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Abstract

Immigrants and their children often live, at least for a time, in neighborhoods that have high concentrations of fellow immigrants. Typically these neighborhoods also have high poverty levels are located near concentrations of the native-born poor. The conventional wisdom is that living in extremely poor neighborhoods leads to "concentration effects" that exacerbate the problems of poverty and limit economic opportunity (Wilson 1987). While immigrants are not immune to the problems of crime, gangs, dilapidated housing, and failing schools associated with high-poverty neighborhoods, it has been argued that immigrant neighborhoods provide advantages as well. These include the creation of parallel institutions, vernacular information networks, and familiar cultural practices. The analyses presented here provide some support for this notion, by showing immigrants progress from higher- to lower-poverty neighborhoods over time. Yet Mexican immigrants do not transition nearly as rapidly. More importantly, concentration of poverty diminishes the economic outcomes of the young Hispanic adults in the second generation. They are less likely to enter the labor force, less likely to be employed, and receive lower earnings if they live in metropolitan areas where they had a greater probability of exposure to high-poverty neighborhoods as children.

Immigrants and Neighborhoods of Concentrated Poverty: Assimilation or Stagnation?

Introduction

In the 1990s, the United States experienced a substantial reduction in the concentration of poverty (Jargowsky 2003; Kingsley and Pettit 2003). The number of extreme poverty neighborhoods – defined as census tracts with poverty rates of 40 percent or more – declined by 26 percent. The percentage of poor persons living in these high-poverty neighborhoods, also known as the concentration of poverty, declined for all racial and ethnic groups and in the vast majority of metropolitan areas. The exceptions to this rule were primarily California metropolitan areas such as Los Angeles-Long Beach, Fresno, Riverside-San Bernardino, and Bakersfield. These areas also experienced a massive influx of low-income Mexican immigrants, who expanded high-poverty zones and increased their populations.

In the United States, there are very large differences among racial and ethnic groups in the concentration of poverty. A poor person who is black is over four times more likely to live in an extremely poor neighborhood than a poor person who is a non-Hispanic white. The Hispanic poor are also much more likely than the white poor to live in high-poverty neighborhoods. The conventional wisdom, based primarily on research on black ghettos, is that living in extremely poor neighborhoods leads to "concentration effects" that exacerbate the problems of poverty and limit economic opportunity (Wilson 1987). Newly arriving immigrants, particularly Mexican immigrants, often live for at least a time in very high-poverty barrios. Does living in high-poverty areas also have

negative effects on these immigrants, or do these neighborhoods actually serve a bridging function, so that their benefits outweigh their costs? Prior research has provided conflicting theoretical perspectives about the impact of concentrated immigrant neighborhoods on their residents. One school of thought is that beneficial aspects of immigrant clustering outweigh the negative impacts of poverty concentration. Another line of argument is that the concentration of poverty is just as harmful for low-income immigrants as it is for the native-born poor, and serves to impede social and economic assimilation.

This paper examines the effect of concentration of poverty on the economic assimilation of Hispanic immigrants and particularly the children of these immigrants, the second generation. The evidence presented here suggests that the progression most immigrants experience from higher to lower poverty neighborhoods is far weaker among Mexican immigrants. Moreover, the children of Hispanic immigrants have worse economic outcomes as adults if they lived in a community with high levels of concentration of poverty as children. Consistent with the segmented assimilation hypothesis, I find that on balance the concentration of immigrants in high-poverty neighborhoods reduces the economic prospects of the second generation.

The Ghetto and the Barrio

Most contemporary scholars in the United States understand the term "ghetto" to refer to African-American neighborhoods within larger urban areas. The usage reflects the overriding American concern with race, and the racial basis of residential arrangements in U.S. metropolitan areas (Kain 1986; Massey 1990; Massey and Denton 1993). Yet the origin of the term is indisputably ethnic rather than racial; for at least 500

years, the term referred to the Jewish area within a city (Wirth 1928). The term has evolved over time:

> In modern times the word "ghetto applies not specifically to the place of officially relegated settlement of the Jews, but rather to those local cultural areas which have arisen in the course of time or are voluntarily selected or built up by them….In our American cities the ghetto refers particularly to the area of first settlement, i.e. those sections of the cities where the immigrant finds his home shortly after his arrival in America….Moreover, there seems to be a general tendency to refer to immigrant quarters in general as ghettos. (Wirth 1928: 4)

Despite these origins, the study of the high-poverty inner-city neighborhoods in the United States has had a disproportionate focus on black neighborhoods, particularly those black neighborhoods in New York, Chicago, and other Northeastern and Midwestern cities. Given that African-Americans have had much lower family income and higher poverty rates than whites, segregated black neighborhoods also tended to be poor, or at least poorer than the majority neighborhoods. For this reason, the term "ghetto" became synonymous with neighborhoods of poverty, dilapidated housing, and social disorganization. These connotations strengthened during the 1960s as the result of racial riots, a rapid rise in violent crime, and the emergence of the suburbs as an alternative form of residential life. Generations of scholars came to regard high-poverty neighborhoods as a social problem with consequences for child development and young adult decision-making (Brooks Gunn et al. 1997).

Since new immigrants typically have low income, neighborhoods composed primarily of immigrants will also tend to be high-poverty neighborhoods. Because immigrants need low-cost housing, they tend to settle in close proximity to existing concentrations of native-born poor, who are disproportionately African-American (Portes

and Zhou 1993). Segregated, low-income Hispanic neighborhoods in the United States are traditionally called barrios. Although the term translates simply as neighborhood or village in most of the Spanish-speaking world, within the U.S. the term implies a low-income neighborhood in which the dominant language is Spanish. Barrio neighborhoods have "much in common" with high-poverty African American neighborhoods, so that the two are "sometimes equated…as sites of neighborhood disadvantage" (Eshbach et al. 2004: 1807).

Yet the literature concerning immigrants living in ethnic neighborhoods, including barrios, discusses the opposite possibility. Forman (1971: 6) argued that immigrant concentration was both voluntary and adaptive:

> For so many different groups to have followed this practice for over a century suggests that there are positive values to be derived from such concentration. For the immigrants such voluntary segregation meant that they could reduce the rate of transition from their native culture to the urban American way of life and thus minimize "culture shock." Immigrants established their own church with services in their own languages, developed their own native-language newspapers, and established their own clubs and mutual-aid societies. If the immigrant faced difficulties, it was with the support of the centuries-old culture and traditions that he and his neighbors had carried to the new American urban environment.

Immigrant neighborhoods are often united by more than country of origin. A chain of migration sometimes develops, in which immigrants from a particular region, city, or neighborhood in the country of origin will settle in particular neighborhoods in the destination country (Massey et al., 1994). A ready-made set of kinship and community ties is obviously a benefit to a newly arriving immigrant, and can provide a significant incentive for cousins and friends to follow in the path of earlier immigrants (Portes and Bach 1985; Logan, Alba and McNulty 1994).

Several studies have found evidence of advantages conferred by immigrant ethnic concentration, despite the concentration of poverty that naturally accompanies it. For example, immigrant concentration has "sheltered newcomers from the ill-effects that nativist activities may have had on their lives otherwise" (Emeka 2006: 7). Within ethnic neighborhoods, new immigrants learned about industries and firms in which they would be welcome from previous immigrants, who also gave them valuable referrals and advice (Model 1988; Waldinger and Lichter 2003). For example, Hispanics in barrios are more likely to rely on neighbors to learn about jobs than blacks in ghettos (Elliott and Sims 2001). Eshbach et al. (2004), examining mortality rates among older Mexicans, found that there is a "barrio advantage" that counterbalances the "negative health effects of neighborhood disadvantage." A study of immigrants in Sweden, exogenously assigned by a state housing program to different locations, found a 13 percent advantage in earnings for less skilled immigrants living in ethnic neighborhoods (Edin et al. 2003). Given such considerations, Walks and Bourne (2006: 1), examining poverty neighborhoods in Canada with high proportions of immigrants, have called for "a more nuanced interpretation of segregation, ghettoization, and neighborhood dynamics."

The slower rate of assimilation among recent immigrants suggests that the beneficial impact of ethnic neighborhoods in the early 20th Century may no longer apply. Portes and Zhou (1993: 83-85) describe a process of "segmented assimilation" that departs from earlier immigrant processes is several respects. First, in contrast to earlier waves of European immigrants, newer immigrants have a nonwhite racial identity (despite Census Bureau definitions that classify Hispanic Origin as an ethnicity rather than a race). Second, the concentration of immigrant households in the urban core "puts

new minorities in close contact with native-born minorities." Co-location serves to cement the identification of new immigrants as racially different from the majority, and "exposes second-generation children to the adversarial subculture developed by marginalized native youths." Third, changes in the structure of occupations have restricted the opportunities for upward mobility by reducing the relative proportion of mid-level jobs available to less-well-educated workers.

Children of today's immigrants must leap "in only one generation the gap between entry-level jobs and professional positions that earlier groups took two or three generations to travel." Failing to bridge that gap, "assimilation may not be into mainstream values and expectations by into the adversarial stance of [native-born] impoverished groups." The location of new immigrants in inner city, high-poverty neighborhoods is crucial part of the segmented assimilation hypothesis because of the role of neighborhood effects. The positive support offered to immigrants and their children by social capital and collective efficacy of a homogeneous ethnic neighborhood may come at a price if that neighborhood is predominantly poor.

