



# **The Social Mobility of Immigrants and Their Children**

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## Executive Summary

Social mobility is central to immigrant integration. Since first-generation immigrants in Europe and North America typically experience downward mobility when they migrate, they are over-represented in low-skilled or low-earning jobs, in many cases despite high levels of education. With upward social mobility, however, immigrants can break out of their position at the bottom of the labor market – bringing strong social and economic benefits for both immigrant families and their communities.

Immigrants' initial downward mobility is largely attributed to four factors: language barriers, differences in educational attainment, difficulties obtaining recognition for credentials and experience gained abroad, and problems accessing opportunities through social networks and other recruitment channels. Many of these obstacles can be overcome with time. However, analysts disagree on the speed and degree of labor market integration among the first generation, specifically, whether immigrants can make rapid gains in wages and employment rates and whether they are able to catch up with their native counterparts during their lifetimes. What is clear is that substantial differences exist between different groups, categorized by ethnicity or by country of origin. Some – such as Asians in the United States – eventually outperform native workers; while others – such as Moroccans in the Netherlands – show little sign of convergence with their native counterparts.

The second generation – which in many countries represents a rapidly growing segment of the population – improves substantially on its parents' generation. This improvement occurs despite a number of obstacles to labor market and educational success, including low parental incomes, language barriers, residential segregation, difficulties accessing services, and discrimination. This improvement is insufficient, however, to allow all groups to catch up with the children of natives. In many countries, the second generation still performs worse in the labor market *on average*, and even in countries such as the United States, where it currently outperforms native workers, there is evidence of a downward trajectory. In many countries, second-generation children do not achieve the same levels of education as their non-immigrant peers, and this shortfall is partially responsible for differences in labor market performance.

Again, differences exist by ethnic background or parents' country of origin, with immigrant groups that perform well in the first generation also tending to perform well in the second. This correlation between parents' and children's success means that the importance of selecting immigrants carefully extends well beyond the first generation. It also means that investments in first-generation immigrants are likely to have benefits for their children.

Policy interventions should not focus exclusively on selection, however. Changes to the *conditions* of immigration – including the possibility for permanent residence which incentivizes integration – can also bring benefits. Finally, a range of educational interventions, from early education through school-age measures and the transition to the labor market (combined with policies to facilitate language acquisition at all stages) have strong potential to provide long-lasting benefits to a second-generation population that is predominantly young.

## Introduction

### *Definitions*

- **First-generation immigrants**—foreign-born persons who have immigrated to the host country and did not have that country’s citizenship at birth.
- **Second-generation immigrants**—those *born in the host country* to at least one parent who is foreign-born (i.e. who is a first generation immigrant).
- **Children of immigrants**—(also described as children in immigrant families) are those with at least one foreign-born parent. This group includes both foreign-born children under 18 and those born in the host country.
- **Non-immigrant peers**—those born in the host country whose two parents were also born in the host country. Also referred to as children of native-born parents. This group includes the third and higher generations.

Social mobility is not a neatly defined concept, but it is widely recognized as an important one. In the words of the historian C. L. R. James “it is not quality of goods and utility that matter, but movement; not where you are or what you have, but where you come from, where you are going, and the rate at which you are getting there.”<sup>1</sup> From an economic perspective, one can define social mobility with two main questions: how easily do individuals move up the occupational ladder, to access jobs in line with their potential? And how well do children and young adults fare, regardless of their parents’ background?

Both types of social mobility are central to immigrant integration. In industrialized, immigrant-receiving countries, first-generation immigrants (and especially recent immigrants) tend to be overrepresented in low-skilled, low-earning jobs – in many cases despite high levels of education. Whether they remain confined to these jobs at the “bottom of the ladder” matters. It affects social cohesion, since integration and assimilation are difficult when immigrants are marginalized in the labor market. And it affects economic performance, since individuals who can invest in their human capital and use their skills productively are able to contribute more to the economy. As for the children of immigrants, the argument is even more compelling: fairness and social cohesion dictate that children born in the host country should not suffer simply because their parents were born abroad. The performance of immigrants’ children is also important because it has implications for the way that we assess the costs and benefits of immigration itself.

How successful is integration and immigrant social mobility in Europe and North America? Do first-generation immigrants improve on their initial low status in the labor market, perhaps reaching parity with native workers? And do their children have better opportunities than their parents, or equal opportunities to their non-immigrant peers?

In this paper, we discuss how immigrants and their children are faring according to these criteria in the immigrant-receiving countries of Europe and North America. We ask how immigrants fare

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<sup>1</sup> C. L. R. James, *Beyond a Boundary* (London: Stanley Paul and Company, 1963).

when they arrive in a host country, and how their economic performance changes over time.<sup>2</sup> We consider how immigrants' native-born children perform at school and in the labor market, relative to their parents and to their non-immigrant peers. Finally, we examine how these trends are changing over time, and what policymakers can do to improve integration and social mobility.

Note that a great deal of heterogeneity exists among countries, and comparative analysis is difficult due to data constraints and differing methodologies in the numerous studies that address immigrants' social mobility. Further, substantive differences in a country's social and economic environment as well as the composition of its immigration flows mean that integration is expected to differ greatly by nation. However, some broad trends and policy parameters can be identified, and we outline them in this paper.

## **The Social Mobility of First-Generation Immigrants**

Economic migrants who move to immigrant-receiving countries in Europe and North America typically experience large gains in income.<sup>3</sup> However, if we instead consider occupational status or their relative position in the earnings scale compared to native workers, many immigrants experience significant downward mobility at the point of migration. They become more likely to work in low-skilled occupations, and in many cases they have lower employment rates and experience higher unemployment than natives.<sup>4</sup>

Several factors contribute to this downward mobility. First, many immigrants come with either low education levels, or with education and experience that is not relevant to the host-country labor market (and that local employers, therefore, do not demand). Second, many do not possess sufficient language skills to perform jobs equivalent to their last occupation in the source country. These immigrants must, therefore, move down the occupational ladder to jobs that require less communication. Both of these factors reflect genuine differences in the extent to which migrants' human capital is valued in the labor market.

Other reasons for downward mobility are more akin to market failures, however. First, immigrants can find it difficult to obtain recognition for relevant credentials or experience that local employers do not know how to interpret. Second, many lack sufficient knowledge of the local labor market, or social networks capable of providing access to employment at their skill level (this is particularly important in countries where large proportions of jobs are filled through informal recruitment). Finally, discrimination against racial minorities or those with an immigrant background can play a role.

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<sup>2</sup> There are several ways to measure labor market performance, the most common of which are earnings, employment rates, and unemployment rates. Note that while these three primary measures are complementary, they can produce conflicting conclusions (for example, a group might earn more than native workers if employed, but have lower employment rates).

<sup>3</sup> According to one estimate, a Mexican immigrant to the US can expect to receive a return of seven times his/her wages for the same work. See Mark Rosenzweig, "Global Wage Differences and International Student Flows", in *Brookings Trade Forum*, ed. Susan M. Collins and Carol Graham, (Washington, DC: Brookings Institution Press, 2006), pp 57–96.

<sup>4</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*.

