

**DEMOGRAPHIC CHARACTERISTICS OF THIRD-GENERATION ASIAN
AMERICANS: SOCIOECONOMIC ATTAINMENTS AND ASSIMILATION**

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ABSTRACT

Using data from recent Current Population Surveys (CPS), this study compares third-and-higher generation with earlier generation Asian Americans and non-Hispanic whites in terms of socioeconomic characteristics and demographics. The findings suggest a “third-generation decline or flattening” for Asian American and white men as well as Asian American and white women. For each of these groups, the mean of years of schooling among the 2.5 and third generations is lower than among the first and second generations. This pattern is most pronounced among Asian Americans. As for wage determination, the generational differentials can be explained by educational attainment and other basic demographic variables. Overall, these results suggest that assimilation beyond the first generation immigrants no longer improves socioeconomic attainments as expected by traditional assimilation theory. Furthermore, in the case of Asian Americans, cultural assimilation across the generations may actually lower educational attainment and thereby reduce wages contrary to traditional assimilation theory.

INTRODUCTION

Using data from recent Current Population Surveys (CPS), this study compares third-and-higher generation Asian Americans with earlier generation Asian Americans and non-Hispanic whites in terms of socioeconomic characteristics and demographics. Although demographic and socioeconomic characteristics of first- and second-generation Asian Americans have been widely documented, there is currently no prior research investigating those of third-and-higher generation Asian Americans, the majority of whom trace their origin to Japan (U.S. Census Bureau 2002). Although there are some studies dealing with multiple generations of Asian Americans (e.g., Kao and Tienda 1995; Pong, Hao, and Gardner 2005; Rong and Grant 1992; Yang 2004), their research scope is limited to educational achievement.

The primary substantive issue addressed by the analysis is whether the characteristics of third-and-higher generation Asian Americans can be adequately understood in terms of the traditional assimilation theory (i.e., whether the socioeconomic attainments of third-and-higher

generation Asian Americans are higher than earlier-generation Asian Americans and non-Hispanic whites), as well as whether the classical assimilation theory appears to be applicable to the Asian American population most of whom are associated with post-1965 immigration streams.

The prior research consistently demonstrates that the persistence of ethnic culture improves socioeconomic attainments of immigrant children (Gans 1997; Portes and Schauffler 1994; Portes and Zhou 1993; Rumbaut 1994, 1995; Zhou 1997; Zhou and Bankston 1994). It is widely noted that Asian immigrant parents have higher educational and socioeconomic expectations and motivations for their children than do non-Hispanic white parents (e.g., Goyette and Xie 1999; Kao 1995, 2004). Asian families also tend to invest more aggressively in financial, human, and within-family social capital than families from other racial groups (e.g., Sun 1998). Yet, protective effects of ethnic cultures and resources decline according to more acculturation into the mainstream U.S. society (e.g., Kao and Tienda 1995). As third-or-higher generation Asians become more “Americanized,” they tend to embrace the prevailing U.S. norm that as long as good efforts have been made based on one’s ability, the outcome would be acceptable even though one has not achieved the best performance or reached a higher level of education (Chen and Stevenson 1989; Stevenson 1988). For Asian Americans, therefore, assimilation may not mean a straight-line socioeconomic attainment or higher socioeconomic attainments across generations.

The findings of this study indeed suggest a “third-generation decline or flattening” (Kao and Tienda 1995; Pong, Hao, and Gardner 2005; Rong and Grant 1992; Rumbaut 1990; Yang 2004) for Asian American and white men as well as Asian American and white women. For each of these groups, the mean of years of schooling among the 2.5 (native-born one of whose parents

was born in Asia while the other parent was born in the United States) and third-and-higher generations is lower than among the first and second generations. This pattern is most pronounced among Asian Americans. As for wage determination, the generational differentials can be explained by educational attainment and other basic demographic variables. Overall, these results suggest that assimilation beyond the first generation immigrants no longer improves socioeconomic attainments as expected by traditional assimilation theory. Furthermore, in the case of Asian Americans, cultural assimilation across the generations may actually lower educational attainment and thereby reduce wages contrary to traditional assimilation theory.

PRIOR RESEARCH AND THEORETICAL PERSPECTIVES

Overview of Socioeconomic Characteristics of Asian Americans

In spite of historical discrimination, Asian Americans are one of the most successful racial groups in the United States. For example, Asian Americans as a whole (especially among the native born) tend to have higher average levels of wages, earnings, educational attainment, and occupational attainment than do non-Hispanic whites and African Americans (Sakamoto and Xie 2005), although strong claims of severe racial discrimination against Asian Americans in the managerial sector have been made (Ong and Hee 1993; Woo 2000). This general pattern in part derives from having parents who tend to have higher levels of educational attainment themselves (Sakamoto and Xie 2005). The Immigration Act of 1965 not only allowed Asian Americans to immigrate to the United States in large numbers but also favored immigrants with needed skills (Sakamoto and Xie 2005; Xie and Goyette 2004). Namely, immigrants to the United States after the 1960s are more likely to be highly-skilled workers, with more education and more exposure to the English language and Western culture, than those who immigrated during the nineteenth century (Xie and Goyette 2004).

