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SNAPSHOT

## The American Dream Is an Illusion

Immigration and Inequality

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A combination of cheap transportation and enormous disparities in income across countries has inspired unprecedented numbers of people to uproot: there are now 230 million people around the world living outside the country of their birth, 46 million of them in the United States. Not surprisingly, immigration tends to flow from poor places to rich ones: in the world's 18 richest countries, immigrants constitute 16 percent of the population. If one includes those who are descendants of recent immigrants, that percentage is significantly larger and is certain to grow, since immigrants generally have more children than domestic populations. Consider that, in 2010, 13 percent of the U.S. population was born outside the country, yet 24 percent of those younger than 18 had foreign-born parents.

Policymakers in rich countries have tended to treat immigration as a challenge, but a surmountable one. Previous eras of mass migration produced good outcomes, for immigrants and settlement countries alike. The vast pool of immigrants that arrived in the United States prior to 1914 -- a group that included Christian Arabs, Greeks, Hungarians, Italians, Japanese, Jews from the Russian Empire, and Scandinavians -- assimilated rapidly and contributed to an economic boom. Similarly, since World War II, Australia, Canada, and New Zealand have successfully absorbed large numbers of immigrants from varied countries and backgrounds.

But it would be a mistake to assume that those experiences will be repeated for all immigrants. There is reason to believe that many recent migrants to both the United States and Europe will have a much more difficult time than their predecessors. Meanwhile, the countries in which they settle are less likely to see the benefits of immigration as they experience heightened social tensions and widening social inequality. Policymakers would be wise to take those risks into account. Rather than focus on policies for integrating new immigrants, they should concentrate on avoiding selection policies that threaten to create near-permanent ethnic or religious underclasses.

### HOW ASSIMILATION WORKS

The successful assimilation of earlier immigrants is often misunderstood. It's true that they managed to achieve equality in income, education, and wealth with native populations within one or two generations. On the basis of that experience, many have assumed that social mobility rates -- the speed with which the children of families of low or high incomes, wealth, and education approach the average -- are inherently rapid in modern societies, and that, as a result, any immigrant group was likely to assimilate quickly.

But recent evidence suggests that, in reality, social mobility rates are extremely low. Seven to ten generations are required before the descendants of high and low status families achieve average status. Thus in modern Sweden the descendants of the eighteenth-century nobility are still heavily overrepresented -- 300 years later -- among higher social status groups: doctors, attorneys, the wealthy, members of the Swedish Royal Academies. In the United Kingdom, the descendants of families who sent a son to Oxford or Cambridge around 1800 are still four times as likely to attend these universities as the average person. Social mobility rates have also been relatively impervious to government policy. They are no higher in societies like Sweden, with generous interventions in favor of the children of disadvantaged families, than in the more laissez-faire United States. For that matter, they are no higher in modern

Sweden than in eighteenth-century Sweden, or medieval England.

Immigrants who quickly assimilated to their new society in countries such as the United States were often positively selected from the sending populations. The Scandinavians who settled the upper Midwest were not desperate, huddled masses but a representative selection from a literate, if poor, society. The Jews of the Russian Empire were certainly poor, but they were an educated elite within their home societies.

Immigrant groups with a low social status at the time of their arrival historically had a more difficult time integrating. Consider the experience of immigrants to the United States who had French backgrounds (as judged by French surnames). The first wave arrived in the United States during the colonial era. Their descendants are mostly concentrated near Louisiana, which was incorporated into the United States after the Louisiana Purchase of 1803, and in the northeastern United States. Another group came from French Canada in the 1920s and settled in the northeastern United States. And yet, despite having lived in the United States for multiple generations, those with French backgrounds still have lower than average status in the United States. One measure of group status is the number of medical doctors per 1,000 people: according to this measure, there are still only 1.6 doctors per 1,000 people of French origin in the United States, compared to the U.S. average of 3.5.

The problems that people of French origin have experienced in the United States have nothing to do with U.S. social policy. Their co-religionists, the Irish Catholics and the Italians, experienced more overt discrimination, but assimilated fully -- there are the expected 3.5 doctors per 1,000 of the population with Irish surnames. The problem instead was that the French who arrived in the United States were overwhelmingly drawn from the lower classes of Acadia and Quebec, as a result of demographic patterns and selective migration. The effects of this lower social status have persisted across generations, even amid extensive intermarriage between French populations and the descendants of other immigrant groups, including Irish, Italians, and Poles.