The trend of downward mobility on arrival is strongest for humanitarian migrants, and to a lesser extent family migrants, whose decision to move is strongly motivated by non-economic concerns. High-skilled immigrants are the second-most likely to downgrade occupation in the host country, since the problems of language barriers and the non-recognition of credentials are more acute for the highly skilled. In Germany, for example, highly skilled immigrant men are 8.6 percentage points less likely to be employed than highly skilled natives; but low-skilled immigrant men are 14 percentage points *more* likely to be employed than their native counterparts.<sup>5</sup> Similar, though less dramatic, differences between low and highly skilled groups are seen in France, Denmark, and the Netherlands.

With time, immigrants are expected to integrate into the host-country labor market, acquiring locally relevant human capital (including education, work experience, and language proficiency). Does this mean that they are able to “catch up” with natives? According to the *classic model of economic assimilation*, immigrants start from a lower base than native workers, but experience faster improvement, enabling their labor market outcomes to converge.<sup>6</sup> The extent to which this occurs, however, is disputed. And recent studies are increasingly finding that immigrants’ earnings do not reach parity with those of natives during their lifetimes. On the other hand, *segmented assimilation theory* argues that even over several generations, not all immigrant groups will integrate fully to become “indistinguishable” from natives. While some groups experience upward mobility (in some cases overtaking natives), others are thought to assimilate “downwards,” coming to resemble other disadvantaged (urban) groups in the host country and forming a “rainbow underclass.”<sup>7</sup>

Considerable uncertainty remains as to the true extent of assimilation, especially in countries with no longitudinal data (see Box 1). Throughout this paper, we present a range of estimates drawn from numerous studies conducted across Europe and North America. A note of caution is required: the estimates are not typically comparable with one another. Studies differ in the outcome they measure – employment rates, unemployment rates, or earnings. They also control for different characteristics (such as age or education), giving their results different interpretations. And, of course, the availability of the underlying data determines the accuracy with which researchers can measure immigrants’ labor market outcomes.

## The Evidence on the First Generation’s Upward Mobility

Immigrants’ labor market performance is thought to improve fast enough to reach parity with natives in some countries. For example, one estimate for the United States suggests that it takes about ten years for immigrants’ employment rates to reach parity with those of natives with similar education levels and age;<sup>8</sup> while a study from the United Kingdom (using a different measurement

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<sup>5</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*.

<sup>6</sup> Barry Chiswick, “The Effect of Americanization on the Earnings of Foreign-born Men,” *Journal of Political Economy*, 86, no. 5 (1978): 897-921.

<sup>7</sup> Alejandro Portes and Ruben Rumbaut, *Legacies: The Story of the Immigrant Second Generation* (Berkeley: University of California Press, 2001); Susan Brown and Frank Bean, “Assimilation Models, Old and New: Explaining a Long-Term Process”, *Migration Information Source*, October 2006, <http://www.migrationinformation.org/Feature/display.cfm?ID=442>.

<sup>8</sup> Barry Chiswick, Yinon Cohen and Tzippi Zach, “The Labor Market Status of Immigrants: Effects of the Unemployment Rate at Arrival and Duration of Residence” *Industrial and Labor Relations Review*, 50, no. 2 (1997): 289-303.

method) finds that it can take up to forty years.<sup>9</sup> Estimates for earnings convergence in Canada have ranged from ten to 30 years.<sup>10</sup> In Germany, the Organization for Economic Cooperation and Development (OECD) has estimated that immigrants' employment rates should converge with those of natives after about 13 years, extrapolating from differences in the labor market outcomes of recently arrived immigrants compared to those with longer residence in the host country. (Since methodologies differ, these estimates should not be stringently compared across countries. The OECD estimates, in particular, use cross-sectional data that could be affected by the changing composition of incoming immigrants. See Box 1).

In many countries, however, convergence is slow and incomplete. In the Netherlands, for example, relatively rapid initial improvements in immigrants' employment rates level off after the first few years. Similarly, in Denmark, substantial convergence is observed in the first few years after arrival, but then it comes to a halt, with little improvement after eight to ten years.<sup>11</sup> Longitudinal data from Sweden for the 1970 to 1997 period suggests that limited wage gains occurred over the first five years, but that immigrants did not catch up with natives over the period of study.<sup>12</sup> (An OECD estimate, using non-longitudinal data, finds that that immigrants in Sweden catch up within 25 years).<sup>13</sup> Finally, a study on Italy indicates that the differential between immigrants and natives actually *increases* over time, with natives making faster gains – a finding that is attributed to immigrants' overrepresentation in seasonal and unstable, low-skilled jobs where the return to labor market experience is low, as well as the presence of a substantial unauthorized population for which upward mobility is very difficult.<sup>14</sup>

## How Does the Speed and Extent of Assimilation Vary by Group?

Not all immigrants experience the same rate of labor market assimilation. Some are much more likely than others to catch up with natives. Typically, those who start from a higher base at the time of arrival (for example because they come from wealthy source countries or because they entered the country through employment-based, rather than humanitarian or family channels) have higher chances of achieving parity with natives, even if the *improvement* in labor market outcomes is faster for the groups that initially perform less well.

The rate of assimilation often has an ethnic character. For example, Asians in the United States and Indians in the United Kingdom typically outperform native workers.<sup>15</sup> On the other hand, other

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<sup>9</sup> Paul Frijters, Michael Shields and Stephen Wheatley Price, "Job Search Methods and their Success: A Comparison of Immigrants and Natives in the UK" *The Economic Journal*, 115, no. 507 (2005): F359-F376.

<sup>10</sup> Derek Hum and Wayne Simpson, "Economic Integration of Immigrants to Canada: A Short Survey" *Canadian Journal of Urban Research*, 13, no. 1 (2004): 46-61.

<sup>11</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*.

<sup>12</sup> The study in question controls for the effect of selective return migration, which sees less successful immigrants return home in greater numbers, hence increasing the average performance of those who remain. See Per-Anders Edin, Robert J. Lalonde and Olof. Aslund, "Emigration of Immigrants and Measures of Immigrant Assimilation: evidence from Sweden", University of Chicago Harris School Working Paper Series No. 00:20, 2000.

<sup>13</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 1*.

<sup>14</sup> Alessandra Venturini and Claudia Villosio, "Labour-market assimilation of foreign workers in Italy", *Oxford Review of Economic Policy*, 24, no. 3 (2008): 517-541.

<sup>15</sup> For the United States, see Roger Waldinger and Renee Reichl, "Today's Second Generation: Getting Ahead or Falling Behind?" in *Securing the Future, US Immigrant Integration Policy, A Reader*, ed. Michael Fix (Washington,

ethnic groups fail to converge with natives, let alone outperform them. A 2001 UK study shows that immigrants' unemployment rates, on average, fell to a level similar to that of natives within ten to fifteen years. Non-white immigrants, however, fared worse, experiencing 40 percent unemployment upon arrival (double the rate of white immigrants). While their unemployment rates fell over time, they never converged with those of white natives.<sup>16</sup> In the United States, George Borjas finds that while the earnings of white, Asian, and Mexican workers grew rapidly with their duration of residence, black and Cuban workers' relative earnings did not increase at all and in fact may have deteriorated over the period of study, from 1970 to 1980 (moreover, the *relative* position of a given cohort of immigrants, compared to natives in the same age group whose wages were also growing over time, was small for all immigrant groups).<sup>17</sup> Similarly, a Canadian study finds that earnings do not converge for visible minority immigrant men.<sup>18</sup>

These findings are mirrored in a number of European countries, where immigrants from non-OECD countries integrate less easily than immigrants from OECD and particularly EU source countries. Turks in Germany, Middle Eastern and African immigrants in Sweden, North Africans in France, and Turks and Moroccans in the Netherlands all experience high initial unemployment rates and low employment probabilities that make it difficult to attain parity with natives during their lifetimes.