Despite the overall educational and economic successes of Asian Americans, significant internal variation exists across Asian ethnic groups. For example, Southeast Asians—Vietnamese, Laotians, Cambodians, and Hmong—have come largely as political refugees rather than traditional immigrants, and are the most often noted groups of Asian Americans who are said to have low socioeconomic statuses (Blair and Qian 1998; Fong 1998; Kao 1995; Kao and Thompson 2003; Kitano and Daniels 1995; Min 1995; Rumbaut 1995). Furthermore, a closer look at socioeconomic characteristics across Asian ethnic groups suggests the significance of internal heterogeneity due to bifurcated nature of socioeconomic characteristics among foreign-born, who include both skilled and labor workers. For example, using 2000 Census data, Takei and Sakamoto (2008) find significant ethnic variation in absolute and relative poverty in the broad racial category of Asian Americans, and that age, nativity, length of stay in the United States and gender are associated with different poverty rates of Asian Americans. Furthermore, Takei and Sakamoto (2008) find high variability in the income-to-needs ratio among some ethnic subgroups including Asian Indians, Sri Lankans, Japanese, and Filipinos. As such, the findings of Takei and Sakamoto (2008) suggest that not only ethnicity, but also internal socioeconomic heterogeneity within each ethnicity, have to do with the socioeconomic diversity of this population.

In spite of this internal socioeconomic diversity, Borjas 1994 (cited in Alba and Nee 1997:855) notes that “overall, the economic literature on earnings assimilation suggest that post-1965 immigrants are handicapped not so much by race as by a lack of usable human capital.” This statement seems to hold even for second-generation Southeast Asian, whose foreign-born parents are overwhelmingly political refugees. Indeed, Sakamoto and Woo’s (2007) bivariate results using 2000 Census data indicate that Cambodians, Hmong, and Laotians tend to be

disadvantaged relative to whites, except among those who are clearly part of the earlier immigration stream that tended to have somewhat higher socioeconomic origins, whereas Vietnamese tend to be advantaged. Yet, Sakamoto and Woo (2007) find that most of the differences in the wages and managerial/professional employment of second-generation Southeast Asians and whites are eliminated after controlling for education and a few other basic demographic characteristics. Sakamoto and Woo (2007) note that such results are interpreted as indicating the importance of class origins and immigrant selectivity.

Intermarriage and Asian Americans with Multiethnic/Multiracial Identities

Although most Asians still tend to marry within the same ethnicity or members of other Asian groups, intermarriage between Asians and other racial groups (particularly non-Hispanic whites) began to increase after the Civil Rights Movement, which resulted in the abolition of anti-miscegenation laws in 1967 (Xie and Goyette 2004). Intermarriage is far more common among native-born Asians than among immigrant Asians, and Asian women outmarry at higher rates than Asian men (Qian and Lichter 2007; Xie and Goyette 2004). Data from the 1990's indicate that about 30 percent of married, native-born Asian Americans have a spouse with a different racial identity (Alba 1999; Bean and Stevens 2003; Foner 2000; Lee and Bean 2003). More recent figures based on the 2000 Census data indicate that 38 percent of native-born Asian American men and 49 percent of native-born Asian American women are married to non-Asians (Xie and Goyette 2004).¹ Intermarriage figures tend to be even higher among more recent cohorts of native-born Asian Americans and among persons who are college-educated (Lee and Fernandez 1998; Qian 1997). Asian Americans are well known to have high levels of

¹ These figures refer to single-race Asian Americans as defined by the 2000 U.S. Census classification system.

educational attainment (Xie and Goyette 2004), and substantial numbers of post-1965, second-generation Asian Americans continue to enter into adulthood when marriage may occur.

Rising rates of intermarriage have increased the significance of multi-racial identification (Bean and Stevens 2003; De Vita 1996; Lee and Bean 2003, 2004; Riche 2000) and this trend is especially relevant for Asian Americans, who have high intermarriage rates and the consistent population growth (Xie and Goyette 1997, 2004).² For example, Xie and Goyette (2004) report that out of 11,070,913 all Asians in 2000, 1,879,423 were reported as mixed-Asian, with 1,755,830 multi-racial Asians (i.e., those with an Asian race plus a non-Asian race) and 223,593 multi-ethnic Asians (i.e., those with more than one Asian ethnicity).

Reflecting their small population size and their relatively high level of assimilation into U.S. society, Japanese Americans have the highest proportion of persons who identify with another racial or ethnic group in addition to Japanese among Asian ethnic groups. Although information on multiracial identification was not ascertained in the U.S. Census prior to 2000, high rates of intermarriage combined with low levels of immigration from Japan (Min 2006) are undoubtedly reducing the proportion of the Japanese American population that is single-racial. The Japanese are the only Asian-ethnic group in the United States whose single-race population size appears to have actually *declined* in absolute terms between the 1990 and 2000 Censuses.³ According to Xie and Goyette (2004:7), 1,148,932 persons in the 2000 Census reported having

² According to Smith and Edmonston's (1997) estimates, the proportion of the population that is multi-racial could potentially soar to 1 in 5 by 2050. According to De Vita's (1996) projection, "between 1995 and 2020, the Asian American population is expected to more than double in size—to 21 million, representing over 6% of all Americans." The 2004 Current Population Survey reports an estimate of 14 million for the population of Asian Americans or almost 5% of the total U.S. population.

