

**NEW DESTINATION ‘CONTEXTS OF RECEPTION’: COETHNIC  
CONCENTRATION AND THE EARNINGS OF MEXICAN IMMIGRANTS<sup>1</sup>**

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## ABSTRACT

This paper studies the recent dispersion of low-skilled Mexican immigrant workers away from traditional areas of settlement to “new destinations”. Theoretical focus is placed on the role played by low-skilled immigrant social networks in facilitating economic incorporation. Using data from the 5% sample of the 2000 Census IPUMS, I examine the effect of coethnic concentration in local labor markets on the earnings of individual Mexican immigrants, and test whether the effects of concentration vary by destination type. I find a strong and statistically significant curvilinear relationship (inverted U-shape) between coethnic concentration and earnings, but only for immigrants in traditional areas of settlement. In conclusion, I highlight the empirical importance of characteristics of the coethnic community for understanding the economic outcomes of Mexican immigrants, and discuss the implications of the dispersion for Mexicans’ economic incorporation more generally.

## INTRODUCTION

The sociology of immigration boasts a rich theoretical literature highlighting the social processes central to international migration flows (Massey 1999; Portes and Bach 1985) as well as the contextual factors shaping immigrant incorporation in the United States (Portes and Rumbaut 2006). Immigrant social networks play a central role in facilitating and sustaining international migration (Massey 1999). Similarly, outcomes upon arrival are shaped by the various interacting elements comprising an immigrant group’s “context of reception”: governmental policies, the conditions of the host labor market, and the resources and support of the existing coethnic community (Portes and Rumbaut 2001,2006). Despite this wealth of theoretical material stressing the social and contextual, however, empirical studies of the economic adaptation of Mexican immigrants – by far the largest foreign-born group in the United States – have generally failed to operationalize contextual factors, and thus, Mexican immigrants’ low socioeconomic standing is commonly explained as a function of their relative lack of *individual* human and financial capital. When considering determinants of Mexican immigrants’ labor market outcomes, the role of the Mexican coethnic community already residing in the U.S., a key aspect of their context of reception (Portes and Rumbaut 2006), has

been particularly neglected by the empirical literature. This stems perhaps from the fact that until recently, Mexican immigrant communities were concentrated in only a handful of U.S. states, mostly in the Southwest, thus leading researchers to assume that little variation existed in the group's receiving context. However, during the 1990s, Mexican migration was transformed from a regional to a national phenomenon as "new destinations" across the country were settled by Mexican-born persons making secondary moves out of traditional destinations, as well as by large numbers of new arrivals directly from Mexico (Zuñiga and Hernández-Léon 2005). This growing diversity of Mexican immigrant destinations highlights the dearth of research examining whether their economic outcomes vary across receiving contexts, and by extension, whether and to what degree the dispersion has impacted Mexican immigrant economic incorporation.

This paper compares the earnings of low-skilled Mexican immigrants in so-called "traditional destinations" to their counterparts working in "new destination" communities. I contend that the results reported below add to the existing literature in two important ways. First, it considers the implications of the recent large-scale shift in the geography of Mexican immigration for existing perspectives on the pace and trajectory of Mexican immigrant incorporation, a task that has yet to be undertaken by the primarily descriptive "new destinations" literature. Second, I test the hypothesis implied by complementary theories of migration and modes of immigrant labor market incorporation suggesting that the effectiveness of low-skilled immigrants' social capital is constrained under conditions of labor market saturation or crowding (Portes 1995; Waldinger and Lichter 2003), thus advancing current understandings of the ramifications of immigrant network maturation over time (Light 2006).

## **BACKGROUND**

### *Social Networks, Cumulative Causation, and the Dispersion of Mexican Immigrants*

The importance of immigrant social networks in facilitating migration and settlement processes is firmly established in contemporary sociological perspectives of international migration. Indeed, the social nature of migration lies at the heart of the theoretical synthesis developed by Massey (1999) and his colleagues over the past two decades. Though migrations are precipitated by structural factors such as wage disequilibria between nation-states and strong labor demand in the host society (Bean and Stevens 2003), they are sustained by the social ties connecting previous migrants to potential emigrants in the country of origin (Massey 1999; Portes and Bach 1985). Migratory flows are *cumulatively caused* in that immigrant social networks, once established, can sustain migrations independently of precipitating structural conditions in the origin and destination economies (Massey 1999). The same transnational social ties that largely determine where new arrivals will settle also serve as local supports upon which newcomers can draw to begin adapting to their new setting. Such supports include valuable information about the availability of employment, housing, and services. In the case of a low-skilled labor migration such as Mexican immigration to the United States, social ties take on heightened importance as they can compensate for migrants' lack of human and financial capital (Massey, Alarcorn, Durand, and González 1987). In addition, low-skilled immigrants from Mexico tend to fill jobs on the lowest rung of the occupational ladder (Catanzarite 2000; Ellis and Wright 1999; Perlmann 2005; Waldinger and Der-Martirosian 2001). Often these "bad" jobs are filled through informal processes, such as referral hiring, further highlighting the importance of social networks (Cranford 2005; Waldinger and Lichter 2003). When jobs are plentiful relative to the supply of low-skilled workers, referral networks can operate efficiently to channel new arrivals into open positions, often resulting in the formation of Mexican ethnic niches in a relatively short time-span (Waldinger and Der-Martirosian 2001; Waldinger and Lichter 2003).

Arguably, however, under certain conditions, there are limits to immigrant social capital (Portes 1995; Portes and Landolt 1996; Portes and Sensenbrenner 1993), limits that have received little attention from empirical research. The rapid channeling of newcomers into bottom-level jobs requires the simultaneous procession up the occupational ladder by earlier arrivals in order for the network to operate efficiently and guide new arrivals into available jobs. This mobility among longer-term migrants, however, is doubtful when the jobs in question are situated in the “secondary” or informal sector which provides few avenues for upward advancement (Waldinger and Lichter 2003). According to the cumulative causation perspective, mature immigrant networks can become saturated, especially when network-driven flows persist despite changes in the economic context in the immigrant destination (Light 2006). Insofar as the supply of jobs and housing in a local immigrant receiving area is finite, cumulatively caused migration flows will eventually outstrip this supply (Light 2006). As individual kinship and friendship networks connecting immigrant communities in the origin and destination expand *and multiply*, thus increasing competition between new arrivals (Cranford 2005), the ability of the receiving coethnic community to support new arrivals becomes strained. Taking stock of the increased difficulty of getting by in traditional, saturated, areas of settlement, pioneer or “seed” migrants strike out for new destinations where prevailing economic conditions are more favorable (Zuñiga and Hernández-Léon 2005; Leach and Bean, forthcoming), eventually shifting patterns of migration.

As cumulatively caused migration from Mexico to Southern California continued throughout the 1980s and early 1990s, the region experienced a series of structural changes that altered the context of reception for low-skilled Mexican immigrant arrivals of this period. First, the structure of Southern California’s economy changed considerably, as the region slumped

through a prolonged economic downturn during which it hemorrhaged manufacturing jobs that had previously provided low- to moderately-skilled workers with the comforts and security of a middle class lifestyle, and concomitantly added low-end service and retailing jobs as well as high-skilled professional and technical occupations (Ellis and Wright 1999). Thus, the region took on the often discussed “hour glass” shape to a more severe degree than did the nation as a whole (Milkman and Dwyer 2002). Research suggests that the continual flow of new low-skilled immigrants to the changing economic environment produced a “crowding” effect, leading to deleterious labor market outcomes for all low-skilled workers in the region, but impacting low-skilled Latinos disproportionately (Bean and Lowell 2003; Catanzarite 2000; Ellis and Wright 1999).

