

When race is not the issue: education and labor market outcomes of European educated immigrants in the US

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Abstract

In this paper we study the effects of the education level on the labor force participation and income of European immigrants in the US. Although there are 5 million European born currently living in the US, they are a rather understudied group, most probably because of the assumption of an unproblematic assimilation in the mainstream US society. Using secondary data from the Current Population Survey and New Immigrants Survey, we compare here the labor market outcomes of the native Whites and immigrant European population, focusing on the differences that education makes in the lives of these immigrants.

Background

This study focuses on the influence the education level has on the life course of the European immigrants in the US. While the boats brought a large number of them from the beginning of the US history to the first part of the 20th century, nowadays they become almost invisible among the millions of newcomers from Asia and Latin America. However, they are here and continue to come. There are about 5 million European born currently living in the US

(US Census 2000), with a higher than average level of education. UK, Germany, Poland and Russia continue to send the largest number of European immigrants, although countries such as Italy, Greece and Romania send a disproportionately large number of educated immigrants. We examine a specific origin group (Europeans) that supposedly¹ do not suffer the effect of racial discrimination we will be able to highlight the influence of other factors (such as education, immigration history, occupation, etc) on the lives of immigrants. Some of the questions to be addressed in the paper are: How does the US immigration policy select immigrants? Which are the demographic characteristics of those educated as opposed to those with a low education? Where do these European immigrants settle down in the US? Does the ethnicity play a similarly strong role for the educated as for the low educated? Are the skilled immigrants likely to do better than the low skilled immigrants on the US job market?

The foreign born population of the US is increasing with more than 900,000 legally admitted immigrants every year. Most of this comes from family-sponsored visas; some are based on employment, refugee status or the Diversity Visa Program. US immigrants come from a variety of countries and ethnic groups and enter the country with different levels of human capital.

If we compare the education distribution of the immigrants and the native born, immigrants fall into the extremes as the majority of them are either very low or highly educated. 21 percent of the 1992-1996 legal immigrants had 17 and more years of education, while only 7 percent of the native group attained the same level of education. According to the US Census Bureau, one in every four astronomers, two in every five medical scientists and one in every five

¹ Recent research argues that, although the Southern European immigrants who came at the beginning of the 20th century were able to assimilate well in the mainstream society (in terms of wage, education level and marriage patterns), certain European origin groups are still disadvantaged in terms of access to elite groups/organizations (Alba & Abdel-Hady, 2005)

doctors working in the US in 2000 were foreign born (Kaushal and Fix, 2006). At the same time, only 15 percent of the native born have not completed high school, while 34 percent of the legal immigrants are in this educational group (Jasso et al, 2000). Table 1 shows the proportion of foreign born in the US population at various levels of education.

Table 1. Proportion of foreign born at various levels of education

| | % Foreign born |
|-----------------------|----------------|
| Total population | 12.5% |
| Less than high school | 25.8% |
| High school | 10.1% |
| Some college | 7.9% |
| College (4+ years) | 13.3% |

Source: CPS 2000-2008, authors' computations

Education plays a significant role in shaping their life course. Channels of immigration, job opportunities, income, and degree of assimilation are all tied to the level of education the immigrant comes with or achieves in the US. Some authors argue (Borjas, 1992) that the educational differences between immigrant groups tend to affect not only the first generation immigrants, but also their children and grandchildren - second and third generations². At the same time while the level of education generally determines the type of job and income an immigrant will achieve, foreign education does not bring the same rewards as the US education (Zhang and Xie, 2004). Immigrants with degrees from US institutions tend to have higher incomes than immigrants with the same level of education achieved abroad. Some of the

² Some authors disagree with this perspective (Alba & others, 2001)

immigrants without US degrees end up in dead end jobs, with little or no connection with their abilities.

Immigrants obviously understand these dynamics, and one way to compensate for the lack of immediate rewards has been a higher than average occupational mobility (Green, 1999). This mobility allows immigrants to speed up promotion and career advancement. At the same time, a prerequisite for such mobility is the weak social ties in the host country. For highly skilled immigrants this is coupled with the international or transnational nature of many positions, and subsequently it affects their incorporation and identity formation as well.