Differentials in economic integration also arise from an individual's reason for migrating, in addition to the immigrants' country of origin. Longitudinal data from the Netherlands, for example, shows that labor immigrants perform better, on average, than family or humanitarian entrants, as noted earlier. Among the 1997 cohort of new immigrants, for example, family and humanitarian migrants started from a very low base but made the most rapid improvements (this trend is particularly pronounced in the case of asylum entrants). However, they did not catch up with natives or labor immigrants over the period studied, and experienced employment rates of less than 40 percent after six years (compared to almost 70 percent for labor immigrants).<sup>19</sup>

Finally, age affects the speed and extent of assimilation. Immigrants who arrive when they are young integrate more successfully than their older counterparts – as one might expect given that these immigrants are likely to have greater opportunities to gain host-country relevant education and experience during formative years.<sup>20</sup> Indeed, the returns on host-country education appear to be higher than for education in the country of origin<sup>21</sup> – in part because employers tend to discount the value of qualifications achieved abroad.

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DC: Migration Policy Institute, 2007). For the United Kingdom, see Lucinda Platt, "The Intergenerational Social Mobility of Minority Ethnic Groups" *Sociology* 39 no 1 (2005): 445-461.

<sup>16</sup> Stephen Wheatley Price, "The Unemployment Experience of Male Immigrants in England" *Applied Economics*, 33 no. 2 (2001): 201-215.

<sup>17</sup> George Borjas, "Assimilation, Changes in Cohort Quality and the Earnings of Immigrants" *Journal of Labour Economics*, vol 3 no 4 (1985): 463-89.

<sup>18</sup> Hum and Simpson, "Economic Integration of Immigrants to Canada".

<sup>19</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*, p216.

<sup>20</sup> For a review, see Hum and Simpson, "Economic Integration of Immigrants to Canada" *Canadian Journal of Urban Research*, 13, no. 1 (2004): 46-61.

<sup>21</sup> Barry Chiswick, Yinon Cohen and Tzippi Zach, "The Labor Market Status of Immigrants: Effects of the Unemployment Rate At Arrival and Duration of Residence" *Industrial and Labor Relations Review*, 50 no. 2 (1997): 289-303.

## How Are These Trends Changing over Time?

All of these trends are based on past data. But the past is not necessarily a good guide to the future. In many cases, the underlying phenomena that create or prevent economic mobility are changing. Not only are economic and labor market circumstances changing, integration also depends strongly on the type of immigrants the host country receives. If immigrant flows shift to include more of the immigrants who fare badly in the host country, we should also expect integration over time to deteriorate. In the United States, for example, the increased share of low-skilled immigrants, primarily from Mexico, is reducing the ability of immigrants as a group to attain parity with natives' labor market performance.<sup>22</sup> Canada also saw a decline in immigrants' initial performance during the last two decades of the 20th century, which may be reflected in long-term rates of convergence with natives in the future.<sup>23</sup>

Similar conclusions can be drawn from the labor market difficulties facing some recent cohorts of immigrants to the Netherlands;<sup>24</sup> while in Sweden, an increasing share of humanitarian migrants – who integrate less well into the labor market – has been identified as a potential contributor to slower overall integration among the first generation.<sup>25</sup>

## How Does the State of the Economy Affect Immigrants' Social Mobility?

Immigrants as a whole have more cyclical employment rates than natives – they lose jobs faster than natives during recessions, but gain them faster during economic recovery. Evidence from Germany and the United Kingdom suggests that this is particularly true of non-OECD immigrants, probably because they perform the least skilled jobs that are hit hardest during economic downturns.<sup>26</sup>

This trend may have long-term consequences. Detachment from the labor market can lead to the deterioration of skills, a loss of employment-relevant social contacts, and delays in the acquisition of host-country human capital. Evidence from the United States suggests that as a result, the process by which immigrants catch up with native workers slows during a recession.<sup>27</sup>

This phenomenon is most damaging for recent immigrants who are the least well integrated and have the most cyclical unemployment rates.<sup>28</sup> In Sweden, for example, a harsh recession in the 1990s hit recent immigrants significantly harder than other groups.<sup>29</sup> Newly arrived refugees who were placed (by random assignment) in less robust labor markets within Sweden suffered wage setbacks

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<sup>22</sup> Ron Haskins, "Immigration: Wages, Education, and Mobility" in ed. Julia Isaacs, Isabel Sawhill and Ron Haskins, *Getting Ahead or Losing Ground: Economic Mobility in America*, (Washington, DC: Brookings Institute, 2008).

<sup>23</sup> Hum and Simpson, "Economic Integration of Immigrants to Canada".

<sup>24</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*.

<sup>25</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 1*

<sup>26</sup> Christian Dustmann, Albrecht Glitz and Thorsten Vogel, "Employment, Wage Structure and the Economic Cycle: Differences between Immigrants and Natives in Germany and the UK" (CReAM Discussion Paper Series, No 09/06, 2006).

<sup>27</sup> Bernt Bratsberg, Erling Barth and Oddbjørn Raaum, "Local Unemployment and the Relative Wages of Immigrants: Evidence from the Current Population Surveys", *The Review of Economics and Statistics*, 88 no. 2 (2006): 243–263.

<sup>28</sup> Dustmann, Glitz and Vogel, "Employment, Wage Structure and the Economic Cycle".

<sup>29</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 1*.



over the 1990s that lasted for at least ten years (the whole period of study); these long-term losses were largest for non-OECD immigrants.<sup>30</sup> Research in other countries comes to similar conclusions.<sup>31</sup>

Economic conditions at the point of arrival are only one of many factors that affect immigrants' long-term social mobility. Furthermore, the phenomenon described will not affect all immigrants (for example, we should not expect those who arrive with a job offer and who retain their job throughout the recession to be particularly affected). However, the evidence does suggest that some immigrants arriving in the host country during an economic downturn are economically "scarred" – less able to integrate or catch up with natives over the long run.

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<sup>30</sup> Olof Aslund and Dan-Olof Rooth, "Do When and Where Matter? Initial Labour Market Conditions and Immigrant Earnings" *The Economic Journal* 117 no. 518 (2007): 422-448.

<sup>31</sup> See Chiswick, Barry and Paul Miller "Immigrant Earnings: Language Skills, Linguistic Concentrations and the Business Cycle" *Journal of Population Economics* 15 (2002): 31-57, for the United States; and Abdurrahman Aydemir, "Effects of business cycles on the labour market assimilation of immigrants" (Analytical Studies Branch research paper series, No 203, 2003), for Canada.

### **Box 1: Data Limitations**

Measuring immigrant integration, the performance of the second generation, and intergenerational mobility is a data-intensive exercise. In many cases, the data that researchers need to make accurate estimates of how immigrants and their children fare over time is limited.