Also, Southern California was the epicenter of immigration-policy debates during the 1980s and 1990s. The Immigration Reform and Control Act (IRCA) of 1986 granted amnesty to nearly 3 million persons living in the U.S. without legal documents, a large proportion of whom were from Mexico. IRCA also authorized increased border enforcement and threatened stiff penalties for employers of unauthorized immigrants. Border enforcement was increased again during the early 1990s. IRCA thus contributed to the saturation of Mexican immigrant networks by flooding the labor market with 3 million newly authorized workers just as the Southern California economy entered a prolonged recession (Durand, Massey and Capoferro 2005). A series of operations effectively militarizing the border at highly-trafficked crossing points had the unintended consequence of encouraging unauthorized migrants to risk crossing in more remote areas, and if successfully entering the country, to extend trips and bring family members as well (Massey, Durand and Malone 2002; Durand, Massey and Capoferro 2005).

It is against this economic and political dropback in Southern California, overwhelmingly the predominant Mexican immigrant destination for the prior three decades, that migration patterns began to shift in the 1990s. A complex of factors all occurring in relative simultaneity – economic restructuring and high rates of job growth in non-traditional destinations, high anti-immigrant sentiment in Southern California, increased border enforcement, and network saturation in traditional areas of settlement – have all been cited as contributing to the dispersal of Mexican immigrants during the 1990s (Durand et al. 2005). By the end of the decade, over 20% of all Mexican immigrants resided outside of traditional gateway states. Moreover, the last two decades have also witnessed a corresponding change in composition in migrant flows from Mexico, specifically, a growing proportion of women and children (Marcelli and Cornelius 2001; Cerrutti and Massey 2004).

The rapid shift in Mexican migration patterns leads to questions regarding how this shift might impact patterns of Mexican economic incorporation more generally. The theory of cumulative causation suggests limits in the effectiveness of immigrant social capital under conditions of network saturation, and evidence of these limits are suggested by previous research (Bean and Lowell 2003; Cranford 2005; Ellis and Wright 1999). Quantitative examinations of the earnings of Mexican immigrants (or Hispanic-origin populations more generally) have consistently found that earnings are lower in labor markets and/or sectors where the concentration of coethnics is greater (Bean and Tienda 1987; Catanzarite 2000; Reimers 1984; Tienda and Wilson 1992). However, these studies rely on data collected *prior* to the dispersion of Mexican immigrants, and thus at a period when Mexican communities were concentrated in only a handful of gateway states. In the analyses below I ask whether this negative relationship persists during a new era of dispersion, and whether social capital supports are more effective in

producing earnings benefits in new and less saturated immigrant communities relative to traditional destinations.

In summary, theories of migration and labor market incorporation, on the one hand, highlight the social support migrants receive from coethnic communities as a way of compensating for a lack of human capital in order to realize more favorable labor market outcomes, such as higher wages (Aguilera and Massey 2003). On the other hand, a limited number of empirical studies consistently report a negative relationship between size of the coethnic community and the earnings of individual Mexicans (Bean and Tienda 1987; Tienda and Wilson 1992). Taken together, these literatures suggest that the effectiveness of low-skilled immigrants' social capital depends on the larger contexts in which the networks are embedded. Accordingly, in areas where immigrant networks have only recently begun to exploit labor market opportunities, one should expect to find a positive relationship between the size of the coethnic community and individual migrants' earnings, controlling for other factors. By contrast, traditional settlement areas, consisting of multiple large competing immigrant networks, combine with other regional factors to produce a context of reception that is unfavorable to migrants' earnings, all else being equal. Further, despite the growing 'feminization' of low-skilled Mexican migration flows (Cerrutti and Massey 2004; Marcelli and Cornelius 2001), the migration has largely been driven by the employment-related aspirations of young men. Thus, insofar as one observes a relationship between coethnic concentration and the wages of Mexican migrants, the relationship should be strongest for men. Finally, given that post-IRCA arrivals from Mexico have less labor market experience in the U.S. and are more likely to be unauthorized, I expect that their earnings will be more dependent on social networks relative to pre-IRCA arrivals.

### ***Implications for Mexican Immigrant Economic Incorporation***



I argue that it is important to consider Mexican immigrant geographic dispersion as a phenomenon with potential implications for contemporary perspectives on Mexican socioeconomic incorporation more generally. Despite theoretical differences, leading scholars of contemporary immigrant incorporation view the “Mexican case” as worthy of particular concern given its size, geographic proximity to the United States, and characteristics as a labor migration. Owing largely to the group’s relative disadvantage in human capital endowments, disproportionate composition of undocumented immigrants, and high risk of labor market and societal discrimination, observers have slated Mexicans for either a “delayed” (Bean and Stevens 2003), or worse, a “segmented” or “downward” (Portes et al. 2005; Portes and Rumbaut 2001) assimilatory path into mainstream American society. Empirical findings associating dispersion with more (or less) favorable economic outcomes for individual Mexican immigrants, I maintain, would suggest that these existing predictions for Mexican immigrant incorporation merit revision, and the development of a more precise theoretical perspective specifying the impacts of Mexicans’ increasingly diverse contexts of reception on important outcomes.

## **THE PRESENT STUDY**

To better understand the effect of the Mexican coethnic community on the economic incorporation of Mexican immigrants *and* the implications of the recent dispersal of Mexican-origin communities, this paper compares the earnings of low-skilled Mexican-born immigrants who in 2000, resided in traditional settlement states to their Mexican-born counterparts in new destination states<sup>3</sup>. Multivariate analyses presented below control for the effects of earnings determinants at both the individual- and local labor market-level, and examine whether the effect of the coethnic community on earnings varies by destination type, thus testing the hypothesis

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<sup>3</sup> Throughout this paper, “traditional” destinations refer to settlements located in five states: Arizona, California, Illinois, New Mexico and Texas. Non-traditional or “new” destinations are all other U.S. states.

formed above that immigrant social capital is constrained under conditions of network saturation. Focusing exclusively on low-skilled Mexican immigrants is justified for two related reasons. First, nearly three-quarters of all Mexican-born persons who immigrated to the United States at the age of 16 had less than a high school education, and fully one-half had not proceeded beyond the eighth grade<sup>4</sup>. Secondly, it is this large majority of the adult Mexican immigrant population that is expected to be most dependent upon the existing coethnic community in order to compensate for a lack of human and financial capital to aid in the migration and settlement process.