³ Although this conclusion is defensible, it is arguably debatable because the 1990 Census figures do not distinguish between single-racial and multi-racial persons. For this reason, the Census figures for 1990 and 2000 are not, strictly speaking, directly comparable.

Japanese ethnicity either alone or in combination with another category (i.e., more than one Asian ethnicity or more than one race). Of these persons, 796,700 (i.e., 69 percent) stated that their racial/ethnic identity was only Japanese. In other words, nearly one-third (i.e., 31 percent) of the Japanese American population is multiracial or multiethnic.

Although not formally included in the Japanese American racial category according to the official classification system of the 2000 Census, an additional 102,200 non-Asian persons (most of whom identify as single-race whites) reported having some Japanese ancestry but did not identify as Asian or Japanese as a racial group.⁴ These non-Asian persons with Japanese ancestry might include, for example, those who have one grandparent or one great-grandparent who was Japanese. If these persons who report some Japanese ancestry (but who do not identify as Asian or Japanese as a racial category) are added into the Japanese American population, then the proportion of it that is multiracial or multiethnic (i.e., not only Japanese in terms of ethnic or racial identity) increases to 36 percent. Such persons who report some Asian ancestry but do not identify themselves as Asian as a racial category should also be seen in Asian American population other than Japanese Americans.

There is a growing literature on multi-racial individuals and the construction of their racial and ethnic identities (Chew, Eggebeen, and Uhlenberg 1989; Ferrante and Brown 1999; Perlmann and Waters 2002; Riche 2000; Root 1992, 1996; Saenz, Hwang, and Anderson 1995; Saenz and Morales 2005; Spickard 1989, 1992). Some previous studies find several significant factors that affect the choice of racial identification among the children of intermarried couples including such variables as generational status, nativity, bilingualism, and proximity to a non-white community (Lee and Bean 2004; Saenz et al. 1995; Xie and Goyette 1997).

⁴ This figure was obtained from the author's own analysis of the 1% Public Use Microdata Sample of 2000 Census.

However, using data from the 1990 Census, Xie and Goyette (1997) find that about half of biracial Asian children are identified as Asian, suggesting that how to racially identify this group is fluid and maybe even optional. Stephan and Stephan (1989) study two samples of mixed-heritage college students, part-Japanese Americans in Hawaii and part-Hispanics in the Southwest. Stephan and Stephan (1989) find that 73 percent of the part-Japanese and 44 percent of the part-Hispanic listed a multiple identity on at least one measure of ethnic identity, which suggests that our ethnic boundaries may be eroding through intermarriage. Min and Kim's (2000) ethnographic research shows that 1.5-and-second generation professional Asian Americans retain strong ethnic attachments and identities while highly acculturated into the white middle class. Though third-and-fourth generation Asian ethnics have lost their cultural traditions almost completely and feel comfortable forming friendships mainly with white Americans, Tuan (1999) finds that even these multi-generation Asian ethnics suffer the same stereotyping of Asian foreignness as do first-generation immigrants and their children (cited in Min and Kim 2000).

For third-and-succeeding generation white ethnics, ethnic identity is a matter of personal choice to meet their search for a community (Gans 1985; Perlmann and Waldinger 1997; cited in Zhou 1997:1000; Waters 1990). However, Tuan (1999; cited in Min and Kim 2000) argues that being ethnic is a societal expectation for third- and fourth-generation Japanese and Chinese Americans, no matter how far removed they are from their immigrant roots or how different they are from their foreign-born counterparts. Nevertheless, ethnic identity is often unstable (for a review, see Stephan and Stephan 1989) presumably because many individuals change identities in the course of a lifetime or switch identities regularly in different situations.

High intermarriage rates and the following construction of multiethnic/multiracial identities among native-born Asian Americans may indicate their high degrees of assimilation into the mainstream U.S. society. The following section reviews some theoretical and empirical link between assimilation and socioeconomic characteristics of Asian Americans.

Assimilation Theories and Socioeconomic Attainments of Asian Americans

(1) Classical Assimilation Theory and Segmented Assimilation Theory

Traditional assimilation theory as discussed by Gordon (1964) posits several sub-processes including cultural, secondary, primary, marital, identificational, attitudinal, behavioral and civic. All these processes are said to be cross-generational and overlap at any point in time. Eventually, the theory claims that the minority and dominant groups are culturally and socially indistinguishable, and intermarriage and a growing population of multi-racial offsprings further blur any demarcations between the minority and dominant groups.

In general, however, the prediction of traditional assimilation theory seems to be that socioeconomic attainment will tend to increase with greater levels of assimilation. As stated by Zhou (1997a:977), “from a classical assimilationist standpoint, distinctive ethnic traits such as old cultural ways, native languages, or ethnic enclaves are sources of disadvantage....” The more assimilated members of the minority group will typically obtain higher levels of education and will be more competitive in the labor market due to being more compatible and identical in terms of the skills and abilities of majority workers. Furthermore, prejudice and discrimination will often decline with greater social interaction (in either primary or secondary groups). The hypothesis of increasing socioeconomic attainments with increasing assimilation is the source of the common reference to traditional assimilation theory as representing “straight line assimilation” (Warner and Srole 1945).