First, many of the datasets that would be useful for studying immigrants' progress does not identify their country of birth or nationality. In other cases, only one of these variables is available. In Germany, for example, national datasets often identify nationality but not birthplace, making it difficult to account for naturalized citizens and to identify second-generation children born with foreign nationality. Data from France, on the other hand, is sometimes complicated by large-scale repatriation of French nationals from former colonies, who are foreign-born but who share many core characteristics with French citizens born in France.

For the second generation, the challenges are greater still. Many of the most comprehensive datasets do not include information on parents' birthplace. This means that researchers must often rely on proxies such as the native-born population with foreign nationality at birth, or native-born ethnic minorities (a group can include the third and higher generations in countries with longer immigration histories). Using ethnicity, of course, precludes study of the second generation born to white parents.

A second set of data problems concerns the absence of important variables that would help researchers understand the experience of the first and second generations. These include language proficiency, which is rarely available in large-sample data surveys. Similarly, data typically do not distinguish between education received abroad versus that received in the host country; nor do they provide information on the migration category through which an immigrant entered the country.

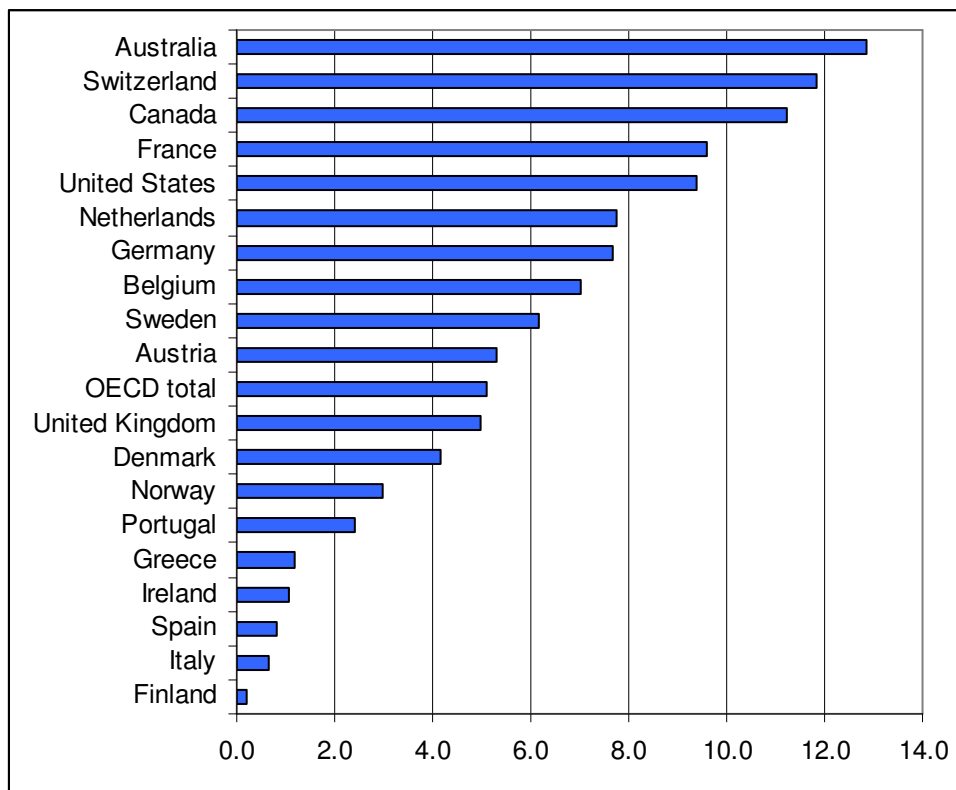
Finally, substantial difficulties arise from the lack of longitudinal data on immigrants in many countries. The best way to understand how immigrants progress through the labor force after their arrival in the country is to track the same individuals over time. Without such longitudinal data, researchers must use datasets that track different individuals from the immigrant population in repeated cross-sections over time, allowing them to see how the outcomes of a given year of arrival cohort change in subsequent years. However, significant rates of return migration can bias these estimates substantially: if less successful immigrants return home, the "average" for the group that remains will increase, even if their individual performance does not improve over time.

## The Social Mobility of the Second Generation

The number of native-born children of immigrant parents – the second generation – has been increasing in many industrialized countries due to increased immigration flows in the second half of the 20th century and immigrants’ higher fertility relative to natives. Across Europe and North America, the size of second-generation populations differs greatly. It ranges from around two percent in Denmark or Portugal,<sup>32</sup> to over 15 percent in Canada.<sup>33</sup>

Internationally comparable statistics on the size of the second generation in the general population or in the labor force do not exist. However, the OECD’s Programme for International Student Assessment (PISA) tests and surveys 15 to 16-year-old students in its member countries and provides data on parental nativity for this age group. This gives an indication of the relative sizes of the second generation approaching school-leaving age. Figure 1 shows the percentage of the second generation among students tested in 2006. As expected, the second generation tends to be largest in countries with immigration histories stretching back at least several decades.

**Figure 1: Children of Immigrants as a Proportion of 15 to 16-Year-Olds Tested in the PISA Program**



The second generation is typically more strongly represented in lower age groups. Birth statistics, for example, tell us that 28 percent of all children born in England and Wales now have at least one

<sup>32</sup> Statistics Denmark Statbank, “Population by region, age, sex, ancestry, citizenship and country of origin (2006-2009); and Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2.*

<sup>33</sup> Miles Corak, “Immigration in the Long Run: The Education and Earnings Mobility of Second-Generation Canadians”, *IRRP Choices* vol 14 no 13, October 2008.

foreign-born parent – the highest figure since records began in 1969. Even in a new immigration country such as Portugal, births to at least one parent of foreign nationality doubled between 1995 and 2005, reaching 12 percent.<sup>34</sup> And in Denmark, the proportion of second-generation individuals in the country as a whole is small – 2.3 percent – but rises to 8.4 percent of the population aged five and under.<sup>35</sup> In other words, the second generation is growing, in many cases rapidly, making the integration of these individuals increasingly important.

Like their parents, the second generation is typically concentrated in urban areas. In the Netherlands, for example, 55 percent of primary school students in Amsterdam and Rotterdam are registered as having “non-western” backgrounds (although official statistics make it difficult to differentiate between native-born second generation and those with native-born parents). More than half of the schools in the four major cities have over 50 percent of students from “non-western” backgrounds. Outside of these cities, by contrast, only 4 percent of schools exceed the 50 percent threshold.<sup>36</sup> In Denmark, 2.3 percent of the population was born to immigrant parents, but this proportion rises to 5.3 percent in Copenhagen.<sup>37</sup> In the United States, the proportion of the children of immigrants in the nation as a whole is approaching one quarter of all children under the age of 18;<sup>38</sup> but the proportion in cities such as Los Angeles and New York reaches 52 and 62 percent respectively.<sup>39</sup>

The second generation’s urban concentration is important because it affects the nature of policy responses. In many countries, education is addressed primarily at the local level, creating opportunities for comprehensive, city-level integration strategies for the young children of immigrants. Cities can also experience very rapid growth in the size of the immigrant or second-generation populations – and must be prepared to provide public services or policy interventions that can foster integration.