Changes in the structure of traditional destination economies (especially in Southern California) and changes in U.S. immigration policy and border enforcement suggest that Mexican immigrants faced varying contexts of reception based on when they immigrated. Thus, the analyses below are presented separately for two arrival cohorts: 1965-1986 and 1987-2000. The first arrival cohort represents the pre-IRCA period of Mexican immigration. When the IRCA legislation was passed in October 1986, any undocumented immigrant who could prove sustained residence in the U.S. since January 1, 1982, was eligible under the Legally Authorized Workers (LAWs) program. Additionally, undocumented persons who had worked in Agriculture up through 1986 were eligible under the provisions of the Special Agricultural Workers (SAWs) program. In total, nearly 3 million persons, 70% of whom were Mexican, and 54% of whom resided in California, adjusted their status under the provisions of the two IRCA authorization programs (Bean, Vernez and Keely 1989). Not all who were eligible chose to regularize their status, and those who were not employed in agriculture and arrived between 1982 and 1986 were not eligible to change their status. Thus, it is possible that some members of the pre-IRCA cohort

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<sup>4</sup> Author's analysis using the 2000, 5% IPUMS (Ruggles et al. 2004)

were unauthorized in 2000. However, it is safe to assume that this comprises a relatively small minority of the cohort.

In addition the distinct political context of reception for pre-IRCA arrivals, 1965-1986 roughly coincides with the major expansion of the Southern California economy and growth of its population and members of this arrival cohort first immigrated prior to the stagnation of the region's manufacturing sector (Scott 1996). Considering the more favorable political climate for pre-IRCA arrivals, namely the ability to regularize an undocumented status, and the arrival, disproportionately in Southern California during an era of economic growth, one might expect to find less evidence of network saturation effects on the earnings of members of this arrival cohort.

The post-IRCA arrival cohort consists of those first immigrating to the U.S. after 1986. Their period of arrival coincides with an increasingly hostile political context of reception, especially in Southern California, as evidenced by the 1994 passing of Proposition 187, a fiercely debated ballot measure aimed at eliminating the provision of public aid and most social services to undocumented immigrants. To date, Congress has passed no legislation providing post-IRCA arrivals the ability to regularize their status, and consequently this cohort is comprised of a large proportion of unauthorized immigrants. Also as discussed above, the post-IRCA period also roughly coincides with changes to the Southern California, specifically, the protracted economic slump of the late 1980s and early 1990s and the concomitant transformation of the region's occupational structure into an increasingly "hour-glass" shape (Milkman and Dwyer 2002). Thus, post-IRCA Mexican immigrants – authorized and unauthorized alike – face upon arrival an increasingly hostile political context of reception and, at least for those immigrating to Southern California, an occupational structure that offers newcomers few opportunities for upward advancement out of low-wage employment. Due to this unique set of political and economic

contexts facing the post-IRCA immigrants, the effects of coethnic network saturation are expected to be more pronounced among this cohort, relative to pre-IRCA arrivals.

## **DATA AND METHODS**

To test the hypothesis that the ability of low-skilled Mexican immigrant networks to confer earnings advantages on coethnics is constrained under conditions of labor market saturation, and that this constraint should be particularly acute for post-IRCA arrivals, I use data from the 5% sample of the 2000 Census IPUMS (Ruggles et al. 2004). The sample is limited to low-skilled, Mexican-born men and women who worked during 1999 in “working-class” occupations<sup>5</sup>. Because the negative effects of labor market saturation are expected to be more pronounced for men relative to women, the sample is divided and analyzed separately by gender. The sample was weighted using the person weight provided by IPUMS.

***Dependent Variable.*** Annual earned income is a commonly used and important indicator of immigrant economic incorporation (Alb and Nee 2003; Bean and Stevens 2003; Portes and Rumbaut 2006), and thus serves as the dependent variable. Earned income includes wages and income from self-employment, but does not include income from other sources such as public assistance. Mean annual earnings are used in descriptive comparisons between new and traditional destination immigrants. Earnings are logged for multivariate analyses.

***Labor Markets and Immigrant Networks.*** I use Super-Public Use Micro Areas (Super-PUMAs) to approximate the labor markets within which low-skilled Mexican immigrant networks are contained. Super-PUMAs are spatial units constructed by the Census Bureau, consisting of at least 400,000 residents, and estimated Super-PUMA populations in the analytic

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<sup>5</sup> I define “working class” occupations as those subsumed under the following three-digit occupational headings defined by the Census Bureau: Craftsmen, Operatives, Service Workers, Farm Laborers, and Laborers.

sample range from just over 400,000<sup>6</sup> to about 900,000 persons. As with any labor market proxy using census data, there are both drawbacks and benefits to using Super-PUMAs for this purpose. First, large metropolitan areas, such as Los Angeles, contain multiple Super-PUMAs. Thus, Super-PUMAs artificially divide Los Angeles into multiple labor markets when in reality it comprises only one or a few, depending upon how broadly one defines the metropolitan area. Nonetheless, I assume that low-skilled immigrant job networks – consisting primarily of friends and family – are spatially concentrated, and therefore, largely contained within individual Super-PUMAs. A second drawback to using Super-PUMAs to approximate labor markets is that in rural areas, Super-PUMAs may cover a large area, and thus contain multiple non-urban labor markets. In fact, in six states – Alaska, Delaware, North Dakota, South Dakota, Vermont and Wyoming – the entire state population is of insufficient size to warrant the subdivision of the state into multiple Super-PUMAs. Thus, in these states, the entire state serves as the labor market area, indeed, an unrealistic approximation. However, together, these states account for less than 0.05 percent of the entire Mexican-origin population in the United States in 2000, and thus, this shortcoming will not affect the analyses presented below. Moreover, unlike analyses using metropolitan statistical areas as labor market proxies, Super-PUMAs allow the inclusion of Mexican immigrants residing in non-urban areas. This is important, since, as Tables 1 and 2 below indicate, migration to non-urban areas comprises a non-trivial proportion of the dispersal phenomenon.

***Labor Market-Level Measures.*** The objective of the analyses to follow is to examine the relationship between the density of low-skilled coethnic networks in local labor markets and the earnings of working class Mexican immigrants. Furthermore, the paper tests whether this

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<sup>6</sup> The Super-PUMA with the smallest estimated population, 401,195, contains the 26 sparsely populated counties in the panhandle of Texas; the largest Super-PUMA has an estimated population of 902,520 and contains residents of a three-county area surrounding Milwaukee, Wisconsin.

relationship varies by settlement type: new destination versus traditional destination. Traditional destinations are those labor markets, or Super-PUMAs, in Arizona, California, Illinois, New Mexico and Texas, while new destination labor markets are those found in all other states. Low-skilled Mexican immigrant labor market saturation is measured by a variable indicating the percentage of the labor force in working-class occupations that is of Mexican-origin (native- or foreign-born). Along with this measure, a squared version of the variable is also included in multivariate analyses in order to test for the presence of a hypothesized curvilinear relationship between labor market coethnic concentration and earnings. To test whether the relationship varies by destination type, two interaction terms are also included in multivariate models. First, I interact a dummy-coded variable, for which “new destination” immigrants are coded 1 with the labor market coethnic concentration variable. Similarly, the new destinations dummy variable is interacted with the squared coethnic concentration measure in order to test for a similar curvilinear pattern in new destinations.

It is reasonable to expect considerable variation in earnings between new destination and traditional destination immigrants that exists independently of network effects. Thus, I include three indicators of the prevailing local labor market conditions that are likely to impact the earnings of workers in those labor markets. First, I control for rural residence with a dummy-coded variable with immigrants in rural areas coded 1. A second measure controls for the percentage of the local labor force that is unemployed. A third measure, the median earnings among fully employed individuals (worked at least 48 weeks and 35 hours per week during 1999) in the Super-PUMA, controls for regional variation in wages. This measure is logged for inclusion in multivariate analyses.