As have been widely noted, the traditional assimilation perspective is primarily based on the experiences of European immigrant groups during the previous two centuries and may fail to adequately describe more recent immigrants (Lee and Bean 2004). The current reality of the labor market is a more unequal “hourglass” economy characterized by an increasingly dual class structure consisting of, on the one hand, a low-income segment with limited economic mobility and endemic poverty (referred to as the “underclass” by Portes and Zhou [1993:82]) versus an upper middle-class sector with rising returns to high levels of educational achievement and increasing incomes (Farley 1996; Card and DiNardo 2002; Karoly 1993; Piketty and Saez 2003; Gottschalk 1997; Morris and Western 1999; Levy 1998; Bernhardt, Morris, Handcock and Scott 2001). Unlike previous eras in which the U.S. economy had a vigorous and growing manufacturing sector that provided rising wages and secure employment for persons with little schooling, wages in the low-income sector of the contemporary labor market are stagnant and there is limited economic mobility to persons who do not have superior educational credentials.

Given this context of increasing class inequality, recent research on assimilation has developed the segmented assimilation perspective (Fernandez-Kelly and Schaufliker 1994; Gans, 1992; Hirschman 2001; Lee and Bean 2004; Portes 1995, 1996; Portes and MacLeod 1996; Portes and Rumbaut 1996, 2001; Portes and Zhou 1993; Rumbaut 1994; Zhou 1997a, 1997b; Zhou and Bankston 1998) that recognizes that assimilation into American society may be characterized by substantially different outcomes. First, there is the possibility of acculturation into the white middle-class and subsequent assimilation into that segment of American society. This first possible outcome is broadly consistent with the perspective of traditional assimilation theory (i.e., straight line assimilation) that posits increasing acculturation and assimilation with increasing socioeconomic attainments.

In addition, however, the segmented assimilation perspective explicitly recognizes that downward mobility into the low-income segment of American society is another significant possibility particularly for immigrants who may reside in inner-city neighborhoods with their inferior schools, higher crime rates, higher unemployment, and inadequate middle-class employment opportunities. In the context of an impoverished economic environment and an under-funded infrastructure, inner-city American youths are sometimes said to have developed an “oppositional culture” with “adversarial outlooks” (Hirschman 2001; Portes and Rumbaut 2001; Portes and Zhou 1993). This underclass sub-culture discourages educational achievement--the critical factor for upward mobility in the contemporary labor market--- and therefore reduces socioeconomic attainments. As stated by Zhou (1997a:989), “school achievement is seen as unlikely to lead to upward mobility, and high achievers are seen as sell-outs to oppressive authority.” In this social context, acculturation actually has negative economic consequences because adopting the sub-culture of the inner city may be adaptive in the short term to surviving in that economically depressed environment but does not enhance educational attainment or long term economic advancement.

Another pathway that is emphasized by the segmented assimilation perspective is selective acculturation (Portes and Rumbaut 2001) according to which immigrants selectively assimilate into American society but also maintain, at the same time, some of their traditional values, norms, and practices. A major rationale for selective acculturation is that it provides some protection from the negative aspects of the underclass. Traditional immigrant values regarding family structure, family relations, self-discipline and thrift can provide some insulation from the inner-city sub-culture (Zhou 1997a:994). In other words, immigrants tend to have high “social integration” (Zhou 1997a:996) in their families and communities, and this resource is

notably beneficial in the context of an impoverished environment. Immigrant communities also tend to promote “social capital” (Zhou 1997a:996) that improves economic opportunities by fostering social networks and cooperative economic behaviors in the ethnic enclave. In sum, selective assimilation increases socioeconomic attainments by selectively maintaining traditional immigrant values and norms in order to counteract some of the deleterious aspects of the impoverished economic situation of the inner city.

The segmented assimilation perspective is less clear, however, about selective acculturation in the context of the middle-class (often suburban) environment. The presumption seems to be that traditional assimilation theory is most applicable to this situation. “When immigrants enter middle-class communities directly, or after a short transition, it may be advantageous for them to acculturate and assimilate” (Zhou 1997a:999). Selective assimilation is portrayed primarily as a strategy for immigrants in the inner city and those without the class resources to move to middle-class areas (Portes and Rumbaut 2001).

As suggested above, the prior research collectively finds that the classical assimilation theory does not adequately account for socioeconomic attainments of racial/ethnic minorities in the United States. For example, using data from the 2000 U.S. Census, Takei, Sakamoto, and Woo’s (2006) findings indicate that various groups of single-racial (i.e., immigrant Japanese who were born and schooled in Japan; 1.5-generation Japanese who were born in Japan but schooled in the United States; native-born Japanese who were born in the United States) and multi-racial (i.e., Chinese-Japanese; white-Japanese; black-Japanese; and single-race whites with Japanese ancestry) Japanese-origin persons tend to have higher schooling than native-born non-Hispanic whites. Among Japanese-origin groups, single-racial and Chinese-Japanese persons tend to have higher schooling than multi-racial persons. With the exception of single-racial Japanese who are

foreign born and foreign educated, most wage differentials across these demographic groups are explained by schooling and a few other demographic characteristics. These results are inconsistent with the traditional assimilation view that posits increasing socioeconomic attainments with increasing assimilation. Instead, the findings indicate the reverse pattern in which the groups that are more related to Japan tend to have higher levels of socioeconomic attainments.