## **What Determines the Second Generation’s Success?**

In all industrialized countries, at least some correlation exists between parents’ labor market performance and that of their children. The strength of this correlation varies dramatically. It is low in the Nordic countries, Canada, and Australia, and high in the United States, United Kingdom, and Italy.<sup>40</sup> The causes of the persistence of advantage or disadvantage across generations are highly complex, and a full review is beyond the scope of this paper. However, studies of intergenerational mobility typically emphasize parents’ differing willingness or ability to invest in their children’s education, as well as family-background factors such as language or parental education, which affect the child’s educational development and hence their labor market success.<sup>41</sup>

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<sup>34</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*.

<sup>35</sup> Data is from 2009; second generation defined as individuals born in Denmark with *either* at least one foreign-born parent, or at least one parent of foreign nationality. Statistics Denmark Statbank, “Population by region”.

<sup>36</sup> Organization for Economic Cooperation and Development, *Jobs for Immigrants. Volume 2*.

<sup>37</sup> Statistics Denmark Statbank, “Population by region”

<sup>38</sup> Randy Capps and Karina Fortuny, *Immigration and Child and Family Policy* (Washington DC: Urban Institute, 2006).

<sup>39</sup> Children under the age of 19. Data are three-year estimates from the American Community Survey for 2005-2007.

<sup>40</sup> Anna Cristina d’Addio, *Intergenerational Transmission of Disadvantage: Mobility or Immobility Across Generations? A Review of the Evidence for OECD Countries* (Paris: OECD, 2007).

<sup>41</sup> D’Addio, *Intergenerational Transmission of Disadvantage*

Intergenerational mobility may be different for immigrants than for natives. This is because the parents' labor market performance reflects immigrant-specific factors such as the discounting of foreign education or labor market experience as well as language barriers. At the same time, immigrants may have different motivations to invest in their children's education. However, parents' nativity remains important: it affects the resources invested in the child's education, and the influences that shape his or her development from childhood to adult life. As we discuss in this section, other immigrant-specific factors such as visa status or discrimination also affect mobility and the second generation's success.

In the following paragraphs we discuss the immigrant-specific factors that are expected to affect the second generation's labor market prospects. We then examine how these expectations translate into reality – how the second generation fares in education and the labor market. The primary factors we outline here are:

- Parental wealth
- Parents' investment in their children, parental education, and the transmission of culture
- Language
- Social networks and residential segregation
- Visa restrictions and legal status
- Discrimination

### **A. Parental Wealth**

In most countries, first-generation immigrants earn less than natives on average – especially if they have only recently arrived. This means that immigrant parents have fewer financial resources to invest in their children, creating the conditions for inequality from a young age.<sup>42</sup> This shortfall in wealth is likely to have a stronger impact in countries where overall economic mobility is low or where there is little redistribution through public services or taxation (for example in the form of universal healthcare provision or well-funded educational and children's services). In the United States, for example, low-income immigrants (particularly the unauthorized) have limited access to early education programs and child care, creating barriers to early development.<sup>43</sup>

### **B. Parent's Investment in Their Children, Parental Education, and the Transmission of Culture**

Aside from providing resources, parents influence their children's acquisition of human capital in several ways. For example, parents with strong language skills will be in a better position to access services for their children – including good schools or health care – or to help them with school work. An ethnographic study in New York, for example, finds that the two best-performing immigrant groups – Chinese and Russian Jews – were most likely to speak English at home.<sup>44</sup> More controversially, parents affect their children's development through the intergenerational transmission of culture – including ambition and attitudes towards the value of education. The same

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<sup>42</sup> James Heckman, "Skill Formation and the Economics of Investing in Disadvantaged Children" *Science*, 312 no. 5782 (2006): 1900-1902.

<sup>43</sup> Randy Capps, Michael Fix, Jason Ost, Jane Reardon-Anderson and Jeffery Passel, *The Health and Well-Being of Young Children of Immigrants* (Washington DC: Urban Institute, 2005).

<sup>44</sup> Philip Kasinitz, John Mollinkopf, Mary Waters and Jennifer Holdaway, *Inheriting the City: The Children of Immigrants Come of Age* (New York: Russell Sage Foundation, 2008).

study finds differences between national groups in the level of education that is perceived to be necessary for “success,” suggesting that parents could play an important role in shaping the second generation’s expectations.

Parents’ socioeconomic status is an important determinant of children’s educational attainment, whatever the reason (be it wealth, parental education, or culture). An analysis of the OECD PISA programme data suggests that *half* of the attainment gap between the second generation and its non-immigrant peers can be explained by just a few measurable components of socioeconomic status (including parents’ wealth, educational attainment, occupational status, and educational resources kept at home).<sup>45</sup>

### C. Language

Some native-born children of immigrants fail to acquire full proficiency in the host-country language when they are primarily exposed to their parents’ native language at home.<sup>46</sup> Children with limited language proficiency have lower educational attainment and are more likely to drop out of school.<sup>47</sup> Since education is crucial to labor market performance, and since language is also central to labor market outcomes (even holding constant educational achievement),<sup>48</sup> children of immigrants who fail to acquire sufficient mastery of the host-country language will be at a substantial disadvantage.

### D. Social Networks and Residential Segregation

Social networks can help short-term integration for new immigrants when they arrive in the host country, providing information and access to jobs. However, even if ethnic networks help in the short run, they may prevent social mobility and assimilation in the long run.<sup>49</sup>

Social networks also affect the second generation. Individuals acquire work-relevant human capital from their social environment as well as from their formal education, and the quality of one’s social contact can be important in accessing employment. George Borjas confirms this phenomenon, showing that the second generation’s educational attainment in the United States is influenced not just by the educational level of its parents, but also by the average education level of its ethnic group<sup>50</sup> – an effect that is likely to arise from social contacts between co-ethnics. In other words, ethnic networks appear to “slow the economic convergence of ethnic groups across generations.”<sup>51</sup> Evidence from Sweden corroborates this view, finding that living in an ethnic enclave can improve

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<sup>45</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*

<sup>46</sup> In the United States, for example, approximately 14 percent of the *native-born* Hispanic or Latino population of age 5 and over was reported to speak English less than “very well”. Calculations from 2005-2007 American Community Survey 3-year estimates.

<sup>47</sup> Randy Capps, Michael Fix, Julie Murray, Jason Ost, Jeffery Passel and Shinta Herwantoro, *The New Demography of America’s Schools: Immigration and the No Child Left Behind Act* (Washington DC: Urban Institute, 2005).

<sup>48</sup> Barry Chiswick and Paul Miller, “The Complementarity of Language and Other Human Capital: Immigrant Earnings in Canada” *Economics of Education Review* 22 no 5 (2003):469-480.

<sup>49</sup> For a review of the evidence, see Eleonora Patacchini and Yves Zenou, “Ethnic Networks and Employment Outcomes” (IZA Discussion Paper no 3331, 2008).

<sup>50</sup> George Borjas “Ethnic Capital and Intergenerational Mobility”, *Quarterly Journal of Economics* 107 no. 1 (1992): 123-150.

<sup>51</sup> Borjas, “Ethnic Capital and Intergenerational Mobility”

an individual's prospects if the enclave is a high-income one, but is less beneficial if the enclave is populated by low-income co-ethnics.<sup>52</sup>

Residential segregation is important to the second generation in particular because it strongly affects access to labor market and educational opportunities – especially where public school places are allocated on a district basis.<sup>53</sup> This also implies that residential segregation could help the children of immigrants in groups that outperform natives, but hurt those in less well-performing groups.