***Individual-Level Controls.*** Because migration is a selective process, it is also important to control for variation that may exist between traditional and new destination immigrants at the individual-level. I first control for a set of demographic and family variables. Gender is controlled by the fact that analyses are performed separately for men and women. Age is measured in years. The presence of an individual's own or adopted children is indicated by a dummy-variable for which all persons with a child under the age of 18 living in the household is coded 1. Similarly householder status is indicated by a dummy variable with heads of household coded 1. And marital status is indicated using a dummy variable for which all persons who are married and living with their spouse are coded 1.

I consider also a second set of individual human capital and immigration related controls. Formal educational attainment is measured in years, as is the individual's age at first arrival in the U.S. Citizenship status is measured by a dummy-coded variable with all naturalized U.S. citizens coded 1. Limited English-Proficiency is measured by a dummy variable with all persons reporting that they "do not speak English" or that they speak it but "not well", coded 1. Finally, insofar as recent migrants may be more likely to rely on coethnic hiring networks relative to more established immigrants, I control for recent international or internal migration using a dummy-coded variable with all persons who lived in different state or country five years prior to the 2000 census coded 1.

Finally, I included a third set of individual industry- and work-related controls. Naturally, and especially for low-wage workers, earnings will be highly correlated with the number of hours one works. Thus, I control for the total number of hours each individual indicated working for the entire year, 1999. This measure is converted to its natural log form for multivariate analyses. I also control for work limitations due to disability using a dummy-variable with all

persons indicating the presence of a disability that causes difficulty working coded 1. And, since wages are in part, industry-dependent, I include a set of four dummy-coded industry variables with men working in agriculture, construction, retail, and manufacturing, respectively coded 1. These are the four industries in which Mexican immigrant men are most commonly employed. The omitted category to which the four dummies are compared contains all other industries<sup>7</sup>. For analyses of women, the four most common industries are agriculture, personal services, retail and manufacturing, and thus multivariate models include these four dummy variables, with “other” serving as the omitted reference category.

## **RESULTS**

### ***Descriptive Results***

Tables 1 and 2 report, for men and women, respectively, the means and percentages of all variables used subsequently in multivariate analyses (except for interaction and squared terms). Taken together, several zero-order comparisons illustrated by these tables provide initial support for the notion of labor market saturation in traditional areas of Mexican settlement. With respect to men, as Table 1 shows post-IRCA arrivals are twice as likely as those arriving prior to IRCA to live in new destination states as of the 2000 Census; just under one-fifth of pre-IRCA arrivals live outside of traditional settlement states, while fully 38 % of post-IRCA arrivals live in new destinations. Further, pre-IRCA arrivals in traditional settlement areas report annual earnings that are 4.5% higher than their new destination counterparts, but among the post-IRCA arrival cohort, this gap has been erased. Moreover, among both arrival cohorts, new destination immigrant men reported working more hours during 1999 relative to traditional destination immigrants – a difference of about 1.5% for pre- and almost 2% for post-IRCA arrivals – suggesting,

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<sup>7</sup> These “other” industries include the following: (1) Mining (2) Transportation, Communication and Other Utilities (3) Wholesale Trade (4) Finance, Insurance and Real Estate (5) Business and Repair Services (6) Personal Services (7) Entertainment and Recreation Services (8) Professional and Related Services and (9) Public Administration.



potentially, that new destination immigrants are able to secure steadier employment relative to their counterparts in traditional settlement areas.

**[TABLE 1 ABOUT HERE]**

This pattern of more favorable labor market outcomes for new destination immigrants relative to those in traditional sites, also largely holds for women, as indicated by Table 2. Unlike men, however, new destination women in both arrival cohorts report substantially higher average earnings than women working in traditional settlement areas – a 6.8% advantage among post-IRCA and 7.3% advantage among pre-IRCA arrivals. Similar to men, new destination women of both arrival cohorts reported working more hours than women in traditional destinations, though this gap is larger than the hours-worked gap observed among men – 2.9% among post- and 4.8% among pre-IRCA arrivals. Also like Mexican immigrant men, Table 2 reports that among women post-IRCA arrivals are twice as likely to live outside of traditional areas relative to pre-IRCA arrivals.

**[TABLE 2 ABOUT HERE]**

With respect to the individual-level controls reported in Tables 1 and 2, only a few of the indicators suggest that the observed zero-order differences in earnings and hours worked between new and traditional destination immigrants may be due to variation at the individual-level. Indeed, among men, traditionally the primary actors in patterns of Mexican migration, there is little evidence in Table 1 suggesting that new destination immigrants are more highly selected than those in traditional destinations. Among both arrival cohorts, there is little or no difference between new and traditional destination men in terms of age, householder status, educational attainment, age of arrival, rates of naturalization, English-proficiency, rates of work-limiting disability, or industrial sector of employment. However, somewhat consistent with the

notion of a “pioneer” or “seed” migrant is the fact that among post-IRCA arrivals, new destination immigrants are less likely to have children present, and in both cohorts, are considerably less likely to be married and living with a spouse. And, naturally given the recent nature of the dispersal, new destination men in both arrival cohorts are far more likely to be recent migrants. A similar pattern of new-traditional individual-level similarity that was observed for men also exists for Mexican immigrant women, as indicated by Table 2.

As expected, relative to individual-level indicators, greater variation between new and traditional destination Mexican immigrants can be observed among variables at the labor market level. Using the results for men reported in Table 1 as an example, new destination immigrants are far more likely to reside in non-urban areas, relative to those in traditional destination states. This difference is not an artifact of employment in agriculture, as new destination members of both cohorts are only slightly more likely to be employed in this sector. Also, the shift in Mexican settlement patterns away from traditional destinations is apparently a shift to labor markets with relatively lower (though still somewhat high, given that the data were collected at the tail-end of the late 1990s economic expansion) unemployment rates. However, despite the relatively favorable employment rates in new destination labor markets, there is relatively little difference in median earnings between new and traditional settlement areas.

Finally, Tables 1 and 2 demonstrate that on average, new destination Mexican immigrant men and women work in labor markets with far lower concentrations of coethnics relative to their counterparts in traditional destinations. For both men and women, and among both pre- and post-IRCA arrivals, the average traditional destination Mexican immigrant works in a local labor market with roughly four times the Mexican-origin concentration of the average new destination labor market. In order to test whether individual earnings are related to the level of local labor

market coethnic concentration, net of other factors, *and* whether any observable relationship varies by destination type, I turn now to a discussion of the multivariate models reported below.

