Generation Immigrant Assimilation in the Labour Market

Economists have not extensively studied the assimilation of second generation immigrants, but arguably, the performance of the second generation may be taken as the ultimate measure of success economic assimilation in “the long run”. Early sociological work can be characterized as “straight-line” assimilation, not that assimilation proceeds linearly across generations, but only that it proceeds monotonically. That is, the second generation is more successful than the first, and the third generation (the grandchildren of immigrants) is more successful still. The rival overachievement model also maintains the latter’s generally optimistic tenor. According to this alternative, the second generation will be more successful than either the first or the third generation. Unlike the first generation, it will not suffer from a lack of host-country-specific human capital, and unlike the third generation, it will benefit from the immigrant experience and high motivation of its parents.

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We develop a general model of the earnings of different generations that emphasizes both observable components, including ethnic fixed effects, and unobservable group differences, such as motivation. We estimate this model and its components—schooling, wages, and labour supply—for recent data which distinguishes immigrants, the second generation, and other native born Canadians for the first time. Our results suggest that the legacy of immigration is concentrated in the greater educational attainment of the second generation. Men and women of the second generation attend school about one year longer than other Canadians, other factors considered, which raises their wages and earnings permanently between 4 and 7%. Men and women with only one immigrant parent do better than other Canadians but not as well as those with two immigrant parents. These results are robust to specification and to adjustment for selection bias. Ethnic effects are significant in explaining schooling, but do not affect the estimated advantage of the second generation. Studies which focus on wages, earnings or labour supply and ignore schooling will miss an important legacy of provided by immigrant families.

Final Research Report

Statement of the Problem

Economists have spent relatively little effort studying the so-called second generation immigrants. Here sociologists have done more. Most early sociological work can be classified as “straight-line” assimilation theory. Despite the name, the core of straight-line theory is not that assimilation proceeds linearly across generations, but only that it proceeds monotonically. That is, the second generation is more successful than the first, the third generation (the grandchildren of immigrants) is more successful still, and so on. The overachievement model provides an alternative to straight-line theory that nonetheless maintains the latter’s generally optimistic tenor. According to the overachievement model, the second generation will be more successful than either the first or the third generation. Unlike the first generation, it will not suffer from a lack of host-country-specific human capital, and unlike the third generation, it will benefit from the immigrant experience and high motivation of its parents.

Purpose of the Project

Recent work (Gans 1992), has attacked the straight-line and overachievement hypotheses as too simple, stressing the differences in assimilation paths among ethnic groups, even in the long run. Consequently, this work is often collectively referred to as segmented assimilation theory. The vast majority of empirical studies use American data and caution is required in extending their results to Canada, since the two countries differ in the ethnic composition of immigrants and in the institutional setting greeting new arrivals. Our project examined the assimilation experience of Canadians by investigating the second wave of SLID (Survey of Labour Income and Dynamics) and concentrate on their performance in the labour market, and not other outcomes such as scholastic attainment or life satisfaction.

Data Analysis and Methodology

Many of the sociologists studying second generation immigrants have relied on case studies. Isajiw, Sev’er and Driedger (1993) is one of the few studies to examine second generation outcomes in Canada. Samples of four ethnic groups (Germans, Ukrainians, Italians and Jews) are drawn from a 1979 survey of the metropolitan Toronto area. The samples are restricted to individuals aged 18-64 who were in the labour force or in school. Isajiw, Sev’er and Driedger find significant differences in mobility between ethnic groups, and apparent support for segmented assimilation. But again the evidence is more apparent than real, since it is the relatively disadvantaged groups who experience the most mobility—suggesting an ethnic convergence effect rather than segmentation. Thus one of the few pieces of Canadian evidence supports straight-line assimilation, although that conclusion may be limited to one city and four ethnic groups.