There are many reasons why poor neighborhoods could produce negative outcomes for the children of immigrants. High-poverty neighborhoods have "sharply lower expectations for social control" (Sampson et al. 1999). Immigrant children may identify more with the countercultural message of poor native-born peers, even if they have no objective reason to do so (Portes and Zhou 1993). Moreover, the residence of children of immigrants in high-poverty ethnic areas puts them in schools dominated by low-income students, both from their own group and from the native-born minority poor (Zhou 1997). Children of immigrants living in high-poverty neighborhoods typically

attend "schools with a demoralized educational climate" (Hirschman 2001). Controlling for individual ability and family background, poor performance by a student's peers reduces the student's performance; the magnitude of the effect is larger for students already performing poorly (Zimmer and Toma 2000). Peer effects operate the same for children of immigrants, and tend to reinforce existing disadvantages (Portes and MacLeod 1996). Lower educational attainment is actually more costly for linguistic minorities than for the native born (Stolzenberg and Tienda 1997).

Finally, children in ethnic residential concentrations have the option of remaining embedded in the culture of their parents' homeland, or at least the version of it that flourishes in their neighborhood. The existence of a familiar neighborhood culture in sync with a child's familial culture may increase the psychic cost and reduce the perceived benefits of cultural and linguistic integration. Even third generation Hispanics are more likely to speak Spanish in an ethnic community context (Alba et al., 2002), although one can argue whether that is a positive trait (bilingualism, biculturalism) or an indication of incomplete assimilation or both (Mouw and Xie 1999).

The close correlation between immigrant concentration and poverty concentration creates an empirical challenge: ethnic concentration effects and poverty concentration effects may be hard to distinguish from an empirical point of view. Borjas (1995: 380) makes the point that the effect of ethnic capital "is simply disguising for neighborhood effects which have nothing to do with ethnicity." That is, researchers with good measures of ethnicity and nativity find ethnic capital effects, while researchers with good measures of neighborhood characteristics find neighborhood effects. Few researchers have both types of data. "It is worth asking," Borjas continues, "whether ethnicity per se

plays any role in intergenerational mobility, above and beyond the influence of neighborhoods" (1995: 384). He finds that both pure neighborhood effects and ethnic capital effects help to explain intergenerational mobility, but the former are more significant.

Regardless of the relative balance between the positive and negative aspects of ethnic clustering and its interactions with poverty concentrations, the historical fact is that many immigrant groups have been successful in becoming economically assimilated over several generations (Borjas 1985). While there is concern over whether Mexicans and other recent immigrants will progress as rapidly, the current second generation is still likely to do much better than the first generation (Perlmann and Waldinger 1997; Smith 2003). These facts, however, do not necessarily imply that concentration of poverty among immigrants is benign, because we do not know if immigrants, or at least their children, would assimilate more quickly if they were to live in lower poverty neighborhoods upon their arrival.

This paper begins by examining the concentration of poverty among the foreign-born population. To the extent permitted by neighborhood-level census data that is not inherently longitudinal, I look for evidence that immigrants move to lower poverty neighborhoods over time despite initial residence in higher poverty neighborhoods. Then, I estimate regression models to look for evidence that concentrated poverty has an independent effect on economic outcomes of the second generation after controlling for individual characteristics and labor market conditions.

Neighborhood Poverty among the Foreign Born

The official US poverty line compares a family's income to a standard amount meant to represent the cost of basic necessities. It does not have any geographic component, so the location of a poor family and the poverty of its neighborhood does not affect whether an individual family is defined as poor. Based on prior research, high-poverty neighborhoods are defined as neighborhoods in which 40 percent or more of the residents are poor according the official poverty line. This poverty level identifies a relatively rare group of extremely disadvantaged neighborhoods that often exhibit high levels of social problems. I use census tracts as proxies for neighborhoods. These are small, relatively homogenous areas covering the whole nation with an average population of around 4,000 persons (Jargowsky 1997, 2003; White 1987).

Table 1 provides information both on individual poverty and residence in high-poverty neighborhoods for all US citizens in 2000, based on their nativity and citizenship status. For comparison purposes, comparable data for racial and ethnic groups are also shown. Foreign born includes all persons born outside the United States, regardless of country of origin. Foreign-born persons (regardless of income) were more likely to live in high-poverty neighborhoods than the native born, by 4.1 to 2.7 percent, but not as likely as African-Americans (9.2 percent) or Native Americans (9.7 percent). Foreign-born persons who had become naturalized citizens were about half as likely as non-citizens to live in such areas.

Concentration of Poverty

As one might expect, the foreign born are more likely to be poor based on the federal poverty guidelines, as shown in the far right column of Table 1. Nearly 18

percent of the foreign born are poor based on family income, compared to 12 percent of the native born. The concentration of poverty – the proportion of the poor living in high-poverty neighborhoods – is far higher for the foreign born than for non-Hispanic whites (10.2 percent compared to 4.1 percent) but not as high as among African-Americans (18.6 percent) or Native Americans (19.4 percent). *Poor* immigrants had about the same chance of residing in high-poverty neighborhoods as native-born poor persons generally. These levels may seem low, since they imply that 90 percent do not live in high poverty neighborhoods. Recall that the 40 percent threshold level identifies a small set of extremely disadvantaged neighborhoods. The average neighborhood poverty rate experienced by a poor immigrant in 2000 was 22.3 percent, well above the national average rate, and this figure includes all immigrants no matter how long they have been in the country or their country of origin.

The level of concentration of poverty among the foreign-born population varies dramatically from one metropolitan area to another. Table 2 shows the 25 metropolitan areas with the largest foreign-born populations. Los Angeles and New York dominate this skewed distribution with over 3 million foreign-born persons each. Both have foreign-born concentration of poverty rates near 15 percent; however, native-born concentration of the poor is also near 15 percent in Los Angeles, whereas it is double that figure in New York. This huge gap is driven by the demographic composition of the foreign- and native-born populations in those two areas, as discussed below. In Los Angeles, the citizen/non-citizen distinction is substantially more important than in New York.

In the remaining metropolitan areas, the highest levels of foreign-born concentration of poverty were in Phoenix (12.8 percent), Philadelphia (12.7 percent), and San Diego (11.7 percent). Among the foreign born, the concentration of poverty rate for non-citizens was usually higher than or comparable to the rate for naturalized citizens. In 9 of the top 25 metropolitan areas, concentration of poverty among the foreign born poor was 5 or more percentage points *lower* than for the native born poor, including Chicago, New York, and Newark, where blacks comprise a large segment of the poor population. In contrast, there were no metropolitan areas where the foreign born rate was 5 percentage points higher than the native rate.

In summary, concentration of poverty was less pronounced among the foreign born as a group in 2000 than one might have expected, at least when immigrants are not disaggregated by year of arrival and country of origin. In fact, within many metropolitan areas, concentration of the foreign-born poor is substantially below the concentration of the native-born poverty population. Not clear from the analysis thus far is whether the low average level of concentration among the foreign-born is characteristic of the group generally, or reflects an assimilation process. The next section examines the effect of year of entry into the U.S. on the probability of residing in a high-poverty neighborhood. In particular, the question is whether cohorts of immigrants, defined by year of entry into the United States, remain in concentrated poverty neighborhoods or upgrade to better off neighborhoods over time.

Disaggregating by Year of Entry, Race, and Origin

Summary File 3 (SF3) of the US census is needed to identify high-poverty areas at the census tract level. SF3 comes in aggregated form as tables summarizing variables

for each geographic unit, not as individual data. The Public Use Microdata Sample (PUMS) does provide individual-level data and is often used for research on immigrants, but it does not identify census tracts due to confidentiality concerns. So the PUMS cannot be used to study concentration of poverty among immigrants. Therefore, one is limited to the tables as they are presented in the summary data, and it is not possible to create new cross-tabulations or change the categories from those given. The analysis above used Table PCT 51, "Poverty Status by Place of Birth and by Citizenship Status." Unfortunately, I am not aware of a comparable table for 1990. Moreover, the tables providing information on year of entry and country of origin are not cross tabulated with poverty status. Thus, in the analysis that follows, I can only present figures on the proportion of *all members* of a particular group residing in high-poverty zones, regardless of poverty status, not the proportion of the poor as I would prefer. Generally, the figure on residence in high-poverty areas is 2 to 4 times higher for the poor members of a group than for the group overall.

Race/Ethnicity

SF3 Tables PCT63a through PCT63i provide nativity and citizenship data for racial and ethnic subgroups. Table 3 shows the number and proportion living in high-poverty areas as well as the average poverty rate. The "All Races/Ethnicities" panel at the top of the table repeats the comparable figures from Table 1, but without breaking down the poor and nonpoor, since that is not possible for the separate race categories. There are striking contrasts between immigrants by race. For example, non-Hispanic white foreign-born persons almost never live in high-poverty neighborhoods, and the average poverty rate for this group is 10 percent, below the national average level of 12.5

percent. Among blacks, the foreign born are substantially *less* likely to live in high-poverty neighborhoods (5.4 percent compared to 9.5 percent). Nevertheless, they are nearly five times more likely to live concentrated poverty areas than the white foreign born, and on average they experience much higher neighborhood poverty levels (about 18 percent). Hispanic foreign and native born are about equally likely to live in high poverty levels, 6.3 and 6.7 percent respectively, and have average neighborhood poverty around 20 percent. Of course, all these figures would be much higher if we could examine poor members of these groups separately.