### *Multivariate Analyses*

To determine the relative effect of coethnic concentration on earnings and whether the effect significantly interacts with destination type, I estimated the following ordinary least squares (OLS) regression equation

$$\text{Log}_{(\text{EARN})} = \alpha + \Sigma\beta_i V_i + \beta_1 X + \beta_2 Z + \beta_3 Z^2 + \beta_4 XZ + \beta_5 XZ^2 + \varepsilon$$

where  $\text{Log}_{(\text{EARN})}$  is the dependent variable, logged annual earnings;  $\alpha$  is the intercept;  $V$  is a vector of all individual- and labor market-level controls listed in Tables 1 and 2;  $X$  is the new destinations dummy variable;  $Z$  is the level of Mexican-origin concentration in an individual's local labor market and  $Z^2$  the squared term testing for a curvilinear relationship between coethnic concentration and earnings;  $XZ$  is the interaction between destination type and ethnic concentration, and  $XZ^2$  is the interaction between destination type and the squared ethnic concentration term; and  $\varepsilon$  represents the residual. The coefficients for four full regression models – one each for pre- and post-IRCA men and women – appear in Appendix Tables A1 and A2. For the discussion to follow, I focus specifically on the coefficients for variables of primary interest here – destination type, coethnic concentration, and their interactions. These coefficients are illustrated graphically for each group in Figures 1-4.

**[FIGURE 1 ABOUT HERE]**

**[FIGURE 2 ABOUT HERE]**

Figures 1 and 2 graph the predicted earnings of post- and pre-IRCA Mexican immigrant men, respectively, within new and traditional destinations, net of other factors. Each of the lines graphed in the figures represents the estimated annual earnings (on the vertical axis), using the equation specified earlier, for each possible value of labor market coethnic concentration in each destination type (horizontal axis). Thus, in Figure 1, the line depicting the earnings of new destination immigrants ranges from less than 1 to 33%, while the corresponding line for traditional destination immigrants ranges from less than 1 to 85%. Controlling for all factors, including coethnic labor market concentration, the annual earnings of new destination men are significantly higher than the predicted earnings of Mexican immigrant men working in traditional destinations, a difference of nearly 9% for both arrival cohorts. The lines for traditional destinations in Figures 1 and 2 clearly show a strong curvilinear relationship between the earnings of Mexican immigrant men in traditional settlement areas, and the coethnic concentration of local labor markets in which they work. For men in both arrival cohorts, the relationship is statistically significant (see Table A1). For men arriving prior to IRCA, the positive effect of labor market coethnic concentration on immigrant earnings persists up to about 40%, at which point, earnings are estimated to decline as concentration in local labor markets increases. For post-IRCA arrivals, however, individual earnings are estimated to be negatively affected at a somewhat lower level of coethnic concentration, peaking at about 33% and suggesting potentially that labor market saturation disproportionately impacts the earnings of more recent arrivals, consistent with a network perspective of labor migration.

The lines for new destination men in Figures 1 and 2 are less uniform relative to the line representing the relationship between coethnic concentration and earnings among men in traditional destinations. For members of both arrival cohorts, neither the linear nor the squared

interaction term approach a threshold of statistical significance that would allow for meaningful interpretation of the patterns of the two new destination lines. In other words, the earnings of working class Mexican immigrants in new destinations, regardless of arrival cohort, are not significantly affected by the level of coethnic concentration in the labor market.

**[FIGURE 3 ABOUT HERE]**

**[FIGURE 4 ABOUT HERE]**

Figures 3 and 4 graph the relationship between coethnic concentration and earnings for new and traditional destination women. First, controlling for all other factors, post-IRCA new destination women earn significantly more annually than their counterparts in traditional destinations. The 14.6% earnings gap exceeds that observed for both arrival cohorts of men (see Table A1 and A2). Also, Figures 3 and 4 indicate that, similar to men, for both arrival cohorts there is a significant curvilinear relationship between the earnings of Mexican immigrant women and the degree of local labor market coethnic concentration in traditional destinations. Perhaps due to the fact that predicted annual earnings are so low among working-class Mexican immigrant women in these areas (never exceeded \$10,500 regardless length of residence in the U.S. or the degree of coethnic concentration), the lines for women are less steep relative to traditional destination men. Nonetheless, among post-IRCA arriving women, there is a strong and statistically significant relationship between earnings and coethnic concentration. The relationship among pre-IRCA arrivals is less pronounced, and only the squared term is statistically significant, as the linear term just exceeds the .10 threshold ( $p = .125$ , see Table A2).

As with new destination men (see Table A2), except for the moderately significant linear interaction term for post-IRCA arriving women, there is not a statistically significant relationship between earnings and coethnic concentration for women in these areas, and thus it is difficult to

draw firm conclusions regarding the generally upward sloping lines. Thus, like men, the earnings of pre- and post-IRCA arrivals are not significantly affected by the degree of coethnic concentration in the local labor market.

## **DISCUSSION AND CONCLUSIONS**

In summary, the findings reported above suggest that first, when controlling for individual- and labor market-level factors, among both pre- and post-IRCA arriving working class Mexican immigrant men and among post-IRCA women, those working in new Mexican immigrant destinations earn significantly more than their counterparts in traditional areas of Mexican settlement. For new destination men in both cohorts, the relative earnings advantage is nearly 9% and nearly 15% for post-IRCA arriving women. Second, in traditional destinations only, there is a strong and statistically significant curvilinear (inverted U-shape) relationship between the annual earnings of working class Mexican immigrants and the degree of coethnic concentration in the local labor market, regardless of arrival cohort or gender. By contrast, no such relationship exists for their working-class counterparts in new destinations.

These results demonstrate empirically, the contextual limits to low-skilled immigrant social capital, as well as the importance of accounting for aspects of the Mexican immigrant coethnic community in studies of Mexican immigrant incorporation. In traditional areas of Mexican immigrant settlement, the concentration of coethnics in local labor markets effectively increases the earnings of individual migrants up to a point after which the individual earnings of traditional destination migrants diminish with increased coethnic concentration. This decline, arguably, stems from the inability of social networks to provide the necessary employment-related supports to new arrivals due to the increased density of low-skilled coethnic networks in traditional areas. This limitation, at least as of 2000, was not observable among Mexican

immigrants in new destinations, where Mexican-origin communities have only recently formed. That a relationship between earnings and ethnic concentration is not present among new destination immigrants may indicate that, at the time of the 2000 Census, the dispersal was driven primarily by strong labor demand and employer recruitment, and that network dynamics had not developed to the extent that their effects on earnings could be detected at the aggregate level.

In general, the results presented here suggest that the dispersion of the low-skilled Mexican immigrant population to new destinations has been a migration to more favorable labor market outcomes. When one considers the counterfactual scenario in which Mexican immigrants continued throughout the 1990s to concentrate disproportionately in traditional settlement areas, it seems safe to assume that the overall earnings profile of low-skilled Mexicans would be considerably worse. The earnings of low-skilled Mexican immigrants in traditional areas are substantially determined by the degree of coethnic concentration in the local labor market<sup>8</sup>, and *the average Mexican worker in these areas resides in a labor market with a level of coethnic concentration exceeding the point at which concentration is positively related to earnings*. In other words, the average low-skilled Mexican immigrant in traditional destinations resides in a local labor market where the degree of coethnic concentration surpasses what might be referred to as a point of network saturation, ranging from 33% to 40% depending on the migrant's gender and period of arrival.