Furthermore, empirical findings do not seem to support a canonical version of straight-line assimilation in that socioeconomic attainments of third-and-higher generation Asian Americans do not exceed those of the second-generation. Alba and Nee (1997) and Farley and Alba (2002) investigate statistics for second-generation socioeconomic attainments and find that, for most groups, the outcomes are generally favorable. As noted by Farley and Alba (2002:669), “in many comparisons, second-generation groups have educational attainments exceeding those of third- and higher-generation whites and African Americans.” Alba and Nee (1997) and Farley and Alba (2002) argue that downward assimilation into the underclass is not typical or widespread and that “these data refute the hypothesis that today’s second generation will languish in poverty” (Farley and Alba [2002:669]) in contrast to the pessimism of Gans (1992). Yet, Hirschman (2001) and Farley and Alba (2002) explicitly recognize that in many cases, the second generation actually has higher socioeconomic attainments than the third-and-higher generations.

(2) The “Third-Generation Decline” of Asian Americans?

Despite the variation in prior research, the “third-generation flattening or decline” appears to be a common finding in Asian American school performance (see Rumbaut 1990; Yang 2004). For example, Rong and Grant (1992) find that educational attainment among Asian

youths aged 14-24 increases sharply from the first generation to the second generation and then levels off in the third or higher generations. On the other hand, Hispanics, who attain less in all generations than Asians and non-Hispanic whites, improve their attainment with successive generations of U.S. residence (Rong and Grant 1992).⁵ Non-Hispanic white attainment peaks in the child-of-immigrant generation and declines for later generations. In short, Rong and Grant (1992) find that generation of U.S. residence influences youths' educational attainment, but inconsistently across generation and ethnicity.

In their multilevel analysis using the National Education Longitudinal Study of 1988, Kao and Tienda (1995) find little difference between first- and second-generation Asian students in academic performance measured by grade and test scores but a declining performance among the third or higher generation (i.e., scholastic performance of third generation or higher Asians is no better than that of white non-Hispanic youth). Based on the findings, Kao and Tienda (1995) discuss that immigration status of youth and parents accounts for much more of the variation in educational outcomes among Asian students than other minority or white students.

Yang (2004) examines (1) the “second generation decline” hypothesis by Gans (1992)—i.e., a negative relationship between generation and educational attainment (for a review, see Yang 2004:70) and (2) the immigrant optimism argument by Kao and Tienda (1995) in reference to the classical assimilation theory. Yang (2004:65) notes that “when Asian men and women are combined, their level of educational attainment rises over generations. Nonetheless, when data are decomposed by gender, we see an increasing level of educational attainment for women over generations but for men a decline in educational level from the first to the second generation and then a leveling off for the third generation.”

⁵ Zsembik and Llanes (1996), on the other hand, find the third-generation flattering in years of schooling completed among Mexican American adults.

In conclusion, Yang (2004) argues that for Asian adults as a whole and by gender, there is indeed a “third-generation decline.” Nonetheless, his empirical findings seem to be confounding due to the following two methodological issues. First, his data from the 1994-1999 cumulative Current Population Surveys (CPS) include a number of respondents who were sampled at least twice, as he used each successive year from the CPS. Second, Yang’s (2004) OLS regression estimates do not accurately predict educational attainments of Asian Americans due to causality issues (i.e., including irrelevant control variables such as family income, the number of family members under 18, and poverty status which are not precedent to educational attainment).

The “third-generation decline” phenomenon appears to hold even when generational differentials in Asian American school performance are compared with that of non-Hispanic whites. For example, using data from the National Longitudinal Study of Adolescent Health, Pong, Hao, and Gardner (2005) find that first- and second-generation Asian youths continue to outperform majority native white adolescents in terms of students’ grade-point averages (GPAs), no matter which family background and parenting practice variables are taken into account, whereas there is no performance difference between the third-generation Asian and white students.

In sum, the prior research consistently finds declining protective effects of ethnic cultures and resources (e.g., Kao and Tienda 1995) according to more acculturation into the mainstream U.S. society a key feature accounting for this third-generation decline phenomenon. Note that the second-generation is the only English-speaking generation in which native-born Asian Americans are directly exposed to Asian-style child-parent relationships in the household of born foreign-born Asian mothers and fathers. For example, it is widely noted that Asian immigrant

parents have higher educational and socioeconomic expectations and motivations for their children than do non-Hispanic white parents (e.g., Goyette and Xie 1999; Kao 1995, 2004). Asian families also tend to invest more aggressively in financial, human, and within-family social capital than families from other racial groups (e.g., Sun 1998). Although Pong, Hao, and Gardner (2005) find that family influences, apart from socioeconomic status, cannot explain ethnicity-generation differences in school grades among Hispanic and Asian adolescents, the prior research consistently demonstrates that the persistence of ethnic culture improves socioeconomic attainments of immigrant children (Gans 1997; Portes and Schauffler 1994; Portes and Zhou 1993; Rumbaut 1994, 1995; Zhou 1997a, 1997b; Zhou and Bankston 1994).