#### STATIC SOCIAL STATUS

The evidence shows that immigrant groups tend to retain the social status that they arrive with. The same goes with more recent immigrants to the United States. Due to visa restrictions, certain immigrant groups were permitted entry to the United States only if they could prove they had skills that were needed in the U.S. labor market. For example, the Africans, Chinese, Christian Arabs, Filipinos, Indians, Iranians, and Koreans who did gain entry into the United States were from the upper echelons of their home societies. And, in the United States, they enjoy significantly higher than average social status (as measured, again, by the number of doctors per 1,000 members of the group). Groups who, for various reasons, did not face the same restrictions -- including the Hmong, Latinos, and Maya -- entered the United States with low social status and have struggled to achieve upward mobility since. Immigration to the United States, in other words, rarely changes one's social status.

The same pattern is echoed in Europe. In the 1960s and 1970s, Austria, Belgium, Denmark, Germany, and Switzerland created guest worker programs to recruit unskilled workers for basic factory jobs, often from Turkey's poor, rural areas. Today, the children of those Turkish immigrants all perform worse on language and mathematics tests than domestic populations, which is a reliable indicator of lower social status. The lower status of their parents was thus reproduced in their new home countries.

By the same token, countries that selected elite immigrants to begin with now have high-performing immigrant classes. For example, the United Kingdom selects immigrants based more on education and skills. As a result, African, Chinese, and Indian immigrants outperform their British counterparts; although children of white British parents born between 1963 and 1975 attained on average 12.6 years of education, children of African migrants stayed in school for 15.2 years, those of Indian migrants for 14.2 years, and those of Chinese migrants for 15.1 years.

#### AN UNPRECEDENTED UNDERCLASS

Given current patterns of immigration to the United States, Washington faces an enormous policy challenge. Two in five of all immigrants to the United States are from Mexico and Central America. Latinos now constitute 22 percent of all children in the United States; by 2050, they are expected to be 39 percent. But the social status of Latinos, even those born in the United States, is persistently low.

This perhaps shouldn't be a surprise, given that migrants from Mexico and Central America tend to be negatively selected from their home populations: they are often the people who found themselves in such desperate economic circumstances at home that they preferred to live as illegal immigrants in the United States. (Latinos constitute nearly half of the foreign born in the United States, but four in five of illegal migrants.) The effects have been dire: there can be no doubt that immigration is widening social inequality in the United States.

Consider the table below, which shows educational attainment of 25–34-year-olds in the United States in 2009. Descendants of Latino immigrants are dropping out of high school at rates far in excess of the domestic population and the descendants of other immigrant groups; similarly, the Latino population is much less likely than those other groups to complete higher education. Educational attainment in all societies is a strong predictor of future social status, and the prediction here for the Latino population is not good.

Educational attainment	Domestic population (%)	Latinos, second generation (%)	Other immigrants, second generation (%)
Less than high school	7	19	4
High school	29	35	18
Some college	31	32	30
Bachelor's degree or higher	33	15	47

(Courtesy Gregory Clark)

This pattern shows up even more starkly in California, where recent immigrants are more numerous than in the United States as a whole, and more diverse in terms of social status. Yet Californian policymakers have not reckoned with the consequences. There is an optimistic assumption that tinkering with social policies -- such as making it easier, financially and academically, for Latinos to enter public colleges -- will allow Latino education and income levels to quickly catch up with the rest of the state. But as was noted above for countries such as Sweden there is no evidence that social mobility rates can be raised by more intensive public support of disadvantaged families. Despite such support in Sweden, the children of immigrants currently perform significantly less well in educational achievement tests than the domestic population. The United States is likely to soon have the unprecedented situation of fostering a semi-permanent underclass.

If Washington hopes to solve these looming problems, it will have to take a different approach. To avoid having a substantially poorer and less educated Latino underclass for many future generations, it should consider policies to increase the number of highly educated Latino immigrants. Latino migrants are actually a very diverse group, with many of the most highly educated people emigrating to the United States from countries in South America that lie geographically farther from the United States, including Argentina, Brazil, Chile, and Peru. A program to boost the number of such educated immigrants could bolster the overall social status of the Latino population in future generations, and their representation in higher-status positions in the society.

The United States seems to cherish an image of itself as a country of opportunity for all, a country that invites in the world's tired, its poor, and its huddled masses. But the United States is not exceptional in its rates of social mobility. It can perform no special alchemy on the disadvantaged populations of any society in order to transform their life opportunities. The truth is that the American Dream was always an illusion. Blindly pursuing that dream now will only lead to a future with dire social challenges.

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