The US immigration policy changed dramatically during the 20th century, first to a restricting policy based on ethnic quotas and then to the current one giving aliens four different channels to settle down as permanent residents: family connections, employment, Diversity Visa Program and refugee status. While the ethnicity of the immigrants is overemphasized in the literature on immigration, the immigration channels vis-à-vis the educational background are relatively under-researched. The way immigrants get admitted to the US is partly determined by education and other demographic characteristics and it is a good predictor for how the life of the immigrant will unfold (Jasso et al, 2000). For example, those admitted based on family connections (family-sponsored immigration), have a lower than average level of education, and settle down close to their family, most often in ethnic enclaves. Immigrant communities, or 'ethnic enclaves', are mostly constituted by the low educated immigrants and even though the ethnic homogeneity of these communities is most often discussed, there is also a class/education homogeneity that keeps people in the enclave because of the lack of opportunities outside. Those immigrants who have higher than average level of education (in comparison with the US citizens) however go where their jobs are, no matter whether or not there are any co-ethnics

there. Their occupation, not their ethnicity, has an important effect on their friendship networks and plays an important role in defining their identity. Rather than ‘Chinese’ ‘Mexican’, ‘Indian’ or ‘Hungarian’, an immigrant who is a physician most probably defines him/herself as a ‘physician’ and has contacts within the group of physicians, not necessarily within his/her ethnic group.

On one hand, the societal integration of highly educated immigrants tends to be easier: they have good English skills (many of them study in the US before getting a job) and often they do not stay attached to any ethnic group. On the other hand, there is a significant literature arguing that the educated immigrants do maintain a transnational profile, by keeping in touch with the country of origin. Africans, for example – the highest educated group of immigrants in the US (Butcher, 1994) – tend to separate themselves from the African-Americans by emphasizing their African origins in the education of their off-springs (Lieberson and Waters, 1988).

The migration of highly educated workers has been facilitated by the internationalization of markets and professions. This internationalization influenced how the migrants think of themselves, and what type of identities they are comfortable with. Interestingly, this process can support both the weak and strong tie types of migrant experiences mentioned above. If the main identity is that of a transnational professional, the migrant may not look for co-ethnics or co-nationals. At the same time, internationalization of certain occupations can help maintaining strong ties to the origin country as the migrant might not feel any disconnection, especially if his or her home network consists of similarly trained professionals. Thus, internationalization can be a two-way avenue, and the traditional brain drain concept could be substituted with the concept of brain mobility (Ouaked, 2002).

The incorporation of highly skilled immigrants has been discussed by Portes and Borocz (1989). They differentiated between various forms of skilled immigrant incorporation based on the extent to which the immigrants are incorporated in a market position corresponding with their expertise. In countries like the US with a flexible job market and long traditions of immigration, skilled immigrants may have better opportunities to be judged based on their skills rather than their immigrant status. This would suggest that their identity formation will be less pressured by the need for fitting in, and it is relatively easy for them to maintain an international professional profile.

As Iredale (2001) noted, the trends lead toward more internationalization of the labor market, especially in high tech occupations and higher education. This means that understanding the dynamics of immigrant incorporation for highly skilled immigrants and those who are not subjected to racial profiling will be increasingly important. Our study contributes to this effort, and helps prepare for the incorporation challenges of tomorrow.

Data

Because the number of European immigrants is relatively small in comparison with other immigrant groups, we have to use databases that include large samples in order to have a decent number of subjects of interest. Firstly, we use the March Supplement of the Current Population Survey 2000-2008 (pooled data) from the Minnesota Population Center. This dataset includes information about 5782 European immigrants. We also use the New Immigrant Survey database to analyze the patterns of emigration for European born permanent resident immigrants – that is, what immigration channels do they use to get their green cards. Aggregate level data from the

Homeland Security/ Office of Immigration and Survey of Doctorate Recipients will also be used to put the analyses into the general context of US immigration.