On contrary to the third-generation decline argument, Hansen (1937, 1938, 1952; cited in Kitano and Daniels, 2001:213) proposes the “law of the return of the third generation,” or a third-generation reawakening of ethnic identity—“what the second generation tries to forget, the third generation remembers.” He suggests that the third generation, more secure in its socioeconomic status and American identity, becomes interested in the ethnic heritage that the second generation neglected in its efforts to overcome discrimination and marginality. While Hansen’s (1937, 1952) thesis has received some support, it has numerous critics as well (see Montero 1981:829). For example, Montero (1980, 1981) finds that for almost every indicator of the maintenance of the Japanese American community he studied (e.g., residence in Japanese ethnic neighborhood, number of relatives living in neighborhood, membership in Japanese American organization, speak Japanese visiting patterns with relatives, ethnicity of two closest friends, ethnicity of favorite organization, and ethnicity of spouse), he finds that the Sansei (third-generation) have moved further away from the ethnic community than the Nisei (second-generation)—contradicting Hansen’s (1937, 1952) thesis. Montero (1980, 1981) further points

out that increasing socioeconomic status among Sansei points to an increasing rate of intermarriage, which makes Sansei move away from things Japanese. In sum, Montero's (1980, 1981) studies do not indicate the third-generation decline in terms of socioeconomic attainment (i.e., both the Nisei and Sansei are making remarkable strides in socioeconomic advancement), but show that each indicator of assimilation points to a pattern which is more consistent with classical assimilation—Issei, Nisei, and Sansei rate increasingly higher on every indicator of assimilation.

In sum, prior research suggests that it is difficult to ask what assimilation is for Asian Americans. As Rong and Grant (1992) note, since Asians enter the United States with sufficient resources (e.g., relatively high levels of parental education, prior instruction in English, rapidly improving socioeconomic status) for high educational attainment, Asians might reach quickly a ceiling of attainment beyond which further progress is unlikely. High socioeconomic status (e.g., high social class origins and childhood educational opportunities) and perhaps most significant in regard to assimilation, racial and ethnic discrimination in the post-Civil Rights era has been notably ameliorated (Alba and Nee 1997; Farley and Alba 2002), then facilitate high rates of intermarriage with non-Asian spouses, especially whites. As third-or-higher generation Asians become more “Americanized,” they tend to embrace the prevailing U.S. norm that as long as good efforts have been made based on one's ability, the outcome would be acceptable even though one has not achieved the best performance or reached a higher level of education (Chen and Stevenson 1989; Stevenson 1988). For Asian Americans, therefore, assimilation may not mean a straight-line socioeconomic attainment or higher socioeconomic attainments than non-Hispanic whites at the third generation.

Previous studies discussed above show that socioeconomic attainments of Asian Americans do not follow straight line assimilation, which posits increasing socioeconomic attainments with increasing assimilation. Instead, the findings indicate the reverse pattern in which those who are more related to Asia tend to have higher levels of socioeconomic attainments, as suggested by the segmented assimilation theory. Nevertheless, considering that prior research on the third-generation Asian Americans is concerned with educational achievement, it is necessary to investigate broad socioeconomic and demographic characteristics of the third-generation Asian Americans using recent data.

METHODS

Data and Target Populations

The data for the analysis come from the March 1995, 1997, 1999, 2001, 2003, 2005, and 2007 Current Population Surveys (CPS). The CPS is nationally representative with reliable information on demographic and socioeconomic characteristics. The CPS is conducted every month, but the March CPS is the most comprehensive one that includes many demographic and socioeconomic variables. 1994 is the first year in which the CPS includes information on both nativity status and whether Asian American. We combine these years in order to increase the available sample size for Asian Americans in the labor force.⁶ Asian Americans include both single-racial and multi-racial persons (i.e., white-Asian, black-Asian, American Indian-Asian, Hispanic-Asian, white-black-Asian, white-American-Indian, white-Asian-Hispanic, and white-black-American Indian-Asian), the latter category being available from the 2003 CPS.

For descriptive statistics and regression estimates of years of schooling completed, the analysis is limited to individuals aged 25 years or more at the time of the survey. For the

⁶ We do not use the 1996, 1998, 2000, 2002, 2004, and 2006 CPS data because of the overlap in the samples between adjacent years of this survey.

regression estimates of log-wages, in order to ensure that the sample includes persons with some clear attachment to labor force participation, we limit the analysis to persons who worked at least 1,040 hours. This figure refers to employment that is at least part-time for the entire year or full-time for at least half of the year. We further limit the sample to non-military, non-institutionalized individuals between the ages of 25 and 64 who were not students and who were employed in a non-military occupation during the survey year, as is commonly done in labor force studies.

Variables and Regression Models

We focus on two dependent variables, years of schooling completed and hourly wages, because educational attainment is increasingly important in explaining wage inequality (Kim and Sakamoto 2008a; also see Kim and Sakamoto 2008b for a review), and hourly wage is one of the major determinants of one's overall well-being (Sakamoto and Xie 2005). Using an OLS regression model, the independent variables for educational achievement include years of age, the square of years of age, a dichotomous variable to indicate disability status, and a dichotomous variable to indicate whether has had any military experience. The hourly wage is derived from total labor force earnings and hours worked (Petersen 1989). The log transformation is applied so that the actual dependent variable that is used in the OLS regression model is log-wage (Sakamoto and Furuichi 1997). For this regression the independent variables include years of age, the square of years of age, a dichotomous variable to indicate disability status, a dichotomous variable to indicate whether has had any military experience, a dichotomous variable to indicate metropolitan residence, three dichotomous variables to indicate region of residence (i.e., South, Midwest or Northeast versus West as the reference category), and five dichotomous variables to indicate the highest level of education completed (high school,

some college, associate degree, college degree, or a graduate degree versus less than high school as the reference category).