Period of Arrival

Tables P36 in the 1990 census and P22 in the 2000 census both identify foreign-born persons by year of entry into the United States. Redstone and Massey (2004) have shown that census respondents often interpret this question in different ways, especially in the context of multiple visits to the U.S. and returns to their native country. Nevertheless, they also show that errors occur in both directions and analyses based on year of entry do not show a particular bias in one direction or the other due to mis-reporting. The two tables give very different levels of detail. The 1990 table gives more detail before 1970, whereas the 2000 table has only one category for all immigrants who entered before 1970. Nevertheless, three comparable cohorts of immigrants can be constructed, allowing a weak form of longitudinal analysis.

Table 4 combines information from both sources and shows the number of foreign-born persons by their year of entry into the United States and the proportion residing in extremely poor neighborhoods in 1990 and 2000. The table reveals a wealth of information with just a few numbers. First, overall 5.3 percent of all immigrants lived

in the highest poverty neighborhoods in 1990. Consistent with the national trend in the 1990s, the proportion of immigrants living in concentrated poverty areas declined to 4.1 percent in 2000 (a 23 percent decline in the proportion residing in such neighborhoods).

Looking down the 1990 column, we compare the residence in high-poverty neighborhoods by year of entry. We see a clear pattern of assimilation looking across the cohorts. Fewer than 3 percent of pre-1960 immigrants lived in high-poverty zones in 1990, and more recent immigrants are consistently more likely to have lived in high-poverty areas in 1990. The most recent group at the time of the 1990 census, those who arrived from 1980 to 1989, lived in high-poverty areas 6.8 percent of the time. A similar pattern is observed as one reads down the year 2000 column. Figure 1 shows the proportions living in concentrated poverty areas in 2000 for the different arrival cohorts for 12 metropolitan areas. Despite very different levels across the cities, within any given city, it is usually true that the longer a person has been in the United States, the less likely he or she is to live in a high-poverty neighborhood.

On the other hand, the immigrants who arrived at different times might have differed from each other prior to arrival. To rule out this possibility, we have to follow a given cohort of immigrants (defined by year of entry) over time, reading across the rows of Table 4. Three comparable cohorts are shown in the outlined central panel of Table 4.[2] For example, the table shows that 6.2 million immigrants arrived before 1970. In 1990, members of this of this cohort resided in high-poverty neighborhoods 3.1 percent of the

[2] The 1990 and 2000 figures for this group are computed on nearly the same individuals, assuming they consistently report their years of entry. However, someone could have arrived prior to 1990, gone back to the country of origin and missed the 1990 Census, and then returned to the US in time for the 2000 Census. Another consideration is that the year of entry question is on the long form, which is given to about 15 percent of all respondents. So, a given person in a cohort may never have answered the year of entry question or answered it once or twice. Essentially, we have two very large but independent samples drawn from the same population.

time, but this figure declined nearly one third by 2000. Note that the 2000 census only registers 4.8 million persons as having arrived in the US before 1970. (The major decline in the size of this cohort probably reflects mortality; those who immigrated before 1950 would have been 70 years old by 2000 if they were 20 years old on arrival. Some may have returned to their country of origin, perhaps to retire.)

The next cohort are those who arrived in the 1970s. Of this group, 5.4 percent resided in high-poverty neighborhoods in 1990, falling about one third to 3.5 percent by 2000. Of those immigrating in the 1980s, the high-poverty neighborhood percentage dropped one third from 6.8 in 1990 to 4.6 in 2000. The size of the more recent cohorts drops only slightly; presumably, mortality is a much smaller factor for the more recent immigrants.

There is some evidence in the Table supporting assimilation of immigrants who initially live in high-poverty zones, but also some against it. On the positive side, we see that at a given point in time, more recent cohorts are less likely to live in neighborhoods of concentrated poverty. We also see that a given cohort is less likely to live in such a neighborhood over time. Both considerations support a conclusion that residence in high-poverty neighborhoods is a transitory phenomenon and that immigrants assimilate geographically to neighborhoods of lower poverty levels despite initial high-poverty neighborhood residence.

On the other hand, concentration of poverty was declining for all groups between 1990 and 2000, regardless of immigration status, so we also need to take into account period effects. We can do this, for example, by comparing along diagonals: the newest immigrants in 1990 (those who arrived in the 1980s) compared to the newest immigrants

in 2000 (those who arrived in the 1990s). There is a comparable reduction in the tendency to reside in high-poverty neighborhoods, dropping from 6.8 percent for the 1980s cohort in 1990 to 4.8 percent for the 1990s in 2000, a 29 percent reduction. However, comparing the 1970s cohort in 1990 to the 1980s cohort in 2000 shows a 15 percent reduction. The existence of such a strong period effect somewhat calls into question the evidence of assimilation derived from following the cohorts from 1990 to 2000.

Region of Origin

The evidence above aggregated foreign-born persons from all nations of origin. Yet immigrants from different continents and nations bring vastly different amounts of personal and cultural capital with them. They have to go through different processes and filters to gain entry. And they are treated differently once they arrive (Portes and Rumbaut 2001). Perlmann argues that national origin is crucial to understanding the "networks, niches, modes of incorporation, historical context, and the like" that affect the success of immigrants and the second generation (2005: 8).

Figure 2 shows the average neighborhood poverty rate in 2000 of immigrants from 7 broad regions of origin and 3 periods of arrival to the United States. European immigrants lived in the least poor neighborhoods, and Mexicans the poorest. All immigrant groups except Mexicans showed a pattern that could be considered spatial assimilation: the immigrants from earlier periods live in progressively less poor neighborhoods. The trend is even more dramatic for the proportion that lived in concentrated poverty neighborhoods, as shown in Figure 3. In fact, a higher proportion of recent Caribbean immigrants lived in the poorest neighborhoods, but the rate is much

lower for Caribbean immigrants who have been around longer. In contrast, Mexican immigrants had about the same probability of high-poverty neighborhood residence, and the same average neighborhood poverty rate, regardless of period of entry.

Economic Success in the Second Generation

The evidence reviewed thus far paints a rather mixed picture. While there is some evidence of spatial assimilation of immigrants over time, Mexican immigrants do not seem to experience the same degree of spatial assimilation, at least based on the poverty level of their neighborhood of residence. Yet immigrants often speak of providing more opportunity for their children, the second generation. Most would agree that children of Mexican immigrants born in the United States have access to more economic opportunity than if they had remained in Mexico. But given that a second generation child is born in the United States, does growing up in a high-poverty neighborhood hinder the child's ability to access that opportunity?

Models

Concentration of poverty is assumed to be a negative factor on child development. For this reason, the large declines in concentrated poverty observed in most metropolitan areas in the 1990s (Jargowsky 2003; Kingsley and Pettit 2003) were celebrated. However, certain regions experienced substantial increases in concentration of poverty during this period, primarily areas with substantial Mexican immigration, such as Los Angeles and other Southwestern and Western metropolitan areas.

This section examines the impact of growing up in a high-poverty neighborhood on the eventual economic outcomes for the children of the foreign born, i.e. the second

generation. The focus on the second generation, rather than immigrants *per se*, stems from several factors. First, according to the segmented assimilation hypothesis, the second generation may be more vulnerable to effects of high-poverty neighborhoods, especially if they are exposed to such environments at impressionable ages (Stier and Tienda 2001). Moreover, income is not well reported in public data sources for recent immigrants (Tienda and Raijman 2000). While the question is equally interesting for all immigrants, Mexican immigrants are the greatest cause for concern, both because of the size of recent waves of Mexican immigration, and because of the evidence reviewed earlier suggesting that Mexican immigrants experience higher concentration of poverty than other immigrants and show less improvement over time. Presumably these factors make the second generation Mexican immigrants more vulnerable to the effects of concentration of poverty. While Mexican immigration is a primary concern, the analysis that follows includes all Hispanic members of the second generation, in order to achieve the best match between data drawn from different sources. Mexicans make up 60 percent or more of all Hispanic second generation respondents, and most of the rest are Central and South Americans who face many of the same issues.

This analysis does not seek to address the assimilation of the second generation in all its dimensions, only economic outcomes such as labor force participation, employment, and earnings. Nor do I address whether and how fast the second generation reaches parity with the native born. Instead, the question addressed is whether the concentration of poverty affects economic outcomes of the second generation. In other words, within a group of individuals all of whom are Hispanic adult members of the

second generation, are differences among them in economic outcomes related to childhood exposure to concentration of poverty in barrio neighborhoods?

Few data sources have the variables needed to identify second-generation immigrants, and of those few have a long enough panel and sufficient geographic detail to identify childhood neighborhood poverty and adult economic outcomes. Thus it is necessary to combine data from several different sources (Tienda and Sullivan 1984). For example, it is possible to use U.S. Census data to identify the historical concentration of poverty in the metropolitan area of Hispanic individuals in the Current Population Survey, which unlike the Census identifies whether they are members of the second generation. Those young adults who live in metropolitan areas which had higher concentrations of poverty ten years earlier have a higher probability of having grown up in a concentrated poverty neighborhood. In addition, they are more likely to have come into contact with residents of high-poverty neighborhoods, with whom they share a language and a culture. Thus, the strategy employed here is to estimate the effect of *lagged* (childhood) Hispanic metropolitan-level concentration of poverty on labor market outcomes for the second generation, controlling for other relevant factors.