The second part of this paper summarizes some of the results from a qualitative study consisting in interviews with highly educated immigrants working in the US academia. These interviews discuss the influence of their education (US and foreign) on their occupation/ income achievements, family life, spells of unemployment, networks and assimilation in the US society. The interviews are structured by questions such as how do they choose their friends, how did they choose their place to live, what is the ethnic origin and education of their partner/spouse, what language do they speak at home, why did they emigrate, what are the differences between the academic system in their home country in comparison with the US.

Results

Foreign born living in the US are a young population, and their proportion in the labor force has been increasing in the past years. In 2007, for example, 15.7 % of US population 16 and over (24.0 million) were foreign born, up from 15.3 % in 2006. Their rate of unemployment is lower than for natives - 4.3 % of the foreign born were unemployed in 2007, while the percentage for natives was 4.7 %. Generally, there is a difference in earnings between the natives and foreign born in the US, with native born earning more than the foreign born, but the gap decreases with the level of education and those with college degree have very similar earnings with the native born (Bureau of Labor Statistics, US, 2008).

The ethnic composition of immigrants varies with levels of education, with immigrants coming from Latin America being overrepresented among the low educated immigrants and

Asians being the majority among the immigrants with higher education. Table 2 presents the ethnic distribution of immigrants at various levels of education:

Table 2. Immigrants' region of birth at various levels of education

| | Total | Less than high school | College (4 years+) |
|-----------------------------------|-------|-----------------------|--------------------|
| Central, South America and Mexico | 49.7% | 79.1% | 20.4% |
| Asia | 25.7% | 9% | 48.1% |
| Europe | 16% | 7.9% | 20.3% |
| Other regions | 8.6% | 4.0% | 11.2% |
| Total | 100% | 100% | 100% |

Source: CPS 2000-2008, authors' computations

Among the foreign born, a small percentage of those with low education are Europeans while more than 1 in 5 immigrants with 4+ years of education come from Europe. In Table 3, we included some general information about the European born immigrants living in the US in 2000:

Table 3. European born living in the US, 2000

| | European born |
|------------------|---------------|
| Total population | 4,915,555 |

| | |
|---|---------|
| Entered 1990 to 2000 | 33% |
| Entered 1980 to 1989 | 14% |
| Entered before 1980 | 53% |
| Median age (years) | 50 |
| Currently in college or graduate school | 315 505 |
| % no high school diploma (age 25 and over) | 23.5% |
| % bachelor's degree or higher (age 25 and over) | 29.2% |

Source: US Census Bureau

In the following, we will focus on the differences in income between native born and European immigrants. In terms of incomes, Europeans have generally higher incomes than the native born: using the CPS data 2000-2008, we compared the White native born with the White immigrants and European immigrants in the US. Previous studies of ethnic/ racial groups of immigrants in the US argue for comparing these groups with the native group of the race (Butcher, 1994). In Table 4 we present some information on the immigrants who received an wage, 2000-2008.

Foreign born, generally, and Europeans in particular, tend to reside in metropolitan areas more than the native born do (92% versus 69.4%). Also, a larger percentage of Europeans as well as the foreign born live in the central part of cities (37.5% versus 20.5%).

Table 4. White Native born and immigrants who received a wage, 2000-2008

| | Native born | Foreign born | European born |
|---------------------------------------|--------------------|---------------------|----------------------|
| Mean age | 43.3 | 44.5 | 44.9 |
| % Female | 41.6% | 38.9% | 41.0% |
| % Own the house | 75.5% | 66.0% | 68.2% |
| %metro area | 69.4% | 91.8% | 92.0% |
| %central city | 20.5% | 37.7% | 37.5% |
| %married | 60.6% | 64.4% | 63.7% |
| % living in the same house 1 year ago | 86.6% | 85.7% | 87.1% |
| % no high school diploma | 4.5% | 6.7% | 5.8% |
| % 4 years college or more | 34.7% | 47.7% | 46.0% |
| Number of cases | 282,341 | 10,196 | 5,782 |

Source: CPS 2000-2008, authors' computations

We adjusted the earnings for inflation and we included only those who declared they worked, earned a wage and also declared the amount. Our results show that White immigrants in general, and European immigrants in particular, have higher mean incomes than the native Whites (Table 5). While this result might come from the fact that immigrants have a higher level of education than the natives (47.7% of White foreign born and 46 % of European born who had a wage income during 2000-2008 have 4 or more years of college, while 34.7 % of native born are in this educational group), breaking down the income on educational levels shows that the immigrants without a high school diploma and those who have college and above are those who have higher earnings than the native born. Those with a high school diploma or some college actually earn less than the native born. The rate of unemployment is lower for native workers than for immigrants, although the differences are small (both are around 4%).