### **E. Visa Restrictions and Legal Status**

Immigrants who intend to remain permanently in the host country are thought to integrate more fully, as they have a greater incentive to invest in their own human capital. Further, parents' investment in their children's education has been found to be related to their return migration intentions. Evidence from Germany suggests that immigrants who have settled permanently are more likely to push their children to gain more education.<sup>54</sup> In particular, parents who intend to return home – voluntarily or because of their visa status – will see less value in their children's acquisition of human capital that is useful in the host country but not in their home country. Restrictions on the path to permanent residence or citizenship, therefore, should be expected to hinder economic integration.

Unauthorized immigrants represent a particular concern. Not only are they less able to make long-term plans, but unauthorized, first-generation immigrants also experience limited upward mobility, since the jobs in which they can work are restricted and they are vulnerable to exploitation. This, in turn, will affect the prospects of the second generation. Further, illegally resident immigrants may avoid contact with institutions such as public schools for fear of legal consequences, even if their children have the legal right to attend.<sup>55</sup>

### **F. Discrimination**

Discrimination may also play a role in the poor labor market integration of the second generation. Employers might be less likely to hire minorities or jobseekers with “foreign-sounding” names not only because of overtly racist preferences, but also because they may think that workers with an immigrant background are less likely to have acquired native norms of workplace behavior.<sup>56</sup> Although the poor performance of certain second-generation groups (including some ethnic minorities) suggests that discrimination may be at work, one must remember that subtle differences in the quality of education or experience (that cannot be measured statistically) may explain a shortfall in labor market performance relative to that of the native-born children of natives.

Several studies have tested for employment discrimination by submitting functionally identical résumés with different names in response to job postings, in order to examine whether employers

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<sup>52</sup> Per-Anders Edin, Peter Fredriksson and Olof Aslund, “Ethnic enclaves and the economic success of immigrants – evidence from a natural experiment”, *Quarterly Journal of Economics*, 118 no. 1 (2003): 329-357.

<sup>53</sup> Richard Alba and Victor Nee, *Remaking the American Mainstream: Assimilation and the New Immigration* (Cambridge, MA: Harvard University Press, 2003).

<sup>54</sup> Christian Dustmann, “Return Migration, Investment in Children, and Intergenerational Mobility: Comparing Sons of Foreign and Native Born Fathers” (IZA discussion paper 3080, 2007).

<sup>55</sup> Capps, Fix, Murray, Ost, Passel and Herwanto, *The New Demography of America's Schools*.

<sup>56</sup> See Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*. p168.

are less likely to ask to interview candidates whose names identify their ethnic background. One such study from Sweden finds that native candidates with a Middle Eastern name (e.g. second-generation candidates) received interview requests 24 percent of the time, while “identical” candidates with a Swedish name were called back 41 percent of the time. This suggests a substantial level of discrimination.<sup>57</sup> Studies have found similar gaps in France.<sup>58</sup>

## How is the Second Generation Faring?

How successfully does the second generation in Europe and North America overcome the barriers we have described?

As in the case of the first generation, the answer varies enormously by country – although certain common trends emerge. As we will describe, large differences also exist between groups from different source countries within the same host country. And in large part, how the second generation fares depends on to whom we compare these individuals: their parents, their non-immigrant peers, or their non-immigrant peers with similar socio-economic backgrounds.

## How Does the Second Generation Fare Relative to Its Parents?

Across Europe and North America, the current second generation is more economically successful than the current first generation. In most cases, its earnings, employment rates, and unemployment rates are substantially closer to those of natives (compared to the same measures for the first generation). This does not necessarily mean that second-generation immigrants are performing better than their parents, since their parents are often from *previous*, not current first-generation cohorts.<sup>59</sup> However, studies that compare current second-generation workers to their parents’ generation in previous years show that in general, the second generation performs better than its parents’ generation – implying that immigrants’ children benefit from early exposure to the host-country language, culture, and educational institutions, and overcome much of the employment barriers their parents faced.

In the United States, George Borjas shows that the second generation improves on the position of its parents in terms of earnings. He finds that the relative wages of the second generation are between 5 to 10 percent higher than that of the first.<sup>60</sup> Another US study finds that the gains are particularly striking for Mexican women.<sup>61</sup> A German study, using matched father-son data from 1984 to 2002, finds that while immigrant parents earned 13 percent less than native workers, their children earned only 4 percent less.<sup>62</sup>

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<sup>57</sup> Magnus Carlsson and Dan-Olof Rooth, “Is it your foreign name or foreign qualifications? An experimental study of ethnic discrimination in hiring” (IZA Discussion Paper 3810, November 2008).

<sup>58</sup> Organization for Economic Cooperation and Development, *Jobs for Immigrants. Volume 2.* p 168.

<sup>59</sup> Organization for Economic Cooperation and Development *Jobs for Immigrants. Volume 2.*

<sup>60</sup> Borjas, “Making It in America”

<sup>61</sup> Roger Waldinger and Renee Reichl, “Today’s Second Generation: Getting Ahead or Falling Behind?” in *Securing the Future, US Immigrant Integration Policy, A Reader*, ed. Michael Fix (Washington, DC: Migration Policy Institute, 2007).

<sup>62</sup> Christian Dustmann, “Return Migration, Investment in Children, and Intergenerational Mobility: Comparing Sons of Foreign and Native-Born Fathers” (IZA Discussion Paper no 3080, September 2007).



Similarly, data from Sweden show that, on average, second-generation individuals performed substantially better than their parents. While first-generation workers in 1975 and 1980 earned 5 percent less than the native-born, the children of the same individuals earned 1.6 percent *more* than their non-immigrant peers from 1997 to 1999.<sup>63</sup> In other words, significant progress appears to have been made between the two generations. As with so many of the trends discussed in this paper, substantial differences exist between source-country groups. For example, Eastern European, Latin American, and Asian second-generation workers earned more than their non-immigrant peers, despite the fact that their parents had earned less than their own native counterparts in 1975 and 1980. But the native-born children of immigrants from Turkey, Africa, and the Middle East actually performed *worse* than their parents in terms of their position relative to their native counterparts. African immigrants in the parents' generation earned 19 percent less than natives at the time, while their children earned a substantial 36 percent less than their own non-immigrant peers.<sup>64</sup>

## How Does the Second Generation Compare to the Children of Natives?

In some countries, such as the United States and Canada, second-generation workers currently outperform their non-immigrant peers in terms of education and earnings.<sup>65</sup> In many other immigrant-receiving countries in Europe, however, second-generation immigrants lag behind their non-immigrant peers. We now look at these trends in more detail.