In terms of economic incorporation, then, the recent dispersion of Mexican immigrants to new areas of settlement has been beneficial, at least in the short-term. In light of the aggregate

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<sup>8</sup> Examining the beta coefficients reported in Tables A1 and A2, indicating the *strength* of the relative relationship between independent and dependent variables (Cohen, Cohen, West and Aiken 2003), one observes that the coefficients for coethnic concentration among all cohorts and both for men and women, consistently exceed in strength most individual- and contextual-level variables.

economic gains resulting from migration, the drawing of a parallel between the trajectories of the black urban underclass and low-skilled Latino immigrants (Camarillo and Bonilla 2001; Portes and Rumbaut 2001), seems questionable, as other observers have already noted (Waldinger and Feliciano 2004). Insofar as the formation of the inner-city African-American underclass was caused by structural limitations, in the form of discrimination, preventing working-class blacks from migrating to more favorable labor markets outside of city centers (Massey and Denton 1993; Wilson 1978), it seems doubtful that working-class Mexican immigrants face the same limitations to spatial mobility, based on the findings reported here.

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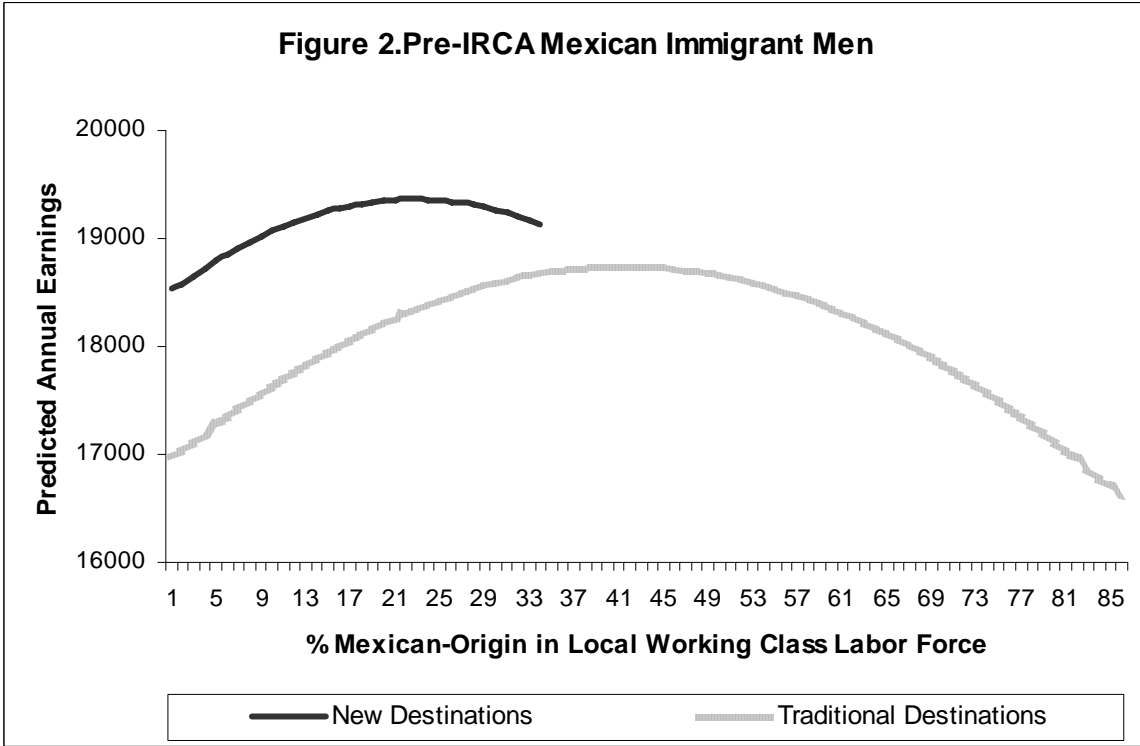
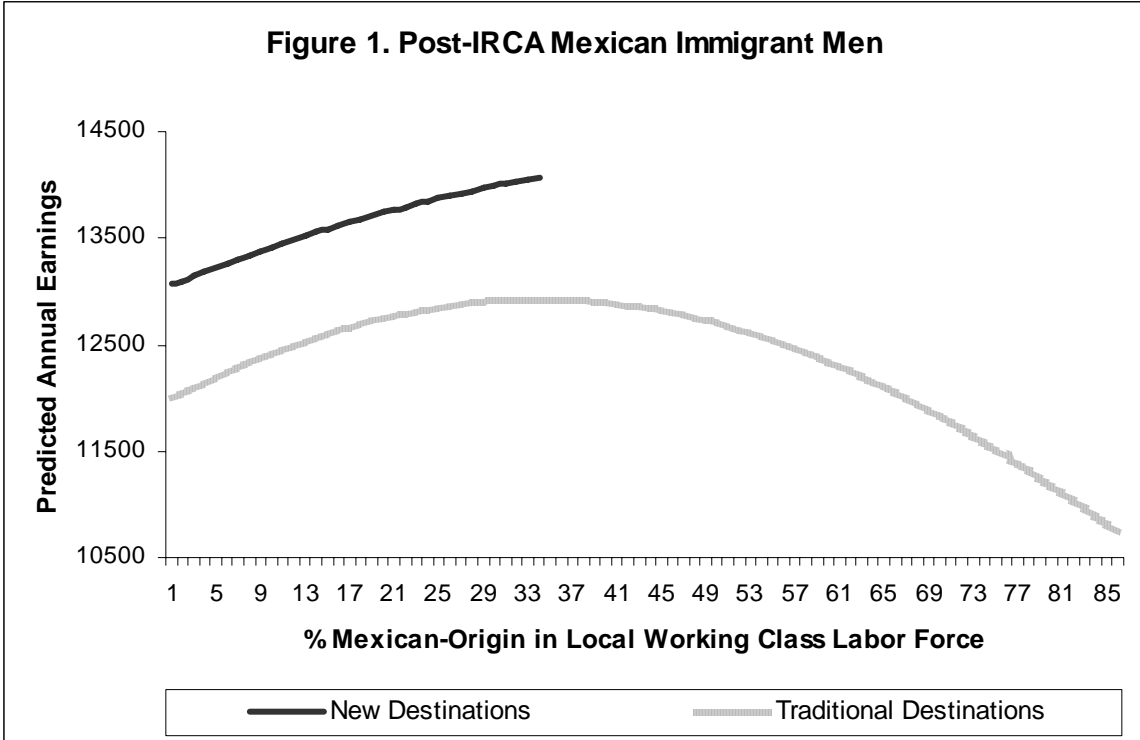
## TABLES AND FIGURES