Table 5. Mean income for Whites native born and foreign born, 2000-2008

| | Native born | Foreign born | European born |
|-----------------------|--------------------|---------------------|----------------------|
| Less than high school | 20,400 | 23,180 | 24,980 |
| High school | 31,500 | 30,680 | 32,100 |
| Some College | 36,000 | 34,500 | 35,001 |
| College and above | 55,281 | 60,000 | 59,000 |
| Total | 38,948 | 42,000 | 41,600 |
| Number of cases | 282,341 | 10,196 | 5,782 |

Source: CPS 2000-2008, authors' computations

The youngest (mean age 41) and the highest educated group among the European immigrants are those coming from former USSR countries: about 64.8 % of them have four years of college and above, and only 2.7 % do not have a high school diploma. However, those coming from Western Europe have the highest income (\$44,517). Most of the immigrants coming from former USSR countries came after 1990 (71.7%), while most of the Western Europeans (70.4%) and about half of the Eastern Europeans (56.6%) came before 1990. As we will show in the following, the more time an immigrant spends in the US, the higher the income, so the lower wages of those coming from the former USSR countries can be explained by this late arrival.

The immigration of educated immigrants from the former USSR into the US was facilitated by the US immigration regulations: in 1992, the Soviet Scientists Immigration Act (SSIA), Public Law 102-509 was enacted. This law sets aside immigration visas for scientists and engineers coming from the independent states of the former Soviet Union and the Baltic States with expertise in nuclear, chemical, biological, or other high-technology field or defense projects. The law was modified several times in the past years, changing the number of visas and the evidence eligible subjects must submit in order to establish their expertise/work

experience in the required fields. Those who were eligible to apply for this type of visa did not need to have a job in the US in order to immigrate (USCIS website).

Using New Immigrants Survey 2003 data, we employed all the variables enumerated above (education, education in the US, immigration channels, European origin) as well as other control variables (gender, age) to study the effects they have on income. As a dependent variable we used the natural logarithm of wage income and we included in the analysis only those immigrants who declared having a wage income³. Because income was expressed in various currencies, we used the 2003 rate of exchange to transform the values in US dollars. For some currencies there is no official rate of exchange available (for example, Eritrean nakfa, Ethiopian birr, Guyanese dollar), so we excluded those cases from the analysis. In Table 6 we present the results of this analysis.

³ We also did a separate analysis using total income, and the results were similar.

Table 6. The influence of various variables on legal immigrants' wage income

| | Model 1 | | Model 2 | | Model 3 | | Model 4 | |
|--------------------------------------|-----------|---------|----------|---------|-----------|---------|-----------|---------|
| | B | St.err. | B | St.err. | B | St.err. | B | St.err. |
| Gender (0- Male, 1- Female) | -.572 *** | .067 | -.511*** | .065 | -0.5*** | .056 | -0.45*** | .053 |
| Year born | -.015*** | 0.003 | -.024*** | .003 | -0.016*** | .003 | -0.014*** | .003 |
| Years school completed | | | 0.094*** | .007 | 0.11*** | .006 | 0.067*** | .006 |
| % Years of education in the US | | | 1.120*** | .173 | -0.17 | .154 | 0.18 | .148 |
| Already in the US | | | | | 1.8*** | .058 | 1.62*** | .056 |
| Employment based immigration (1=yes) | | | | | | | 1.103*** | .063 |
| European/former USSR origin (1- yes) | | | | | | | 0.2** | .067 |
| R ² | 0.033 | | 0.113 | | 0.342 | | 0.407 | |
| R ² adjusted | 0.032 | | 0.111 | | 0.341 | | 0.406 | |
| Mean VIF | 1 | | 1.049 | | 1.077 | | 1.15 | |
| Durbin Watson | 1.93 | | 1.939 | | 1.908 | | 1.902 | |
| Number of cases | 2758 | | 2753 | | 2753 | | 2753 | |