One highly relevant factor that needs to be controlled is poverty itself, as opposed to concentration of poverty. Concentration of poverty at the metropolitan level is correlated with the general (i.e. non-geographic) level of poverty. A child who was more likely to have been exposed to a high-poverty neighborhood was also more likely to have lived in a poor family. Growing up in a poor family is known to affect human capital accumulation and thus affects labor market outcomes as well. To get an unbiased

estimate of the effect of childhood poverty concentration, family poverty will have to be controlled as well.

Second generation labor market outcomes will also be affected by demand-side factors. Concentration of poverty, even if lagged, may be correlated with the strength of the metropolitan market that in turn affects employment and earnings. For this reason, contemporaneous controls for metropolitan labor market conditions are entered in the model. The resulting equation for the probability of employment is:

$$\Pr\left(emp_{ij} = 1 \mid \mathbf{x}_{ij}, \mathbf{M}_j, \mathbf{P}_j\right) = \Lambda\left(\mathbf{x}'_{ij}\boldsymbol{\beta} + \mathbf{M}'_j\boldsymbol{\gamma} + \mathbf{P}'_j\boldsymbol{\delta}\right),$$

where *i* indexes individual second generation Hispanic citizens in metropolitan area *j* and the variables are defined as follows:

emp_{ij}	1 if currently employed, 0 otherwise;
$\mathbf{x}_{ij}$	a vector of personal characteristics including: $male_{ij}$ = 1 if male, 0 if female, age_{ij} = age in years, $educ_{ij}$ = years of education;
$\mathbf{M}_j$	a vector of contemporaneous metropolitan-level characteristics including: emp_j = employment to population ratio, $avginc_j$ = ln(average household income), $povrate_j$ = poverty rate;
$\mathbf{P}_j$	lagged (childhood) poverty characteristics for metropolitan area *j*: $hispov_j$ = lagged poverty rate for Hispanics, $hiscon_j$ = lagged Hispanic concentration of poverty;
$\boldsymbol{\beta}$, $\boldsymbol{\gamma}$, $\boldsymbol{\delta}$	are the coefficients to be estimated;
Λ	is the cumulative logistic probability function.

The parameters of these models can be estimated using maximum likelihood. There are multiple observations for many of the metropolitan areas, so allowance is made for covariance of the disturbance term within a metropolitan area.

Labor force participation (lfp_{ij}) is modeled in a similar fashion. In addition, we estimate the effects of concentration of poverty on annual earnings (logged) with an Ordinary Least Squares (OLS) regression:

$$\ln\left(earn_{ij}\right) = \mathbf{x}'_{ij}\boldsymbol{\beta} + \mathbf{M}'_{j}\boldsymbol{\gamma} + \mathbf{P}'_{j}\boldsymbol{\delta} + \varepsilon_{ij},$$

where the dependent variable is $earn_{ij}$ -- annual earnings -- and the other variables are as defined above, with the addition of a stochastic disturbance term.

The strategy has obvious weaknesses. A young adult Hispanic member of the second generation who lives in a particular metropolitan area today may have grown up in a different metropolitan area. He or she may not have lived in the high-poverty part of the metropolitan area. Essentially, this approach has a weak measure of the main independent variable (exposure to high-poverty neighborhoods in childhood). The standard expectation with measurement error on an independent variable, at least for random measurement error, is bias towards zero. If we do find effects with this strategy, it will be in spite of this bias.

Another concern is that there may be unmeasured individual characteristics spuriously correlated with the concentration of poverty that also affect individual economic outcomes, a potential source of bias. Native intellectual ability, acquired human capital, work experience, and motivation are the main factors that affect labor market outcomes that are not included in the model. It is not clear whether we expect any correlation between metropolitan concentration of poverty among Hispanic immigrants and the ability of second generation persons, since the former has more to do with the rate of arrival rate of immigrants and local housing market conditions. Also, young adult members of the second generation did not select to which metropolitan area their parents

moved prior to their birth. Acquired human capital and motivation are not well measured in the available data. Experience is limited for those included in the sample used in this analysis, since all are age 26 or younger for reasons explained below. Moreover, each of these factors might be influenced in a causal way by living in a high-poverty neighborhood. Controlling for such factors, if we could, might actually obscure the role of childhood concentration of poverty.

Data Sources and Sample Selection

There are three primary data sources: the Current Population Survey, the 1990 U.S. Census Summary File 3, and the 2000 U.S. Census Summary File 3.

Individual-level data on young adults in the second generation is derived from the March Current Population Survey (CPS).[3] Following standard practice, the concept of "second generation" is operationalized as persons who are native-born citizens with at least one foreign-born parent (Farley and Alba 2002; Suro and Passel 2003). For reasons that will be explained below, I limit the sample to individuals 20 to 26 years of age. While the CPS at a point in time has roughly 130,000 respondents, this figure is significantly reduced when selecting simultaneously by age, Hispanic origin, nativity, and nativity of parents. In fact, fewer than 1,000 observations in the CPS meet all the sample selection criteria in any one year.

For this reason, I pool several years of CPS data. Individual respondents in the CPS are interviewed in a specific monthly pattern. Employment and earnings questions are the focus of the March survey. Respondents are interviewed for four consecutive months, then skipped for eight months, then interviewed again for four months. As a

[3] The raw data files were obtained from the web site of the National Bureau of Economic Research (www.nber.org), as well as helpful programs and utilities authored by Jean Ross.

result, a person appearing in the March survey for the first time also appears in the next March survey, barring attrition. However, there are no repeat observations in March surveys separated by two years, so I pool observations from the years 1998, 2000, and 2002. In this way, all persons meeting the selection procedure are captured, regardless of the year they entered the sample between 1998 and 2002, and no respondent is duplicated in the sample (Farley and Alba 2002). For example, the 1999 sample consists of either persons who were in their first to fourth month in the survey, who were interviewed again in the 2000 survey, or persons in their fifth to eighth month in the survey, in which case they were included in the 1998 survey. CPS variable definitions, coding, and procedures were virtually unchanged over this period.

Metropolitan-level control variables are calculated from the 2000 Census, Summary File 3. These include the metropolitan poverty rate (Table P88), the natural log of average household income (computed from Tables P52 and P54), and the employment to population ratio (Table P43). Metropolitan areas are defined to include Metropolitan Statistical Areas (MSAs) and Primary Metropolitan Statistical Areas (PMSAs).

Lagged poverty and concentration of poverty among Hispanics are based on the 1990 Census, Summary File 3. Poverty is calculated at the metropolitan level, whereas concentration of poverty is calculated based on contemporaneous 1990 census tracts boundaries and data, but aggregated to 2000 metropolitan area boundaries (Jargowsky 2003). The 1990 poverty data are linked to the record based on the respondents' metropolitan areas in 1998, 2000, or 2002. The CPS only asks about residence one year previously, but the Census asks about residence 5 years previously. Based on the 2000 PUMS 5 percent sample, a similar sample (Hispanic citizens aged 20 to 26) showed

substantial persistence in a given metropolitan over a 5 year period.[4] Typically, among those living in a metropolitan area in both 1995 and 2000, a substantial majority lived in the same metropolitan area.

Time structure of the analysis

The age range of the sample must be restricted so that the young adults sampled in the 1998 to 2002 window were children in 1990. For this reason, the CPS sample includes respondents 20 to 26 years of age in 1998 to 2002. The 1990 concentration of poverty measure dates back to when these individuals were between the ages of 8 and 18, as shown below:

CPS Cohort	CPS Age	Age in 1990
1998	20-26	12-18
2000	20-26	10-16
2002	20-26	8-14

Obviously, it would be preferable if the childhood concentration of poverty were measured at the same age for all respondents. However, there are not enough degrees of freedom to accomplish this goal. While the concentration of poverty did change a great deal over time in many metropolitan areas between 1990 and 2000, as discussed previously, it is not unreasonable to assume that the 1990 value in any given metropolitan area is generally indicative of conditions there for a few years in both directions.

Sample Selection

While there are immigrants from many countries and ethnicities, Mexicans "comprise a far greater proportion of the total contemporary immigration than any single group did during the last great wave of immigration" (Perlmann 2005: 30). In addition,

[4] Unfortunately, the PUMS does not easily distinguish second generation from third and subsequent generations, so the PUMS group is not identical to my CPS sample.

more than one third of all second generation immigrants have Mexican born parents. Of the native-born persons of Mexican origin, more than one third had at least one Mexican-born parent and more than two-thirds had at least one Mexican-born grandparent (Perlmann 205: Table 1.6). This "numerical dominance" is only enhanced if immigrants and second generation US citizens of Central and South American nations of origin are considered collectively.

The 20 to 26 year old Hispanics in the 1998, 2000, and 2002 CPS samples were almost evenly split between foreign and native born, as shown in Table 5. Of the 4,468 native born Hispanics, again roughly half had native born parents as well. Surprisingly, not one person in the sample was a native-born person of one foreign-born and one native-born parent. The remaining 2,153 persons meet all the criteria for second generation status. Of these, 132 (6 percent) either did not live in a metropolitan area or had their metropolitan area code masked for confidentiality reasons, and so they can not be linked to concentration of poverty or metropolitan control variables, resulting an analysis sample of 2,021 persons.