### A. Educational Attainment

The OECD's PISA program (which tests students' educational attainment and includes data on their socioeconomic background, immigration status, and parental nativity), shows that across OECD countries, the second generation's test scores in mathematics and reading tend to fall short of those of their non-immigrant peers.<sup>66</sup>

### B. Labor Market Performance

Due to educational differences, alongside the other factors that affect labor market performance (including language, differences in social networks, visa status, and discrimination), the second generation often has lower occupational status and employment rates than its non-immigrant peers. In Germany, for example, 30 percent of the second generation is "low-qualified," compared to 9 percent of the children of the native born. This has led to lower occupational status, with the second generation overrepresented in the least skilled occupations.<sup>67</sup> The second generation's employment rates also tend to be lower than those of natives. In Germany, the Netherlands, the United Kingdom, France, and Sweden, for example, the gap between the employment rates of second-generation

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<sup>63</sup> Mats Hammarstedt and Marten Palme, "Intergenerational Mobility, Human Capital Transmission and the Earnings of Second-Generation Immigrants in Sweden" (IZA Discussion paper No 1943, January 2006).

<sup>64</sup> Mats Hammarstedt and Marten Palme, "Intergenerational Mobility, Human Capital Transmission and the Earnings of Second-Generation Immigrants in Sweden" (IZA Discussion paper No 1943, January 2006).

<sup>65</sup> For the United States, see Haskins, "Immigration: Wages, Education, and Mobility" pp 81-91; for Canada see Corak, "Immigration in the Long Run; for Australia see Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 1.*

<sup>66</sup> An exception is Australia, where second generation immigrants slightly outperform their non-immigrant peers. Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 1.*

<sup>67</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 1.*

workers and their non-immigrant peers is more than ten percentage points.<sup>68</sup> Note that this does not necessarily imply that wages or earnings are lower for those who are employed: in fact, data from the United Kingdom and Sweden show that earnings for the second generation are the same or higher.<sup>69</sup>

Again, there is significant variation by group. As Rooth and Ekberg conclude in their study of Sweden, the ethnic backgrounds that do well in the parent generation are also the ethnic backgrounds that do well in the second generation<sup>70</sup> – a conclusion that appears to hold true across Europe and North America. In France, for example, those with European backgrounds have similar labor market outcomes to natives, entirely overcoming any disadvantages associated with an immigrant background. However, children born to parents from North Africa and Sub-Saharan Africa fare significantly worse than their non-immigrant peers. In the Netherlands, those with a Turkish, Surinamese, or Antillean background suffer shortfalls.<sup>71</sup> In the United States, second-generation Asians perform as well or better than their white counterparts with native-born parents in terms of high school graduation rates, college completion, labor force participation, and income. However, Mexicans lag relative to whites with native-born parents (and other groups, with the exception of African Americans) on virtually all measures except labor force participation rates.<sup>72</sup>

## **What Is the Role of Educational Attainment in the Second Generation’s Labor Market Success?**

The evidence reviewed so far suggests that second-generation workers are at risk of performing worse than their non-immigrant peers in both education and the labor market. How are these two factors – education and labor market performance – connected? For groups that perform worse in the labor market, is low educational attainment to blame?

OECD data show that when we compare the second generation with its “similar” non-immigrant peers (those with the same education level), the gaps in employment rates decline but remain present. For example, there is nearly a 10 percentage point gap between the employment rates of native and second-generation French women, but it drops to less than five percentage points when taking into account the fact that second-generation French women have lower educational attainment. Education accounts for nearly half of the gap between natives and the second generation for men and women in Denmark, and for women in Germany.<sup>73</sup> In other words, low levels of schooling can exacerbate shortfalls in the second generation’s economic integration, but do not fully explain them.<sup>74</sup>

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<sup>68</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*.

<sup>69</sup> For Sweden, see Dan-Olof Rooth and Jan Ekberg, “Unemployment and Earnings for Second Generation Immigrants in Sweden. Ethnic Background and Parent Composition” *Journal of Population Economics*, 16 no. 4 (2003): 787-814. For the United Kingdom, see Christian Dustmann and Nikolaos Theodoropoulos, “Ethnic Minority Immigrants and their Children in Britain” (CReAM Discussion Paper 0610, 2006).

<sup>70</sup> Rooth and Ekberg, “Unemployment and Earnings for Second Generation Immigrants”.

<sup>71</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*

<sup>72</sup> Waldinger and Reichl, “Today’s Second Generation”.

<sup>73</sup> Organization for Economic Cooperation and Development, *Jobs For Immigrants. Volume 2*, p244.

<sup>74</sup> One likely reason for part of this is that analysts can typically control for only the formal *level* of education (e.g. number of years of schooling, or the diploma attained), but not for its quality. If immigrants’ children also attend inferior educational institutions or achieve lower grades, this could account for some of the remaining gap between the second generation and its non-immigrant peers.

In the United Kingdom, on the other hand, British-born ethnic minorities (a proxy for the second generation) have on average significantly *higher* education levels than British-born whites. However, this does not translate fully into better employment prospects: while British-born ethnic minorities earn more than white natives (if they participate in the labor force), the gap is not as large as we would expect given differences in characteristics such as education and regional location.<sup>75</sup>

Formal education, therefore, does not appear to fully explain the gap between the second generation and its non-immigrant peers. Other aspects of immigrant background remain important.

## How Will These Trends Change over Time?

As we have described, the second generation experiences substantial upward mobility relative to its parents, even if some groups do not catch up with their non-immigrant peers. This, in part, is a consequence of the inevitable correlation between parents' labor market success and that of their children. This correlation means that the performance of recent, first-generation immigrants provides an indication of what to expect – holding policy and other factors constant – from the future second generation.

In the United States, for example, the second generation currently fares well. George Borjas, however, points out that even if the second generation in the United States “catches up” relative to its parents, roughly half of the wage difference of the first generation persists into the next generation.<sup>76</sup> This means that the children of today's immigrants might not catch up fast enough to reach parity with their non-immigrant peers because of the increasingly low wages earned by first-generation immigrants. Indeed, a downward trajectory is already clear: In 1940, second-generation workers earned 17.8 percent more than their non-immigrant peers; in 1970, 14.6 percent more; in 2000 they earned only 6.3 percent more. This mirrors a similar downward trend in the relative earnings of *first-generation* immigrants over the same period, culminating in first-generation earnings that were 19.7 percent *lower* than those of natives in 2000. In other words, if the current trends continue, the second generation will earn less than its non-immigrant peers by 2030.<sup>77</sup> It is likely that the changing composition of immigrants to the US, and the increasing proportion of Mexican immigrants (whose children, as we have seen, lag behind their white, native-born peers), have contributed significantly to this trend.

The same trend can also be found in Europe. Rooth and Ekberg, for example, point out that in Sweden, the share of second-generation immigrants with a non-European background (the second-generation group with the most difficulties in the labor market) is increasing, with large numbers currently at school and pre-school age. Given the substantial changes in the composition of first-generation immigrant populations that many countries have experienced since the 1970s, considerable uncertainty marks the future of the second generation in coming years.

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<sup>75</sup> Dustmann and Theodoropoulos, “Ethnic Minority Immigrants and their Children in Britain”

<sup>76</sup> George J. Borjas, “Making It in America: Social Mobility in the Immigrant Population.” *Future of Children*, 16 no. 2 (2006): 55–71.

<sup>77</sup> Haskins, “Immigration: Wages, Education, and Mobility”, p83; all statistics are on an age-adjusted basis.