Table 1. Means and Percentages for Male Sample

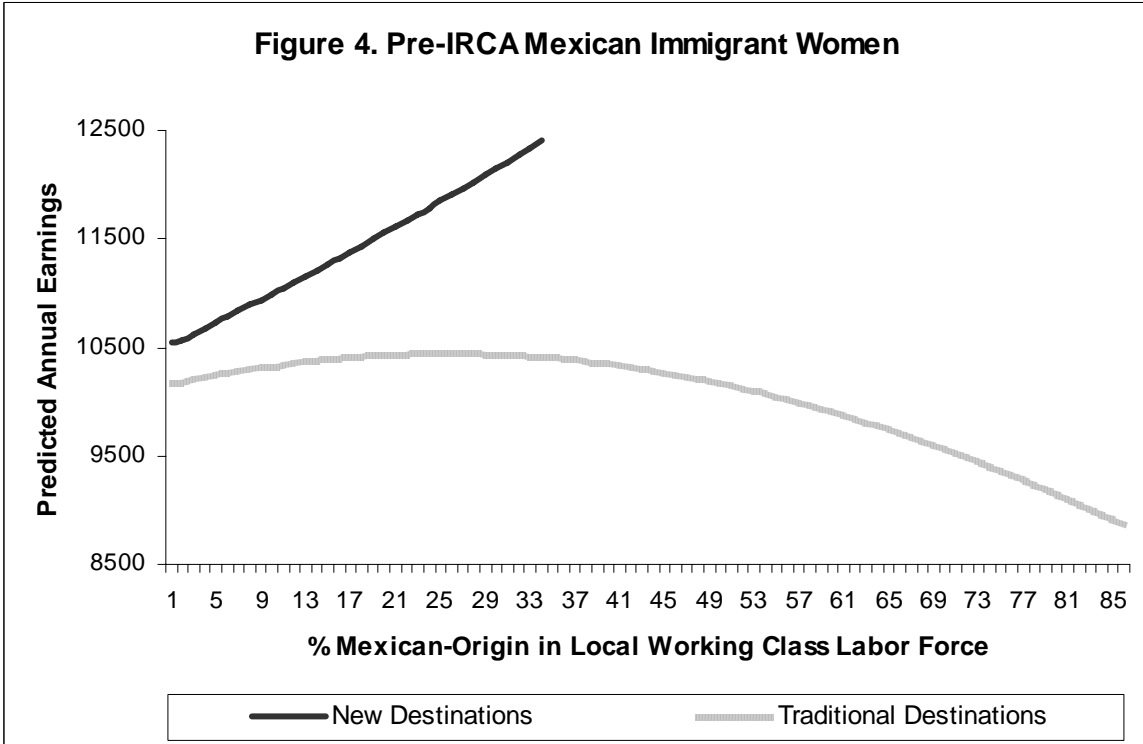
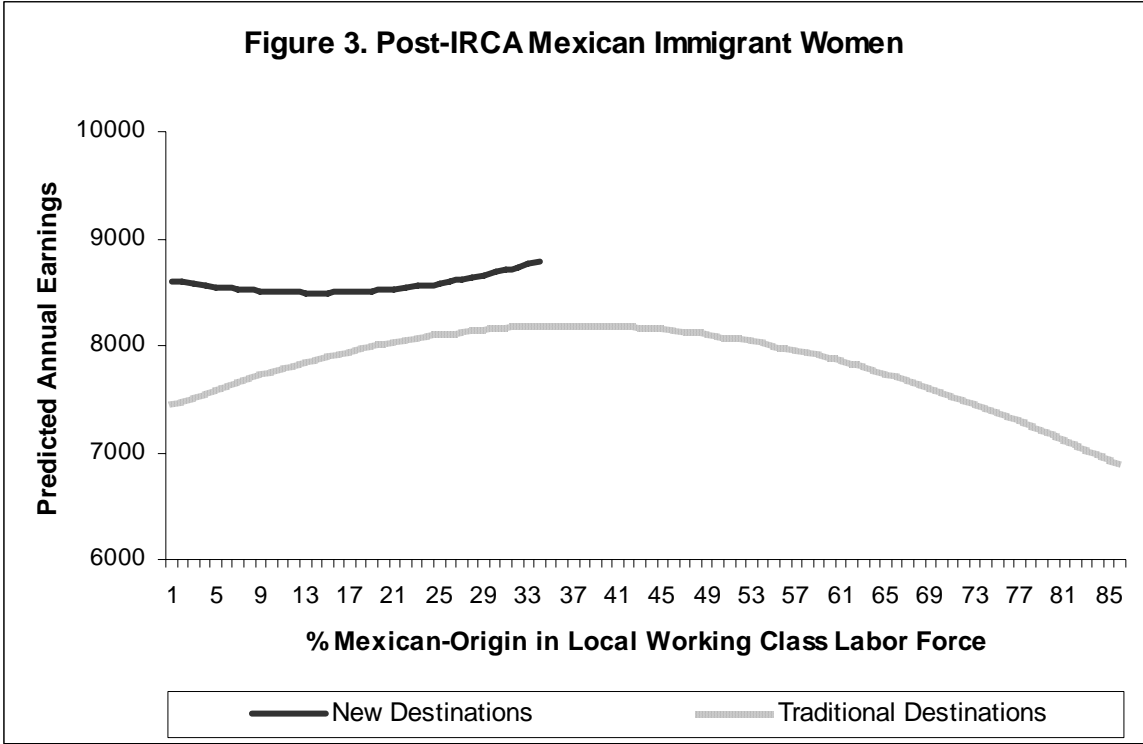
	Post-IRCA Arrivals		Pre-IRCA Arrivals	
	<u>Traditional</u>	<u>New</u>	<u>Traditional</u>	<u>New</u>
N	40,775	25,109	38,387	9,026
% of Arrival Cohort	61.9	38.1	81.0	19.0
<i>Income</i>				
Mean Earned Income, 1999 (\$)	16,983	17,043	23,934	22,980
<i>Demographic and Family</i>				
Mean Age	29.1	28.1	39.4	37.9
% with Children Present	33.7	25.7	45.6	45.5
% Householders	41.5	38.2	70.9	68.0
% Married, Spouse Present	41.3	31.6	68.8	61.6
<i>Human Capital and Immigration</i>				
Mean Years of Education	8.5	8.6	8.0	7.9
Mean Age at U.S. Arrival	22.4	22.7	17.8	17.8
% Naturalized	8.3	7.9	34.2	32.3
% Limited English-Proficient	62.9	64.6	41.1	40.0
% Recent Migrant	33.4	57.3	4.8	26.8
<i>Industry and Work-Related</i>				
Mean Number of Hours Worked, 1999	1,834	1,869	1,958	1,987
% with Work-Limiting Disability	22.6	21.3	23.8	22.3
% in Agriculture	15.4	16.8	13.8	17.2
% in Construction	25.4	28.5	20.7	22.3
% in Retail	17.6	16.5	11.0	10.5
% in Manufacturing	19.5	22.7	25.2	28.1
<i>Labor Market Variables</i>				
% in Rural Area	3.7	19.7	5.3	22.0
Avg. Local Median Income, 1999 (\$)	31,359	31,070	30,419	30,529
Mean Local Unemployment Rate (%)	7.3	5.7	7.9	5.9
Avg. % Mexican-Origin in Local Labor Force	37.9	9.4	40.7	10.6