Descriptive statistics for the analysis sample are shown in Table 6. Turning first to the dependent variables, 77 percent of the sample were labor force participants, and 67 percent were employed. The average annual earnings were only $13,231, but recall that these are young adults between 20-26 who may be working sporadically or attending college. The variation in earnings is very large, ranging from a loss of $3,000 to nearly $500,000. However, only nine of the individuals earned more than $100,000; as a

precaution, the models below were re-estimated after dropping these individuals, but the results were not substantially altered.[5]

Turning to the independent variables, the sample is evenly divided by gender and the mean age is nearly 23. About one third were high school graduates, another third had some college, and 13 percent had a 2 year college degree or higher. The remaining 23 percent were therefore high-school dropouts. The mean income of the sample varies enormously by education level, from $9,000 for high-school dropouts, to $27,000 for those with graduate or professional degrees (figures not shown separately). Earnings and employment varied by year, and were highest in 2000 at the peak of the Clinton expansion. For this reason, dummy variables for 1998 and 2002 are included in the analyses below.

Los Angeles is home to nearly one fifth of the persons in the sample (377, or 19 percent), followed by New York (11 percent), Chicago (6 percent), and Miami (5 percent). The rest of the areas in the top ten were all in the West or Southwest, and together the top ten areas accounted for 52 percent of the sample. Nevertheless, a total of 158 metropolitan areas were represented. Of the top ten metropolitan areas, labor force participation for men varied from 100 percent in several California metropolitan areas to a low of 69 percent in New York. Women's labor force participation was 13 percentage points lower on average. The percent of the population employed and the annual earnings also varied a great deal from place to place and by gender, as shown in Table 7.

[5] The model is estimated on the natural log of earnings, so the skew of the distribution is largely corrected.

Results

Labor Force Participation

Labor force participation is the dependent variable in the four models presented in Table 8. The four models have the same control variables, and differ only in the specification of the poverty variables. In all the models, labor force participation is higher in 2000 than in 1998 or 2002, males have a higher probability of labor force participation, and a year of age increases the odds of labor force participation by about 13 percent, other things equal. Educational attainment is represented by a series of dummies, with high-school drop out as the omitted category. With the exception of the dummy for graduate and professional degrees, the coefficients rise as the level of education rises and they are significant in all specifications. For example, the odds of labor force participation are 66 percent greater for a second-generation Hispanic in the sample if they have a high school degree relative to being a drop out, other things equal.[6] The lack of significance and smaller magnitudes of the coefficient for graduate and professional degrees may reflect the fact that only 15 individuals (0.74 percent) have such degrees in this sample.

Controls for the metropolitan labor market also perform similarly in all models. A higher employment to population ratio in the metropolitan areas in 2000 is associated with higher labor force participation. Contrary to expectations, a higher metropolitan poverty rate in 2000 is also associated with higher labor force participation. Average household income in the metropolitan areas is not significant in any model.

[6] Calculated as exp(0.507), using the coefficient from Model 1. This figure is roughly consistent with the unconditional percentages. The raw probability of labor force participation in the sample is 68.7 percent for high-school dropouts and 79.0 percent for those whose highest level of educational attainment is a high school degree. Therefore the odds ratio of labor force participation associated with obtaining a high-school degree is $[P_2/(1-P_2)]/[P_1/(1-P_1)] = [0.790/(1-0.790)]/[0.687/(1-0687)] = 1.71$.

The four models in Table 8 differ only in the specification of childhood poverty, including the 1990 Hispanic poverty rate and the 1990 Hispanic concentration of poverty, measured at the metropolitan level. Model 1 includes only the Hispanic poverty rate, which had a strong and significant negative effect of 1990 poverty on labor force participation 8 to 12 years later, depending on the sample year. For example, evaluated at the means of the independent variables, a 10 percentage point increase in the 1990 Hispanic poverty rate is associated with a 7.4 percentage point decline in labor force participation, other things equal. Model 2 includes only Hispanic concentration of poverty, which is also negative and significant.

Model 3 includes both Hispanic poverty and concentration of poverty, and in this model, the concentration of poverty is not significant. Based on Models 1 to 3, one might conclude that after we control for the level of childhood exposure to poverty, the *spatial* organization of that poverty is no longer relevant. However, the two variables are very highly correlated, perhaps obscuring the effect of concentration of poverty.[7] A standard approach to multicollinearity is to transform one of the variables. The variable *highcon* is a dummy variable indicating whether the respondent lives in the top third of metropolitan areas ranked in terms of 1990 Hispanic concentration of poverty. Obviously, a dummy variable discards information, but it reduces correlation with the poverty measure.

Model 4 presents the labor force participation model with 1990 Hispanic poverty and the dummy for a high 1990 level of Hispanic concentration of poverty. Both measures are negative and significant. The coefficients are measured in different scales, and thus are not directly comparable. The Hispanic poverty coefficient of -0.029

[7] The correlation at the metropolitan level is 0.41, or 0.63 if weighted by population. However, the correlation in the regression sample is even higher – 0.81 – because there are multiple individuals in many metropolitan areas, with the same values on the poverty variables.

($p<0.01$) indicates a 4.7 percentage point lower labor force participation if the respondent lived in a metropolitan area with a 10 percentage point higher Hispanic poverty in 1990, *ceteris paribus*. The high Hispanic concentration of poverty coefficient of -0.366 ($p<0.05$) indicates a 6.3 percentage point difference between expected labor force participation in poverty metropolitan areas with high concentration of poverty in 1990 compared to other metropolitan areas, even after controlling for poverty and the individual and labor market controls. Given the indirect nature of the analysis, and the 8 to 12 year lag between the concentration measure and the economic outcomes being predicted, this is an extremely strong result.

The remainder of the analysis uses the structure of Model 4, with a continuous measure of Hispanic poverty in 1990 and the dummy indicating a metropolitan area in the top third in terms of Hispanic concentration of poverty in 1990.

Employment and Unemployment

Table 9 show models for the probability of being employed and the probability of being employed given labor force participation in columns 1 and 2, respectively.[8] Employment given labor force participation is equivalent to one minus the probability of being unemployed, but the variable is defined this way so that positively and negatively signed coefficients have the same import across all models. The signs of the coefficients, their relative magnitudes, and their levels of significance in the first employment model are very similar to those in the final labor force participation model. Thus, both childhood poverty and exposure to concentration of poverty depress employment among young adult Hispanics in the second generation.

[8] The latter model is estimated on the subsample participating in the labor force (N=1,560).

The model for the probability of being employed given labor force participation, or equivalently the probability of not being unemployed, is somewhat different. The control variables for male and age are smaller in magnitude, change sign, and lose statistical significance. Both year dummies are smaller and 1998 becomes insignificantly different from 2000, the base year for the analysis. The two poverty variables remain negative and are approximately the same magnitude, but poverty is only significant at a borderline level ($p<0.10$) and concentration of poverty is insignificant ($|t|=1.17$). Only the education dummy variables retain the relative magnitude and levels of significance exhibited in the labor force participation model. Taken together, the two models suggest that labor force participation is determined by a variety of factors, but once young second-generation Hispanics decide to seek a job, educational attainment is the main determinant of the probability of finding one.

Earnings

Table 9 also includes two models for annual earnings in the year prior to the sample. The earnings distribution is heavily skewed to the left, so the natural logarithm of earnings is used as the dependent variable. Column 3 includes all respondents, and column 4 includes those with positive earnings (N=1570).

The control variables in the overall earnings model perform similarly to the labor force participation and earnings models. Males earn substantially more than females, even controlling for age, education, and the metropolitan labor market. Those with higher education earn far more than dropouts, but as before the dummy for graduate and professional degrees is not significant.

Earnings are lower for those living in metropolitan areas with higher 1990 levels of poverty and concentration of poverty. An increase of 1 percent in the metropolitan poverty rate is associated with 4.1 percent lower earnings, and location in a high concentration of poverty metro is associated with a 60 percent decline in earnings. The values seem implausibly large. Perhaps the reason is that annual earnings are determined by several factors: the decision to work, the actual weeks and hours worked, and hourly wages. Earnings in the previous year would be zero for those who did not choose to enter the labor force or who did not find employment. In fact, nearly 22 percent of the sample had zero earnings. Column 4 partially addresses these concerns by re-estimating the model only for those with positive earnings. Usual hours of work per week and weeks worked per year are poorly estimated in the CPS, so I have not attempted to estimate a pure wage model.

The regression for the log of annual earnings for those with positive earnings is the final model shown. The magnitude of some coefficients, for example *male*, *age*, and the education dummies, is generally lower than in the previous earnings model, but they remain statistically significant. This is the only model in which the dummy for graduate and professional degrees is significant, and its magnitude is larger than the other education categories. This is also the only model in which the log of average household income in 2000 is significant, perhaps reflecting the metropolitan wage scale. For the first time in the analysis, the childhood (1990) Hispanic poverty rate is not significant. Hispanic concentration of poverty in 1990, however, is negative and significant. Among those young second-generation Hispanics with positive earnings, those living in a metropolitan area with high concentration of poverty in 1990 earned 15 percent less than

those living in metropolitan areas with lower childhood concentration of poverty, even after controlling for gender, age, education, contemporaneous labor market conditions, and family poverty levels.

General Issues Regarding the Estimates

The models presented above suggest that childhood concentration of poverty has lasting impacts on second generation Hispanics, reducing their labor force participation, employment, and earnings, even after controlling the non-spatial measure of Hispanic poverty based solely on family income. One concern is that the concentration of poverty measure may be correlated with other aspects of the opportunity structure of the metropolitan economy that also affect these dependent variables. It is quite hard to imagine, however, how a variable measured a decade previously, during a quite different economic environment (1990 vs. 1998-2002), could be more effective at capturing the opportunity structure than the current metropolitan poverty rate, the current log of average household income, and the current employment to population ratio.