We examine the bivariate as well as net racial differentials in years of schooling completed and mean log-wages across first-, second-, 2.5-, and third-and-higher generation Asian Americans and non-Hispanic whites. Generational status is determined by one's country of birth, his/her mother's country of birth, and his/her father's country of birth. "First generation" refers to those who were born outside the United States. "Second generation" includes those who were born in the United States, but both of his/her parents were foreign-born. "2.5 generation" includes those who were born in the United States, but one of their parents was foreign-born. "Third-and-higher generation" refers to those who were U.S.-born, and both of their parents were U.S.-born as well. These are juxtapositional generations rather than successive generations.

Empirical Findings

Descriptive Statistics

Descriptive statistics for men are shown in Table 1. The sample sizes for the non-Hispanic and Asian American groups are: (1) 5,919 first-generation whites; (2) 2,712 second-generation whites; (3) 6,216 2.5-generation whites; (4) 135,419 third-and-higher generation whites; (5) 7,652 first-generation Asians; (6) 864 second-generation Asians; (7) 554 2.5-generation Asians; and (8) 1,536 third-and-higher generation Asians. The sample sizes show that the largest Asian group is first-generation Asians, followed by third-generation Asians.

The table suggests a "third-generation decline or flattening" (Kao and Tienda 1995; Pong, Hao, and Gardner 2005; Rong and Grant 1992; Rumbaut 1990; Yang 2004) for Asian American and white men. For each of these groups, the mean of years of schooling among the

2.5 and third generations is lower than among the first and second generations. This pattern is most pronounced among Asian Americans.

Regarding the mean wage, third-and-higher generation whites have the lowest mean wage (\$25.78) among whites, and third-and-higher generation Asians have the highest mean wage (\$28.15) among Asians. However, these wage differentials seem to reflect different mean ages across the groups. In terms of residence, Table 1 shows that across generations, greater proportion of non-Hispanic whites tends to live in the Midwest or in South, while smaller proportion of them tends to live in the West or Northeast. On the other hand, across generations, greater proportion of Asian Americans tends to live in the West, while smaller proportion of them tends to live in the Northeast or South. Finally, in terms of occupation, third-and-higher generation whites have the smallest proportion in managerial, professional, and related occupations across generations. For Asian Americans, percentage in this occupational category peaks among the second-generation (49 percent) and then decreases for later generations (41 percent for both 2.5 generation and third-and-higher generation Asian Americans).

Descriptive statistics for women are shown in Table 2. The sample sizes include 4,308 first-generation whites; 1,935 second-generation whites; 4,755 2.5-generation whites; 107,609 third-and-higher generation whites; 6,373 first-generation Asians; 669 second-generation Asians; 540 2.5-generation Asians; and 1,427 third-and-higher generation Asians. Though slightly lower in absolute terms, the relative ranking of these sample sizes are almost the same as for men. The descriptive findings are similar to those for men. Both for white and Asian American women, the mean of years of schooling among the 2.5 and third-and-higher generations is lower than among the first- and second- generations. For non-Hispanic white women, the third-and-higher generation have the smallest proportion in managerial, professional, and related occupations. For

Asian Americans, the highest percentage in this occupational category peaks at the second generation, and then levels off very slightly. In regard to the mean wage, the third-and-higher generation have the lowest mean wage among whites. For Asian Americans, the mean wage for third-and-higher generation is slightly higher than that for the first generation, but there is no generational increase as suggested by the classical assimilation theory. Finally, patterns of geographic distributions for women are similar to those for men. For non-Hispanic whites, smaller proportions of them tend to reside in the West and Northeast, and greater proportions of them tend to reside in the Midwest and South, across the generations. Greater proportions of Asian Americans tend to reside in the West, while smaller proportions of them live in the Northeast or in the South, across generations.

Regression Results for Schooling

Table 3 shows the results for the regressions of years of schooling. The short model for men includes only dichotomous variables to indicate the different racial and generational groups (with third-and-higher generation non-Hispanic whites serving as the reference category) without any other covariates. The estimates for this short model for men indicate that the bivariate differentials in terms of years of schooling are statistically significant at the 0.001 level for each of the groups except 2.5 generation Asian Americans (which has the 0.01 significance level). These results imply that, relative to the mean years of schooling of 13.91 for third-and-higher generation non-Hispanic white men, the mean years of schooling is greater by 0.47 years for first-generation whites, 0.61 years for second-generation whites, 0.59 years for 2.5 generation whites, 0.91 for first-generation Asian Americans, 0.99 years for second-generation Asian Americans, 0.33 years for 2.5 generation Asian Americans, and 0.43 years for third-and-higher generation Asian Americans.

The long model in Table 3 for men shows that these basic results do not vary much after controlling for age, age-squared, disability status, and military experience. All of the differentials are still statistically significant at the 0.05 level except for 2.5-generation Asian Americans (who has the 0.01 significance level). The estimated differentials are similar in size to those from the short model although the coefficient for third-and-higher generation Asians becomes slightly larger than that for first-generation whites.