Boyd and Grieco (1998) is probably the most comprehensive Canadian article on immigrant generations, since unlike Isajiw, Sev'er and Driedger (1993), it considers the entire immigrant population of Canada. Boyd and Grieco draw separate samples of women and men aged 25-64 from the 1994 Canadian General Social Survey; full-time residents of institutions and individuals who had a single parent at age 15 are excluded. Like Jensen and Chitose (1997), Boyd and Grieco find that not all second generation immigrants are alike. A comparison of raw means supports a model of second generation overachievement for individuals with two foreign-born parents but not for those with one. Second generation immigrants with two foreign-born parents had more years of education and higher occupational status scores than the third generation. They also had higher levels of educational and occupational mobility (defined as in Isajiw, Sev'er and Driedger, 1993). While second generation immigrants with one foreign-born parent tended to have higher levels of education and occupation than the third generation, their mobility was often lower. Boyd and Grieco conclude that while Canadians with two foreign-born parents experience overachievement, Canadians with only one parent born abroad largely resemble the third generation. However, most of the individuals with one foreign-born parent in the 1994 GSS had Anglo origins, so this resemblance may dissolve as the composition of Canada's immigrant population changes.

As mentioned, there are few credible economic studies of second generation immigration assimilation in the labour market employing Canadian data. Past Studies by economists employing non-Canadian data sources include: Chiswick (1977), Carliner (1980), Chiswick and Miller (1985), Kossoudji (1989); Borjas (1993, 1994) and Maani (1994).

Relevance of the Study

Taken as a whole, the literature on second generation immigrant economic assimilation is an unenlightening mess. Almost every conceivable hypothesis receives some support. And if the cacaphony of conflicting messages were not enough, we have an independent reason to be skeptical of research on the second generation: almost all of it uses a single cross-section of data. As Borjas (1993) demonstrates, this method assumes that the generations' relative positions are invariant with respect to time. As a consequence, it can deliver seriously misleading results. Borjas is the only author to go beyond simple cross-sectional techniques. His results are probably the most reliable in the literature, suggesting something like segmented assimilation in the short run but full assimilation in the long run. More studies of Canada's second generation are clearly warranted. If they are to be credible, however, they must go beyond the existing literature, especially the reliance of cross-sectional data. Our preliminary results employing SLID, a panel micro data set., mark a beginning in this research.

Dissemination Activities

Numerous interviews with: CBC, The National Post, and other media.

Paper (Metropolis, Geneva)	Spring 2003	"Ec assimilation of immigrants"
Discussant (Niagara Falls)	Spring 2003	"Intersectionality"
Paper (Winnipeg Node)	Nov 2003	"Training and immigrants"

Training Activity

The following individuals were retained at various times to assist on this project:

Ms Kathleen Sexsmith
Mr Sisira Sarma

Honours undergraduate in Economics
Ph D candidate in Economics

Publications

Numerous progress reports, seminar presentations and preliminary working papers were produced and released on an interim basis to solicit commentary and constructive criticism. These are treated as “works in progress” in various stages as their ultimate aim is to achieve a better final product. The following papers represent “end products” in terms of official journal publication channels.

Hum, D. & W. Simpson. “Economic Integration of Immigrants to Canada: A Short Survey.” 2004 AD. **Canadian Journal of Urban Research**. Vol. 13, 1, 46 - 61.

Hum, D. & W. Simpson. “Labour Market Training of New Canadians and Limitations to the Intersectionality Framework.” 2003 AD. **Canadian Ethnic Studies**. Vol. 35, No. 3, 56-69.

Hum, D. & W. Simpson. “Job-Related Training Activity by Immigrants to Canada.” 2003 AD. **Canadian Public Policy/Analyse de Politiques**. Vol. 29, No. 4, 1-22.

Hum, D. & W. Simpson. “Adult immigrants: How well are they trained?” 2003. **Education Quarterly Review**. Vol. 9, no. 3, 17-22.

Hum, D. and W. Simpson. “The Legacy of Immigration: The Labour Market Performance of the Second Generation .” **PCERII Working Paper Series**, 2004.

(Currently under revision for submission to academic journal)

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