Another concern is that some of the respondents lived in different metropolitan areas in 1990 then they did when they entered the CPS sample. It is also true that any given individual living in an area with a high concentration of poverty may not have lived in the barrio himself or herself. Yet all of these measurement errors would normally be expected to bias the coefficient towards zero and to produce inefficient estimators. But poverty and concentration of poverty measures are correctly signed and significant in almost every model estimated.

The findings are robust to many changes in specification. In models not shown, I re-estimated these models with and without the year dummies, the individual control

variables, and the metropolitan labor market variables, and the basic findings were never altered. Moreover, the concentration of poverty coefficients retain the same general magnitudes and approximately the same level of statistical significance with or without Los Angelinos included in the sample, so Los Angeles is not driving or skewing the results. The same is true if the few outliers with very high earnings (greater than $100,000) are removed. Hispanic concentration of poverty in 1990 was also significant in a Tobit regression with dollar earnings as the dependent variable, with lower censoring at zero.

Conclusion

In recent years, researchers, policymakers, journalists and the public generally have regarded the concentration of poverty as a social problem in need of amelioration. The concentration of immigrants, typically low income upon their arrival, necessarily creates new concentrations of poverty or increases the population of existing high-poverty areas. This was clearly the case in Los Angeles-Long Beach and other California metropolitan areas in the 1990s, resulting in higher concentration of poverty in those cities, counter to the dominant national trend. However, at least one author questioned the significance of this finding:

> While increasing concentrated poverty among Hispanics in southern California is certainly cause for concern, researchers have expended considerably greater effort studying the deleterious effects that high-poverty neighborhoods in the Midwest and Northeast have on the life chances of their residents, who are predominantly black. With their substantial immigrant populations, Western inner-city barrios could represent more of a "gateway" to residential and economic mobility than inner-city ghettos in other areas of the country. (Jargowsky 2003: 11)

Prior theoretical and empirical research has suggested, and sometimes documented, that concentration of immigrants can serve useful purposes, helping to ease the transition into a new society, especially for those who do not speak the language of the dominant group. While immigrants are not immune to the problems of crime, gangs, drug and alcohol abuse, dilapidated housing, and failing schools that plague high poverty areas, it has been argued that immigrant neighborhoods provide advantages as well. These include the creation of parallel institutions, vernacular information networks, and familiar cultural practices that could ease the transition to the new society.

The analyses presented in the first part of this paper provide some support for this notion, at least indirectly, by showing immigrants move from higher- to lower-poverty neighborhoods over time. At the same time, Mexican immigrants did not transition nearly as rapidly. The subsequent analyses strongly suggest that concentration of poverty among Hispanics diminishes the economic outcomes of the young Hispanic adults in the second generation. They are less likely to enter the labor force, less likely to be employed, and receive lower earnings if they live in metropolitan areas where they had a greater probability of exposure to high-poverty neighborhoods as children.

The analyses presented here are silent as to the causal mechanisms involved, but the findings are consistent with the segmented assimilation hypothesis, particularly with respect to the second generation. Until better longitudinal data linking immigrant parents, childhood experience of poverty, and adult labor market outcomes becomes available, ethnographic work may be the key to understanding the child development processes that generate these results. Immigrants to the U.S., even those who reside in the poorest neighborhoods upon their arrival, acted on the belief that their new home

provides greater opportunity than the one they left behind. For Hispanic immigrants, high-poverty barrios may well ease the transition to the new society. It is possible that high-poverty barrios may harm the second generation *for exactly the same reason*, by reducing the incentive and opportunities to assimilate in ways that affect labor market outcomes later in life. On the other hand, the labor market effects demonstrated here may have nothing to do with the ethnic aspects of the community, but rather the elevated neighborhood poverty that inevitably accompanies immigrant concentration, or the disorganization and low quality of schools that inevitably accompanies poverty concentration. A great deal more research is needed to provide a solid basis for conclusions about the interactions between immigration, neighborhood geography, and opportunity, but the data presented here argue that the concentration of poverty in immigrant neighborhoods should not be regarded as benign.

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Table 1: Residence in High-Poverty Neighborhoods, by Nativity, Citizenship, Poverty Status, and Race/Ethnicity, 2000

	All Persons			Incomes Below Poverty			Incomes Above Poverty			
	Total	In High-Poverty Areas	% in High-Poverty	Total	In High-Poverty Areas	% in High-Poverty	Total	In High-Poverty Areas	% in High-Poverty	**Group Poverty Rate**
United States	281,422	7,952	2.8%	33,900	3,487	10.3%	239,982	3,712	1.5%	12.4%
Nativity and Citizenship										
Foreign Born	31,108	1,284	4.1%	5,498	561	10.2%	25,268	690	2.7%	17.9%
Naturalized Citizen	12,543	332	2.6%	1,322	118	8.9%	11,106	204	1.8%	10.6%
Not a Citizen	18,565	952	5.1%	4,176	443	10.6%	14,162	486	3.4%	22.8%
Native Born	250,314	6,668	2.7%	28,402	2,926	10.3%	214,715	3,022	1.4%	11.7%
Race/Ethnicity										
Non-Hispanic White	194,514	1,914	1.0%	15,414	639	4.1%	174,372	800	0.5%	8.1%
Black	34,362	3,173	9.2%	8,146	1,512	18.6%	24,568	1,498	6.1%	24.9%
Indian	2,448	239	9.7%	608	118	19.4%	1,760	114	6.5%	25.7%
Asian	10,172	275	2.7%	1,322	129	9.8%	9,023	120	1.3%	12.8%
Hispanic	35,238	2,301	6.5%	7,798	1,074	13.8%	26,653	1,162	4.4%	22.6%

Source: 2000 US Census, Summary File 3. Some persons do not have a poverty status, so poor + nonpoor < total.
Population figures in thousands.

Table 2: Concentration of Poverty among the Foreign Born, By Metropolitan Area, 2000

		Foreign Born		Concentration of the Poor			
		Number	Poverty	Foreign Born			Native
	MSA/PMSA		Rate	Total	Non-Citizen	Citizen	Born
1	Los Angeles, CA	3,423,581	21.3%	15.1%	16.4%	10.2%	14.7%
2	New York, NY	3,124,065	19.8%	14.3%	14.9%	13.1%	30.5%
3	Non Metropolitan	1,687,319	23.3%	7.5%	7.3%	8.1%	5.0%
4	Chicago, IL	1,415,699	12.7%	3.7%	3.5%	4.3%	16.3%
5	Miami, FL	1,136,638	18.5%	7.2%	7.0%	7.6%	21.9%
6	Houston, TX	851,845	20.3%	2.3%	2.3%	2.0%	7.9%
7	Orange County, CA	843,143	16.6%	0.5%	0.4%	1.2%	0.8%
8	Wash., DC/MD/VA/WV	826,687	10.6%	0.9%	0.9%	0.7%	9.8%
9	Riverside, CA	606,226	20.1%	9.4%	10.1%	7.1%	7.2%
10	San Diego, CA	599,345	18.8%	11.7%	13.4%	6.0%	7.7%
11	Dallas, TX	587,683	19.0%	3.1%	3.2%	2.0%	6.4%
12	Oakland, CA	570,063	12.1%	4.5%	4.0%	6.1%	7.1%
13	San Jose, CA	569,433	10.1%	0.0%	0.0%	0.0%	0.0%
14	San Francisco, CA	551,549	10.7%	0.4%	0.5%	0.2%	2.6%
15	Boston, MA/NH	495,951	14.7%	4.8%	5.2%	3.7%	4.0%
16	Phoenix, AZ	453,023	24.7%	12.8%	13.5%	7.9%	9.6%
17	Atlanta, GA	420,596	14.7%	2.7%	2.7%	2.8%	12.7%
18	Fort Lauderdale, FL	408,757	14.9%	1.7%	2.0%	1.0%	5.5%
19	Nassau, NY	390,317	8.9%	0.0%	0.0%	0.0%	0.0%
20	Newark, NJ	383,167	11.4%	3.2%	3.1%	3.4%	15.2%
21	Philadelphia, PA/NJ	353,260	14.6%	12.7%	14.4%	9.8%	20.3%
22	Bergen, NJ	350,268	10.4%	1.5%	1.4%	1.8%	6.8%
23	Detroit, MI	333,384	13.3%	7.7%	8.0%	7.2%	10.7%
24	Seattle, WA	329,544	14.3%	3.7%	3.0%	5.7%	2.0%
25	Las Vegas, NV/AZ	257,140	15.1%	0.5%	0.5%	0.5%	0.9%

Table 3: Neighborhood Poverty by Race/Ethnicity, Nativity, and Citizenship, 2000

Race/Ethnicity	Total	In High-Poverty Areas	% in High-Poverty Areas	Average Neighborhood Poverty Rate
All Races/Ethnicities	281,421,906	7,952,260	2.8%	12.5%
Foreign Born	31,107,889	1,283,993	4.1%	15.6%
Naturalized Citizen	12,542,626	332,278	2.6%	12.9%
Not a Citizen	18,565,263	951,715	5.1%	17.4%
Native Born	250,314,017	6,668,267	2.7%	12.2%
Non-Hispanic White	194,514,140	1,913,547	1.0%	9.8%
Foreign Born	6,840,532	80,967	1.2%	10.0%
Naturalized Citizen	3,729,229	32,788	0.9%	9.2%
Not a Citizen	3,111,303	48,179	1.5%	11.0%
Native Born	187,673,608	1,832,580	1.0%	9.8%
Black	34,361,740	3,173,016	9.2%	20.9%
Foreign Born	2,099,865	112,721	5.4%	17.7%
Naturalized Citizen	934,367	41,671	4.5%	16.8%
Not a Citizen	1,165,498	71,050	6.1%	18.5%
Native Born	32,261,875	3,060,295	9.5%	21.1%
Asian	10,171,820	274,567	2.7%	11.9%
Foreign Born	7,012,202	184,100	2.6%	12.1%
Naturalized Citizen	3,502,021	57,569	1.6%	10.8%
Not a Citizen	3,510,181	126,531	3.6%	13.5%
Native Born	3,159,618	90,467	2.9%	11.4%
Hispanic	35,238,481	2,301,296	6.5%	19.0%
Foreign Born	14,157,817	885,187	6.3%	19.8%
Naturalized Citizen	3,939,732	192,733	4.9%	17.5%
Not a Citizen	10,218,085	692,454	6.8%	20.7%
Native Born	21,080,664	1,416,109	6.7%	18.5%

Source: 2000 US Census, Summary File 3, Tables P88, PCT63a-PCT63i.