## Policy Discussion

It is clear from the discussion of the determinants of mobility that some factors can be changed through government policy and some cannot. Some depend on wide-ranging factors such as macroeconomic policy or the provision of healthcare – matters that are clearly outside the scope of immigrant integration policy. But some factors *can* be changed. In this section we outline policies that could promote mobility, particularly among the second generation. These fall into three primary categories:

- Immigrant selection
- Legal residence rights
- Education and language development

A crucial point to remember throughout this discussion is that factors that improve outcomes for the first generation are likely to improve them for the second as well, especially in countries where there is a strong correlation between the outcomes of immigrant parents and their children.

### A. Immigrant-Selection Systems

One way to improve integration – and hence social mobility – is to select labor migrants more carefully, or to design the immigration system so as to create the right conditions for integration.

This can be done in a number of ways. First, requiring a job offer for incoming labor migrants (either by running an employer-led immigration system, or by making a job offer a condition in a points-based selection system)<sup>78</sup> can be a very effective means of avoiding high unemployment rates among recently arrived immigrants (it also serves as an important *selection* mechanism to identify immigrants with a good labor market “fit”). Second, countries including Australia and the United Kingdom have imposed requirements on labor migrants to demonstrate a certain level of language proficiency or to have their professional qualifications officially recognized before immigration. Third, the size of immigrant-entry categories can be adjusted to prioritize the immigrants who integrate best (although this approach requires good longitudinal data in order to identify such immigrants).

### B. Legal Residence

Immigrants with legal status who are given a clear path towards citizenship are in a better position to integrate economically, as described earlier. Permanent visas also enable the upward mobility of immigrants’ children. However, industrialized countries differ enormously in the extent to which they allow immigrants to transition from temporary to permanent status, or indeed gain permanent status immediately. Careful thought is necessary about temporary immigrants’ options for permanent settlement.

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<sup>78</sup> For more information on hybrid, points-based and employer-driven selection systems, see Demetrios G. Papademetriou, Will Somerville and Hiroyuki Tanaka, “Hybrid immigrant selection systems: the next generation of economic migration schemes” Gutersloh: Verlag Bertelsmann Stiftung, 2009.

The more vexed policy issue concerns illegally resident immigrants and their children, for whom the lack of legal status acts as a very strong barrier to social mobility.<sup>79</sup> As noted earlier, even children with host-country citizenship may suffer if their parents do not have a legal right to residence. The policy prescriptions associated with illegally resident immigrants are usually centered on deportation, regularization, or amnesty.<sup>80</sup>

### C. Education and Language Development

Policies to improve *first*-generation immigrants' economic integration include credential recognition policies; workforce development strategies to improve host-country skills and experience; work-focused language training; and the enforcement of labor standards, including the minimum wage.<sup>81</sup>

Here, however, we focus on policies to improve the social mobility of the children of immigrants – the second generation and foreign-born children with immigrant parents. Not only is there a strong moral argument for investing in the second generation in order to prevent enduring disadvantages across generations, but education-based policies also have great potential to be effective. Immigrants' children in many countries are predominantly young, due to the recent nature of large-scale immigration. This means that educational interventions can be made early in life when they are thought to be most useful, and that investments have a long time-horizon to “pay off.”

We should consider three primary policy areas: early education; school-age policy interventions and the transition to work; and language acquisition. The point at which interventions are most needed is likely to vary by country and by immigrant group. For example, while some immigrant groups may experience low college-going rates despite adequate high-school performance, language acquisition may be a more important problem for other groups.

First, the availability of early education – particularly center-based care – depends on complex factors well beyond the scope of immigrant integration policy. But families with an immigrant background may benefit from measures to increase support for bilingual children (including providing continuity between early education and primary school),<sup>82</sup> as well as outreach to immigrant parents in order to overcome their reticence in accessing services.<sup>83</sup>

Second, school-age education for second-generation children could be improved by allowing “second chances” to allow students with educational disadvantages to access additional schooling, or

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<sup>79</sup> The problem is particularly great in the United States, where five million children live with illegally resident parents; approximately two thirds are US citizens (Capps, Fix, Ost, Reardon-Anderson and Passel, *The Health and Well-Being of Young Children of Immigrants*; and Capps, Fix, Murray, Ost, Passel and Herwanto, *The New Demography of America's Schools*).

<sup>80</sup> For a discussion of the regularization policy option, see Demetrios G. Papademetriou and Will Somerville, *Earned Amnesty: bringing illegal workers out of the shadows* (London: Centre Forum, 2008); Demetrios G. Papademetriou, “The “Regularization” Option in Managing Illegal Migration More Effectively: A Comparative Perspective” (Migration Policy Institute Task Force Policy Brief No. 4, September 2005).

<sup>81</sup> For more information on the integration of adult immigrants, see Michael Fix, ed., *Securing the Future: US Immigrant Integration Policy* (Washington, DC: Migration Policy Institute, 2007).

<sup>82</sup> Paul Leseman, *Accessibility of early childhood education and care provisions for low income and minority families* (Paris: OECD, 2002).

<sup>83</sup> See Gary Craig, Sue Adamson, Nasreen Ali, Shehzad Ali, Lynn Atkins, Abena Dadze-Arthur, Charmaine Elliot, Sara McNamee and Bano Murtuja, *National Evaluation Report: Sure Start and Black and Minority Ethnic Populations*, (London: Department for Education and Skills, 2007).

by expanding access to apprentice or internship programs in order to smooth the transition into the labor market for young adults whose immigrant background may mean they have fewer contacts with potential employers outside of their ethnic network. Larger and more costly interventions include lowering the compulsory schooling age in order to promote language acquisition.<sup>84</sup>

Finally, greater support for language acquisition (inside and outside of school) would help the children of immigrants overcome a significant barrier to labor market success. Policies may include a greater level of additional language support from early education to secondary school, or programs training teachers to understand the needs of students acquiring a second language.

## Conclusions

The fates of first and second-generation immigrants are closely linked. Adult immigrants who fare well in the host-country labor market are in a better position to provide the resources that will help their children succeed. This has a very important implication: policies that improve the outcomes of the first generation – by selecting immigrants more effectively or by investing in their upward mobility – will also improve the second generation’s integration.

In order to improve integration across the board, however, policymakers may need to pay particular attention to the groups who show very little upward mobility. As this paper shows, although many second-generation groups perform as well or better than their non-immigrant peers, several countries have immigrant groups from one or more source countries who consistently fare worse, or whose outcomes do not improve fast enough to bring them level with even low-skilled native workers. Appropriate strategies for their economic integration must take into account the specific reasons for a group’s poor performance (for example, access to education, language difficulties, or migration motivation).

Finally, it is important to remember that all of the trends discussed in this paper are changing. This is not just because of the current economic downturn, which is likely to exacerbate the incomplete integration of several groups (particularly those from outside of the OECD), but also because of longer-term trends such as the changing composition of incoming immigrant populations, and the growth in size of the second generation. In particular, policymakers in countries with a small but growing second generation should make sure that they are prepared to accommodate this population’s needs as it enters the education system and then the labor force. And in countries where children of immigrants have historically been relatively successful, policymakers must be aware of the potential for more challenging circumstances as the second generation changes to reflect recent immigration patterns over the past 20 years.

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<sup>84</sup> Maurice Crul, “Pathways to Success for the Second Generation in Europe”, *Migration Information Source*, April 2007, <http://www.migrationinformation.org/Feature/display.cfm?id=592>.