Source: NIS 2003 data, authors' computations

Some of the results were expected – such as the differences in wages between men and women, which remains strong in all models. Some others were not expected: for example, years of education is an important predictor in model 2, but it becomes insignificant once we control for whether or not the immigrant was already in the US when s/he got the green card. Employment based immigration is a strong predictor for higher wages – in other models (results not shown) we employed various variables to control for the immigration channels and all the

other methods (family based, diversity, refugee) are not significant. Only employment based immigration made a difference. Interesting was also the fact that being European gives certain advantages in getting a better income. We also tried for this case several other options (using Asians and Hispanics as predictors) and while Hispanics had a significant advantage in a model where we did not control if the immigrant was already in the US, the advantage disappeared once we controlled for this. However, those coming from Europe or the former USSR countries tend to keep a significant advantage even when we control for all the other variables.

Developed countries encourage skilled migrants to come as short time workers, but few of them allow them to settle permanently (Iredale, 2001). The US is one of these few countries allowing skilled workers to settle permanently if they prove to be useful and not in the position of becoming a public charge. In 2006, about 1560 European born received a PhD in the US, a similar number to the Indians (1742). Although there is an increasing public pressure toward limiting migration, this pressure manifests mainly in regard to the illegal and migration of low skilled workers. The need for skilled migrants seemed to increase over the past years, and various agencies lobby toward more relaxed policies toward highly educated migrants (Gates, 2008). However, the bulk of immigration visas are set aside for family based immigration, so a small number of immigrants come to the US based on employment visas.

The highly skilled professionals to come to the US using two channels: non permanent visas (such as H1B) and immigrant visas. The number of visas available every year is subject to change. A person admitted based on the H1B can stay up to 6 years in the US but this period of time the person can apply for permanent residency through various tracks specially designed for the highly skilled workers. There is a specified number of immigrant visas reserved every year

for those with advanced degrees (Master and PhD), those working for a university and those who can prove that it is in the national US interest to keep them in the United States.

Conclusions

In this paper we focused on the education and labor market outcomes of European immigrants living in the US. While recent Europeans no longer represent a large segment of current immigration waves, there are about 5 million European born living currently in the US. They tend to be concentrated among the highly skilled immigrants, as they have generally higher than average level of education and wages. While the current discourse usually focuses on skilled Asian immigrants, the number of European born who get advanced degrees (PhD) in the US is in fact similar to the number of Indian born. Interviews conducted with several highly educated European immigrants (not discussed in detail here) show that many of them came to the US to complete their education and later decided to stay here either because of job market insufficiencies back home or because of family reasons (getting married in the US). For many of them, the US became 'home' to some extent, but at the same time they continue to keep strong ties to their countries of origin, by traveling there frequently, speaking the language and reading the news. While many of them have an extensive and strong network of friends, including other immigrants, these immigrants are not necessarily from their ethnic group or country of origin, but rather people with similar level of education.

While most of the Western Europeans came to the US before 1990s, many of the Eastern European immigrants came after the fall of communism in Europe. While those coming from former USSR countries represent the youngest and most educated group, the Western Europeans have the highest mean income, most probably because many of them came earlier and are older. Our results show that, after controlling for variables such as gender, age, education and channel of immigration, being European and former USSR born living in the US is an advantage on the job market and it leads to higher wage incomes than for other immigrants.

This study has indicated that despite their relatively low number, European immigrants still have a significant impact on the American economy and society because they are concentrated in high end occupations and positions. The historic ties between the US and Europe are still dynamic. On the other hand, European immigration itself has changed too. More recent immigrants from Eastern Europe are different both in terms of their immigration and integration experience. For many of these immigrants the US as a destination competes with Western Europe. Given the current state of academia and the research and development job market in the former communist countries, we can expect a continuous flow of immigrants from that region as long as these immigrants perceive that their training pays its dividends and their integration will be easier in the US. Further research is needed to analyze this immigrant flow in order to better understand the motivation and networks of Eastern European immigrants.

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