Table 4: Residence in High-Poverty Neighborhoods by Entry Cohort, 1990-2000

Year of Entry	1990 Census: Total Number Entering	1990 Census: Residing in High Poverty Neighborhood	2000 Census: Total Number Entering	2000 Census: Residing in High Poverty Neighborhood	1990 to 2000 % Chg
Before 1950	1,842,688	0.029			
1950-59	1,599,021	0.029			
1960-69	2,792,565	0.034			
Before 1970	6,234,274	0.031	4,778,099	0.021	-31.90%
1970-79	4,869,415	0.054	4,686,752	0.035	-35.40%
1980-89	8,663,627	0.068	8,464,762	0.046	-32.90%
1990-2000			13,178,276	0.048	
Total	19,767,316	0.053	31,107,889	0.041	-22.50%

Table 5: Nativity of and Parential Nativity of CPS Hispanic Repondents, Age 20-26, Not in the Armed Forces, by Year

Sample Year	Nativity of Respondent: Foreign Born	Native Born: All	Native Born: Parent's Nativity: Native	Native Born: Parent's Nativity: Foreign	Total
1998	1,111	1260	649	611	2,371
2000	1,405	1409	734	675	2,814
2002	1,718	1799	932	867	3,517
Total	4,234	4468	2315	2153	8,702
	49%	51%	27%	25%	100%

Source: Current Population Survey, March Supplements, 1998, 2000, 2002

Table 6: Descripive Statistics for the Hispanic Second Generation Sample and Controls

		N	Mean	Std Dev.	Min.	Max.
Dependent Variables						
A	Labor Force Participation	2021	0.77	0.42	0	1
A	Employed	2021	0.67	0.47	0	1
A	Annual Earnings	2021	13231	17894	-3000	432853
A	ln(Annual Earnings)*	2021	7.26	4.00	0	12.98
Independent Variables						
A	Male	2021	0.48	0.50	0	1
A	Age	2021	22.82	2.04	20	26
A	High School Graduate	2021	0.32	0.47	0	1
A	Some College	2021	0.32	0.46	0	1
A	Associates Degree	2021	0.06	0.24	0	1
A	Bachelor's Degree	2021	0.06	0.25	0	1
A	Graduate/Professional Degree	2021	0.01	0.09	0	1
B	MSA ln(Average Household Income), 2000	2021	11.00	0.17	10.48	11.81
B	MSA Employment/Population Ratio (16+), 2000	2021	57.79	5.08	41.54	73.09
B	MSA Poverty Rate, 2000	2021	14.63	5.27	4.62	35.87
C	MSA Hispanic Poverty Rate, 1990	2021	24.73	7.98	10.22	54.38
C	MSA Hispanic Concentration of Poverty, 1990	2021	16.92	16.91	0	75.80

Sources: A) Current Population Survey, 1998-2002 March Supplements;
B) 2000 U.S. Census, Summary File 3; C) 1990 U.S. Census, Summary File 3
*Negative or 0 earnings recoded to $1 before taking the natural logarithm.

Table 7: Variation in Labor Market Outcomes by Gender and Metrpolitan Area

MSA/PMSA*	N	Labor Force Part.		Employed		Annual Earnings	
		Female	Male	Female	Male	Female	Male
1 Los Angeles, CA	377	0.75	0.89	0.65	0.79	11,362	13,783
2 New York, NY	225	0.57	0.69	0.48	0.55	9,406	13,290
3 Chicago, IL	126	0.77	0.84	0.72	0.76	14,446	19,544
4 Miami, FL	100	0.88	0.85	0.81	0.73	12,838	14,770
5 Las Vegas, NV/AZ	44	0.68	0.86	0.68	0.82	13,682	23,096
6 Orlando, FL	41	0.94	0.84	0.75	0.80	11,383	13,914
7 Houston, TX	37	0.79	0.94	0.68	0.83	11,075	20,726
8 Riverside, CA	35	0.69	1.00	0.62	0.95	11,869	13,848
9 Orange County, CA	35	0.88	1.00	0.81	0.84	14,119	20,458
10 San Diego, CA	33	0.79	1.00	0.71	0.89	9,346	16,831
All Other MSA/PMSAs	968	0.68	0.83	0.60	0.70	9,872	16,610
Total	**2021**	**0.71**	**0.84**	**0.63**	**0.72**	**10,748**	**15,927**

*Listed in order of number of second generation sample respondents.

Table 8: Regression Models for Hispanic Second Generation Labor Force Participation

	Model 1	Model 2	Model 3	Model 4
Constant	2.404	-4.971	0.437	1.445
	6.700	5.904	5.934	5.399
Year (Base = 2000)				
1998	-0.434 **	-0.405 **	-0.425 **	-0.420 **
	0.175	0.176	0.174	0.174
2002	-0.373 ***	-0.384 ***	-0.375 ***	-0.374 ***
	0.123	0.123	0.123	0.123
Individual Level Variables				
Male	0.817 ***	0.821 ***	0.817 ***	0.828 ***
	0.109	0.108	0.109	0.108
Age	0.126 ***	0.131 ***	0.127 ***	0.127 ***
	0.035	0.035	0.035	0.034
Education (Base = High School Drop Out)				
High School Graduate	0.507 ***	0.525 ***	0.506 ***	0.502 ***
	0.180	0.176	0.179	0.177
Some college (only)	0.608 ***	0.655 ***	0.614 ***	0.622 ***
	0.163	0.165	0.163	0.163
Assoc. Degree	0.610 **	0.656 **	0.619 **	0.623 **
	0.276	0.276	0.274	0.272
Bachelor's Degree	0.713 **	0.792 ***	0.732 **	0.724 **
	0.296	0.283	0.295	0.295
Grad/Prof Degree	0.397	0.505	0.429	0.426
	0.609	0.620	0.621	0.612
Metropolitan Context Variables, 2000				
Emplоment/Population Rate (16+)	0.055 ***	0.053 ***	0.056 ***	0.048 **
	0.020	0.020	0.020	0.019
MSA Poverty Rate	0.053 **	0.062 ***	0.060 ***	0.050 ***
	0.021	0.022	0.022	0.019
Ln(MSA Avg. HH Inc.)	-0.670	-0.086	-0.524	-0.570
	0.636	0.558	0.559	0.508
MSA Hispanic Poverty in 1990				
Poverty Rate	-0.045 ***		-0.033 **	-0.029 ***
	0.009		0.013	0.010
Concentration of Poverty		-0.019 ***	-0.007	
		0.005	0.007	
High Concentration of Poverty (0/1)				-0.366 **
				0.178
Number of Observations	2021	2021	2021	2021
Pseudo R^2	0.070	0.067	0.070	0.072
Chi-Square	188.72	181.91	184.45	195.96

Notes: Models estimated by binary logit.
Robust standard errors, covariance of standard errors allowed by metroplitan area.
Standard errors shown below coefficients. *p<0.10, **p<0.05, ***p<0.01.