The results in Table 3 for the short model for women also generally indicate that these seven different groups, especially the Asian-origin groups, have higher mean years of schooling than do third-and-higher generation non-Hispanic white women. These findings are also generally evident in the results for the long model for women in Table 3.

Although the results clearly indicate that educational attainments across the generations do not follow the classical assimilation theory, the analysis has some shortcomings. First, although the mean years of schooling for the first-generation is higher than that for the third-generation whites, the former group might have obtained at least some of their education overseas. Second, without any control, we cannot tell if these differentials in the mean years of schooling derive from ethnic culture or parents' educational levels.

Regression Results for Log-Wage

Table 4 shows the results for the regressions of log-wage again shown separately for men and women. The short model for men indicates that the means for log-wage for first-generation whites, second-generation whites, 2.5-generation whites, first-generation Asians, second-generation Asians, 2.5-generation Asians, and third-and-higher generation Asians are statistically significant at the 0.05 level in regard to their differences with the mean log-wage for third-and-higher generation white men. In other words, the populations of first-generation whites, second-

generation whites, 2.5-generation whites, first-generation Asians, second-generation Asians, 2.5-generation Asians, and third-and-higher generation Asians probably have higher means on log-wage than third-and-higher generation white men while the log-wage differentials are not statistically significant for first-generation and 2.5-generation Asian Americans. Furthermore, although these groups have higher means on schooling than third-generation whites, first-generation and 2.5-generation Asian Americans are relatively younger (and labor force experience has significant economic returns).

The longest model for men in Table 4 indicates, however, that after controlling for education, age, disability status, military experience, metropolitan status, and region of residence, the wage differentials for U.S.-born generation white and Asian American men are not statistically significant at the 0.05 level. Namely, the observed bivariate differentials in mean log-wages across these groups of U.S.-born generation are explained by the aforementioned demographic characteristics. On the other hand, first-generation white and Asian men continue to receive a significant net wage disadvantage in the longest model—about 12 percent (i.e., $e^{-0.1312} - 1$) for white men and about 16 percent (i.e., $e^{-0.1711} - 1$) for Asian men.

The bivariate model for women in Table 4 shows that compared to the reference group, changes in the average wage for each of these groups do not follow what the classical assimilation theory suggests. For example, the average wage for white women is the highest at the second-generation (17 percent higher), and the average wage for Asian women is the highest at the 2.5 generation (23 percent higher). Controlling for education, age, disability status, military experience, metropolitan status, and region of residence, the longest model indicates that immigrant women receive lower mean wages (i.e., 14 percent lower for white women and 10 percent lower for Asian women) than demographically comparable third-and-higher generation

white women. These negative effects may perhaps partly drive from the greater geographic constraints that foreign-born women may face in their employment opportunities. The longest model also indicates that the average wage is the highest at the second generation for white women (i.e., 8 percent) and at the 2.5 generation for Asian women (i.e., 11 percent).

Discussions and Conclusion

Given the aforementioned assumption of some correlation between generational status and assimilation across the groups we have examined, we interpret our basic findings as being inconsistent with the usual view of traditional assimilation theory that implies that socioeconomic attainments increase across generations. Instead, our results generally indicate that assimilation beyond the first generation immigrants no longer improves socioeconomic attainments as expected by traditional assimilation theory. Furthermore, in the case of Asian Americans, cultural assimilation across the generations may actually lower educational attainment and thereby reduce wages contrary to traditional assimilation theory.

Some first-generation Asian Americans on average start with relatively high socioeconomic and labor market characteristics (or even higher than those of non-Hispanic whites for some Asian subgroups from East Asia). Thus native-born Asian Americans may soon reach parity with whites in terms of labor market outcomes. Or traditional Asian cultural influences in childbearing practices wane with increasing acculturation. In sum, findings of this study suggest that both retention of ethnic culture (i.e., emphasis on education) and socioeconomic factors (e.g., parental education) have to do with socioeconomic attainments of Asian Americans, but the effect significantly weakens after the second-generation.

Finally, some shortcomings of this research should be noted. First, we assumed that the great majority Asian Americans in our sample is Japanese Americans. The Japanese were the

only Asian ethnic group whose spouses and other family members were not barred from immigration laws (except the period from the 1924 law to the end of WWII), and therefore able to establish families and produce successive generations in the United States. However, we cannot identify the actual proportion of Japanese Americans in the sample. Even though Japanese Americans constitute the majority third-generation Asian American population, our findings on the third-generation decline might be weak considering that this hypothesis has not been tested for Asian Americans other than Japanese. Second, despite the overall educational and economic successes of Asian Americans, we should note that significant internal variation exists across Asian ethnic groups, especially for the first-generation.

Third, as previous research suggests that the multiracial/ethnic identification is fluid and even optional, we do not know who choose to be Asian American while others do not. Duncan and Trejo (2007) find that highly educated Mexican Americans lose their Hispanic identity through intermarriage with non-Hispanic whites. Some Asian Americans and Mexican Americans may drop off their non-white ethnic identities, but in different ways. Highly educated Asian Americans may be more likely to identify themselves with Asian, while highly educated Mexican Americans identify as whites. Finally, future research should examine broader factors on ethnic culture, such as language spoken at home, to examine whether ethnic cultures indeed wade across generations.