Table 2. Means and Percentages for Female Sample

	Post-IRCA Arrivals		Pre-IRCA Arrivals	
	Traditional	New	Traditional	New
N	14,245	6,662	15,704	2,758
% of Arrival Cohort	68.1	31.9	85.1	14.9
<i>Income</i>				
Mean Earned Income, 1999 (\$)	11,358	12,192	14,328	15,450
<i>Demographic and Family</i>				
Mean Age	32.0	30.2	41.4	38.8
% with Children Present	43.5	43.1	40.3	49.9
% Householders	18.2	17.3	28.4	27.4
% Married, Spouse Present	52.1	53.3	61.5	63.6
<i>Human Capital and Immigration</i>				
Mean Years of Education	8.4	8.7	7.7	8.0
Mean Age at U.S. Arrival	24.7	24.3	19.2	18.1
% Naturalized	8.7	8.7	41.2	38.7
% Limited English-Proficient	68.9	68.6	50.9	44.3
% Recent Migrant	27.1	50.8	3.1	23.3
<i>Industry and Work-Related</i>				
Mean Number of Hours Worked, 1999	1,509	1,555	1,601	1,681
% with Work-Limiting Disability	20.8	21.3	21.3	21.9
% in Agriculture	7.8	8.5	5.6	7.6
% in Personal Services	17.0	15.2	14.7	14.4
% in Retail	19.7	18.8	11.0	12.4
% in Manufacturing	26.8	32.4	33.2	33.2
<i>Labor Market Variables</i>				
% in Rural Area	3.7	21.0	5.1	20.0
Avg. Local Median Income, 1999 (\$)	31,551	31,133	30,115	30,544
Mean Local Unemployment Rate (%)	7.3	5.9	8.0	6.0
Avg. % Mexican-Origin in Local Labor Force	38.6	10.0	42.2	11.7







## APPENDIX

Table A1. Determinants of Logged Wages for Working-Class Mexican Immigrant Men, 2000

	Post-IRCA Arrivals			Pre-IRCA Arrivals		
	<u>B</u>	<u>beta</u>	<u>S.E.</u>	<u>B</u>	<u>beta</u>	<u>S.E.</u>
Constant	0.362 <sup>+</sup>	0.000	0.214	-1.503***	0.000	0.267
<i>Settlement Type</i>						
New Destination	0.086***	0.050	0.018	0.088***	0.043	0.023
<i>Family and Demographic Controls</i>						
Age	0.041***	0.414	0.002	0.050***	0.571	0.002
Age <sup>2</sup>	-0.000***	-0.247	0.000	-0.000***	-0.458	0.000
Children Present	0.036***	0.020	0.008	0.036***	0.023	0.008
Householder	0.083***	0.048	0.006	0.133***	0.076	0.008
Married, Spouse Present	0.075***	0.043	0.007	0.114***	0.067	0.008
<i>Human Capital and Immigration Controls</i>						
Years of Education	0.009***	0.042	0.001	0.0133***	0.071	0.001
Age at U.S. Arrival	-0.011***	-0.115	0.001	-0.007***	-0.072	0.001
Naturalized	0.090***	0.029	0.009	0.095***	0.056	0.007
Limited English-Proficient	-0.059***	-0.034	0.006	-0.102***	-0.062	0.007
Recent Migrant	-0.052***	-0.031	0.006	-0.095***	-0.034	0.011
<i>Industry and Work-Related Controls</i>						
Hours Worked, 1999 (log)	0.767***	0.574	0.004	0.697***	0.472	0.006
Work Disability	0.010 <sup>+</sup>	0.005	0.006	-0.021**	-0.011	0.007
Agriculture	-0.164***	-0.071	0.009	-0.220***	-0.097	0.010
Construction	0.083***	0.044	0.007	0.077***	0.039	0.009
Retail	-0.104***	-0.047	0.008	-0.122***	-0.047	0.011
Manufacturing	0.052***	0.025	0.008	0.077***	0.042	0.008
<i>Area-Level Factors</i>						
Rural	-0.022 <sup>*</sup>	-0.008	0.009	-0.016	-0.006	0.012
Median Manufacturing Wage in State	0.260***	0.058	0.020	0.456***	0.111	0.025
Mean Local Unemployment Rate	-0.001	-0.005	0.001	0.004 <sup>*</sup>	0.013	0.002
% Mexican-Origin in Labor Force	0.005***	0.105	0.001	0.005***	0.121	0.001
% Mexican-Origin in Labor Force <sup>2</sup>	-0.000***	-0.107	0.000	-0.000***	-0.116	0.000
New DestinationXPercent Mexican-Origin	-0.001	-0.010	0.002	-0.001	-0.006	0.003
New DestinationXPercent Mexican-Origin <sup>2</sup>	0.000	0.008	0.000	-0.000	-0.006	0.000
N	65,884			47,413		
Adjusted R <sup>2</sup>	0.433			0.357		

\*\*\* p<.001 \*\*p<.01 \*p<.05 <sup>+</sup>p<.10

Table A2. Determinants of Logged Wages for Working-Class Mexican Immigrant Women, 2000

	Post-IRCA Arrivals			Pre-IRCA Arrivals		
	B	beta	S.E.	B	beta	S.E.
(Constant)	0.258	0.000	0.426	-0.064	0.000	0.484
<u>Settlement Type</u>						
New Destination	0.146***	0.069	0.037	0.034	0.013	0.045
<u>Family and Demographic Controls</u>						
Age	0.044***	0.411	0.004	0.040***	0.385	0.004
Age <sup>2</sup>	-0.000***	-0.291	0.000	-0.000***	-0.305	0.000
Children Present	0.033**	0.017	0.012	0.006	0.003	0.013
Householder	0.022	0.009	0.014	0.047**	0.022	0.014
Married, Spouse Present	0.007	0.004	0.012	0.002	0.001	0.014
<u>Human Capital and Immigration Controls</u>						
Years of Education	0.005***	0.020	0.001	0.011***	0.049	0.001
Age at U.S. Arrival	-0.009***	-0.085	0.002	-0.006***	-0.052	0.001
Naturalized	0.083***	0.024	0.018	0.080***	0.041	0.011
Limited English-Proficient	-0.069***	-0.033	0.011	-0.050***	-0.026	0.012
Recent Migrant	-0.012	-0.006	0.013	-0.072**	-0.018	0.023
<u>Industry and Work-Related Controls</u>						
Hours Worked, 1999 (log)	0.811***	0.657	0.006	0.762***	0.607	0.007
Work Disability	0.024 <sup>+</sup>	0.010	0.012	0.037**	0.016	0.013
Agriculture	-0.069**	-0.019	0.020	-0.043 <sup>+</sup>	-0.011	0.024
Personal Services	-0.054***	-0.020	0.015	-0.065***	-0.024	0.017
Retail	-0.057***	-0.023	0.015	-0.046*	-0.015	0.018
Manufacturing	0.098***	0.045	0.013	0.130***	0.064	0.013
<u>Area-Level Factors</u>						
Rural	0.024	0.007	0.019	-0.095***	-0.026	0.022
Median Manufacturing Wage in State	0.212***	0.042	0.039	0.276***	0.058	0.044
Mean Local Unemployment Rate	-0.003	-0.009	0.003	-0.003	-0.009	0.003
% Mexican-Origin in Labor Force	0.005***	0.106	0.001	0.002	0.046	0.001
% Mexican-Origin in Labor Force <sup>2</sup>	-0.000***	-0.105	0.000	-0.000**	-0.076	0.000
New DestinationXPercent Mexican-Origin	-0.007 <sup>+</sup>	-0.050	0.004	0.003	0.015	0.005
New DestinationXPercent Mexican-Origin <sup>2</sup>	0.000	0.027	0.000	0.000	0.007	0.000
N	20,906			18,462		
Adjusted R <sup>2</sup>	0.476			0.433		

\*\*\* p<.001 \*\*p<.01 \*p<.05 <sup>+</sup>p<.10