Table 9: Regression Models for Hispanic Second Generation Employment and Earnings

	Employed	Employed given LFP	ln(Earnings)	ln(Earnings) if > $0
Constant	0.163	1.232	11.568	-0.245
	4.358	5.944	9.749	2.333
Year (Base = 2000)				
1998	-0.352 **	-0.165	-0.724 ***	-0.221 ***
	0.156	0.170	0.253	0.077
2002	-0.386 ***	-0.307 *	-0.744 ***	0.078
	0.112	0.165	0.178	0.056
Individual Level Variables				
Male	0.484 ***	-0.174	1.316 ***	0.320 ***
	0.092	0.121	0.182	0.068
Age	0.080 **	-0.015	0.301 ***	0.116 ***
	0.032	0.034	0.056	0.013
Education (Base = High School Drop Out)				
High School Graduate	0.547 ***	0.515 **	1.538 ***	0.342 ***
	0.190	0.228	0.316	0.057
Some college (only)	0.645 ***	0.553 *	1.575 ***	0.314 ***
	0.216	0.294	0.411	0.060
Assoc. Degree	0.827 ***	1.028 ***	1.719 ***	0.352 ***
	0.246	0.342	0.418	0.131
Bachelor's Degree	0.834 ***	0.863 **	1.750 ***	0.635 ***
	0.298	0.366	0.646	0.106
Grad/Prof Degree	0.650	0.876	0.971	0.889 ***
	0.452	0.844	1.002	0.183
Metropolitan Context Variables, 2000				
Emplomen t/Population Rate (16+)	0.026	-0.016	0.053 *	0.010
	0.018	0.027	0.031	0.009
MSA Poverty Rate	0.034 *	0.000	0.031	0.003
	0.019	0.029	0.040	0.009
Ln(MSA Avg. HH Inc.)	-0.253	0.237	-1.339	0.526 ***
	0.426	0.543	0.860	0.196
MSA Hispanic Poverty in 1990				
Poverty Rate	-0.031 ***	-0.029 *	-0.041 *	0.005
	0.011	0.017	0.023	0.006
High Concentration of Poverty (0/1)	-0.379 **	-0.301	-0.913 ***	-0.168 *
	0.167	0.257	0.333	0.090
Number of Observations	2021	1560	2021	1570
(Pseudo) R^2	0.057	0.036	0.123	0.138
Chi-Square/F	116.381	73.074	14.199	36.908

Notes: Models estimated by binary logit, except the log of earnings model is estimated by OLS.
Robust standard errors, covariance of standard errors allowed by metroplitan area.
Standard errors shown below coefficients. *p<0.10, **p<0.05, ***p<0.01.

Figure 1: Concentration of Poverty among Immigrants, by Year of Entry, Cities with More than 100,000 Immigrants, 2000

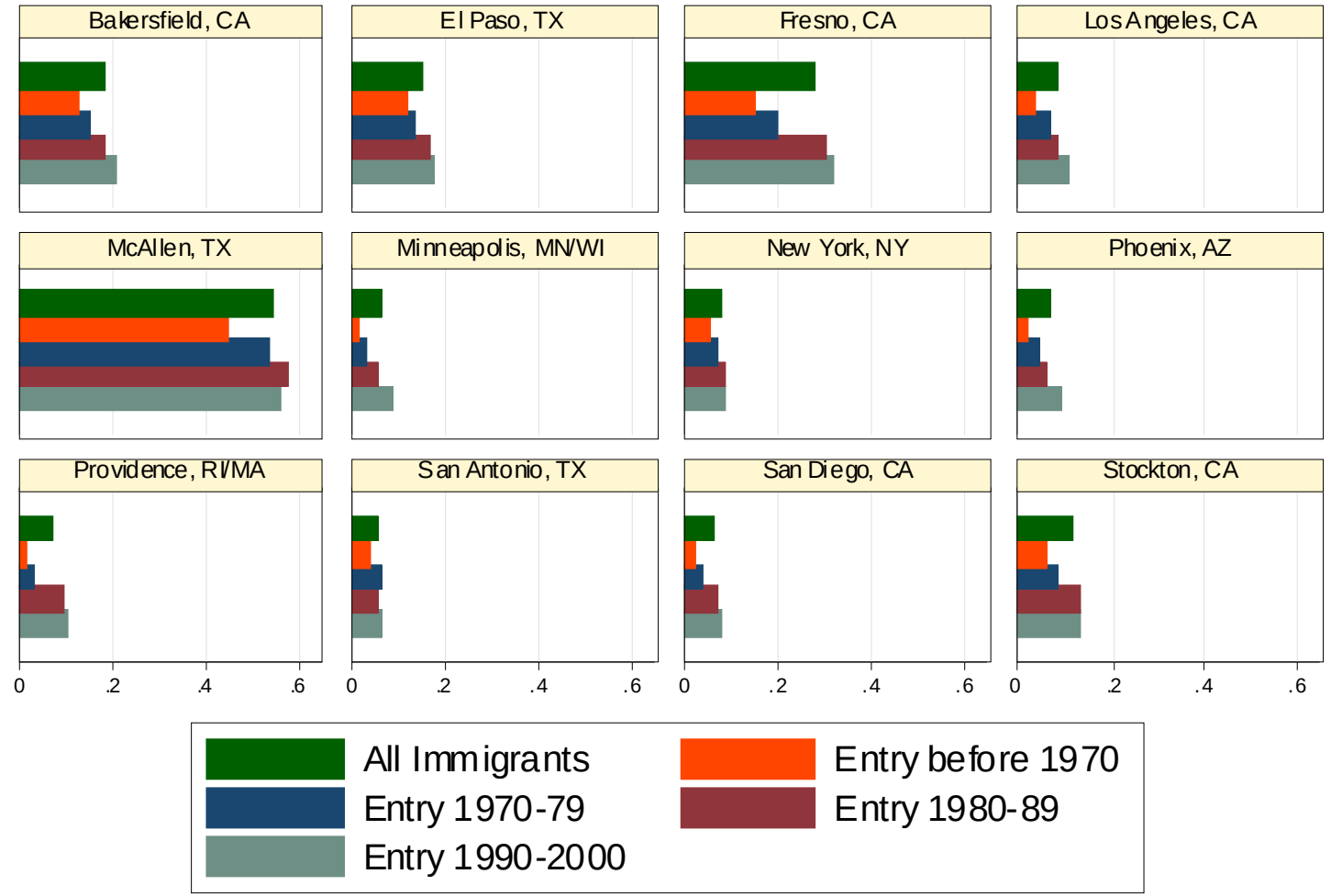

Figure 2: Average Neighborhood Poverty Rate in 2000, by Region of Origin and Period of Immigration

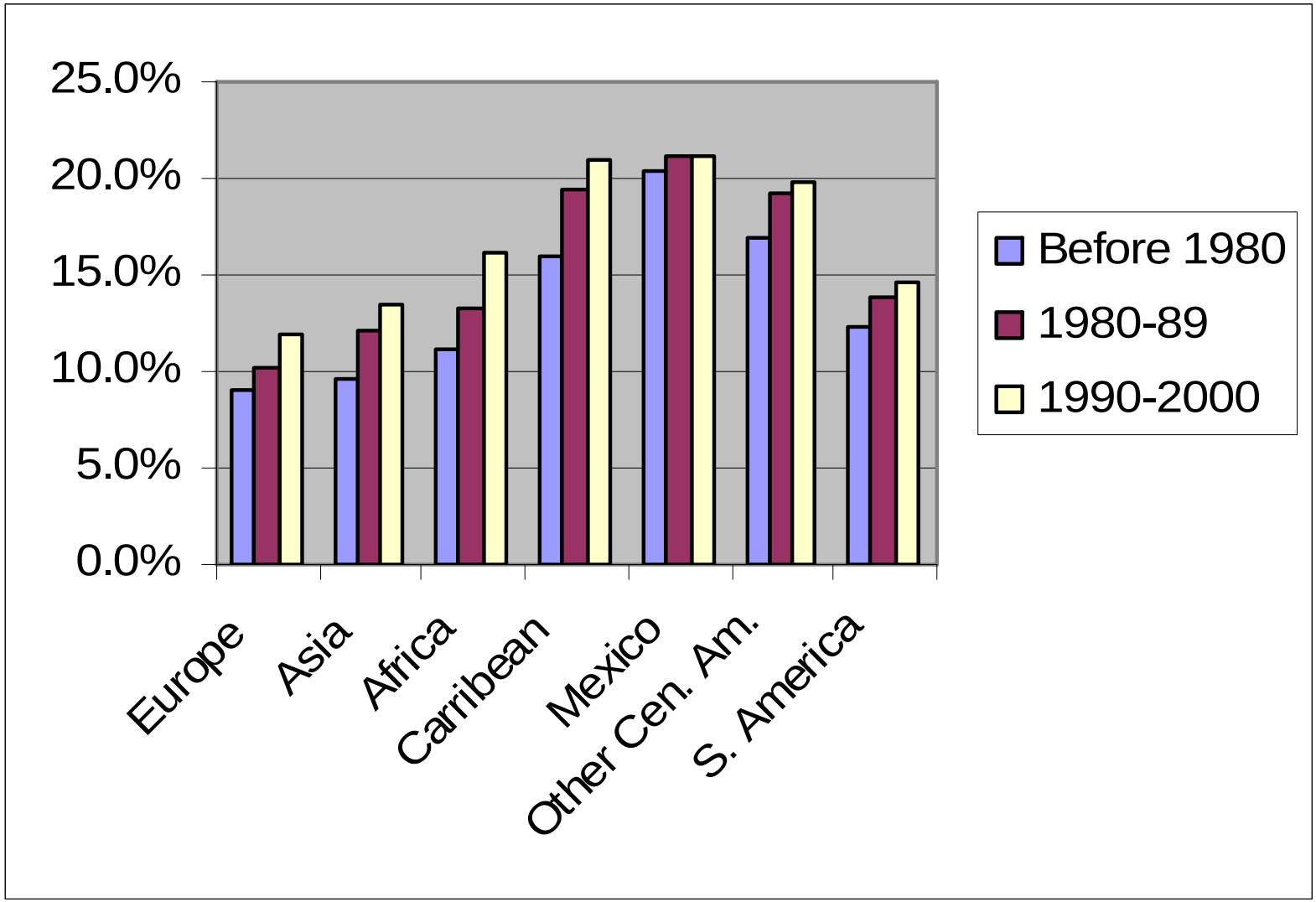

Figure 3: Average Probability of Living in a High-Poverty Neighborhood in 2000, by Region of Origin and Year of Entry