Immigration and Wealth Inequality in the U.S.*

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Abstract

This paper addresses two possible ways in which immigration can affect inequality in the United States. First, recent immigrants may enlarge the bottom of the wealth distribution. Second, the stratification of wealth by ethnicity and education may differ by nativity. Based on nine surveys of the SIPP (1984-96) with a large sample of immigrant households, we performed quantile regression analysis at the bottom, median and top locations for five age groups. Findings include (1) later arrival cohorts and non-citizenship contribute to a larger bottom of the wealth distribution; (2) having no high school education harms natives more than immigrants, suggesting that immigration reduces the polarizing effect of education at the bottom of the wealth distribution; and (3) high-educated immigrants do not accumulate as much wealth as their native counterparts, suggesting that immigration also reduces the polarizing effect of education at the top of the wealth distribution.

Immigration and Wealth Inequality in the U.S.

The United States during the 1980s and 1990s received growing immigration from Asian and Latin American countries. The 1965 Immigration Act abolished the ethnic-based quota system and established a family- and employment-based preference system with a greater weight on family reunification. Since then, the U.S. has opened the door to Asia after eight decades of almost complete exclusion and further widened the door to Latin America. Without a strict rule of screening for skills under the 1965 immigration law, the admission classes of immigrants have changed. According to the Immigration and Naturalization Service (2000), about 70% of legal immigrants, and almost all immigrants from Latin America, have been family based. In addition, almost a quarter of the foreign born are undocumented and most of them are from Latin America.

The ethnic composition of these immigration inflows is disproportionately non-white and the education composition is disproportionate large at the low and high ends, with a heavier share at the low end. At the same time, domestic inequality in income and wealth are high. These concurrent trends raise the questions of whether the growth in immigration contributed to the high domestic inequality, and if so, how?

Immigration can affect economic inequality in two ways. First the composition of recent immigration and the greater share of minorities and the lower tail of the education distribution may raise inequality in the U.S. through enlarging the bottom share of the economic distribution. Second, the wealth literature had documented factors generating inequality such as ethnicity, and education (Keister 2000; Oliver and Shapiro 1995; Spilerman 2000; Wolff 1998). Immigration may raise inequality through nativity differentials in these factors.

This paper examines wealth inequality and investigates whether immigration raises wealth inequality using nine surveys of the Survey of Income and Program Participation (SIPP). Wealth inequality is used because of its advantages over income for measuring economic wellbeing. The analysis features two strategies specifically geared to addressing inequality. First, instead of modeling the conditional mean of wealth distribution, as most prior research has done, I estimate wealth inequality at the 15^{th}, 50^{th} and 85^{th} percentiles of the wealth distribution using simultaneous quantile regression. Second, given the life cycle pattern of wealth accumulation and the nature of the pooled cross-sectional data from the SIPP, I estimate the quantile regression models separately for five 10-year age groups. Analysis for the youngest group (aged 25-34) mainly captures group differences at the initial level whereas analysis for prime-age groups (35-44, 45-54, and 55-64) may capture group differences at the high peak level. The oldest age group (65-74) offers an opportunity to examine group differences in participation in social security, employment pensions, and health insurance programs, which reduce the consumption of accumulated wealth.

The SIPP contains information on country of birth, date of arrival in the U.S. and information on major components of assets and liabilities. Immigrants are defined as those who were foreign born and came to the U.S. to stay sometime during their lives. The unit of analysis is households. I identified 10,423 immigrant households and 113,198 native households over the 1980s and the 1990s, a sufficient sample size for separate analysis of age groups and broad ethnic groups by nativity.

Wealth Inequality and the Effects of Ethnicity and Education

Wealth is an important indicator of economic well-being. It has several advantages over income in measuring economic well-being, including services (such as owning a home vs. paying rent) and security (such as a bank account for unexpected unemployment or difficulty). It is well documented that the black-white inequality in wealth is much more severe than the black-white income inequality (e.g., Oliver and Shapiro 1995). The theoretical literature points to the paramount roles of ethnicity and human capital in generating wealth inequality (Keister 2000; Oliver and Shapiro 1995; Spilerman 2000; Wolff 1998). Because of a racial-ethnic hierarchy, individual's opportunities to accumulate wealth are often limited independent of their other characteristics. Skin color or the racial-ethnic categories place individuals in this hierarchy, with Whites ranks above non-Whites and among non-Whites rank in order of Asian, Hispanic, and Black. These social positions offer differential opportunities and constraints in the accumulation of wealth.

Examples of the structural effect of the ethnic hierarchy include but are not limited to the following four aspects. First, minorities are more likely to have lower incomes. According to Doeringer and Piore (1971), ethnic hierarchy sorts individuals to the capital-intensive primary sector and labor-intensive secondary sector of the labor market and subjects them to institutional or other forms of discrimination. Second, minority workers are placed in the ethnic queue for a job and bottom positions in the ethnic hierarchy are the last to be considered (Lieberson 1980). Third, minorities are more likely to live in segregated neighborhoods. According to Alba and Logan (1991) and Massey and Denton (1993), segregation creates unfavorable lending institution policies and housing prices in dual housing market. Minorities are subject to higher mortgage interest rates and their houses depreciate in segregated neighborhoods. Fourth, these constraints further pass across generations. The disadvantages of minorities are replicated and deepened

through intergenerational transfers of wealth in the form of inheritance (Spilerman 2000). Blacks have lower incidences and lesser amounts of parental intro vivo transfers and bequests (Smith 1995a), which directly affects the amount of wealth and indirectly affects wealth through investment in children's college education (Conley 1999). These constraints face non-Whites even though their human capital is comparable with Whites, resulting in their lower rate of wealth accumulation. Because wealth is accumulated along the life cycle, differential rates of wealth accumulation lead to increasing disparities in wealth along the life cycle.

Non-white immigrants face the same structural barriers from the ethnic hierarchy upon their arrival in the U.S. and in addition face specific structural conditions. On the one hand, immigrants may face stronger discrimination. They are vulnerable to blame for economic problems, such as recession or the low incomes of relatively unskilled native workers (Smith and Edmonston 1997; Borjas 1999). Non-English speaking immigrants may be subject to further discrimination because of strong accents and unique cultural or religious practices (Portes and Rumbaut 1996). On the other hand, white employers may prefer to hire foreign-born minority workers over native-born minority workers because the former have stronger work ethics and different attitudes and behaviors concerning race relations (Waters 1999). In addition, while spatial segregation involving redlining in housing and lending discrimination contributes to the lower level of wealth among Blacks, spatial segregation (or spatial autonomy as termed by Bean et al. 1999) may benefit immigrants, particularly in earlier stages of adaptation. Given their insufficient English proficiency and limited knowledge of the mainstream American labor market and housing market, spatial autonomy may be a blessing. However, immigrants working in ethnic economy may have less access to the greater rewards offered by the mainstream labor

market, including higher wages, greater job protection, union membership, better health insurance, and higher pensions.

Human capital plays multiple roles in the stratification process of wealth. First, higher levels of human capital provide opportunities for a well-paying, stable job, an occupation with a mobility ladder, and thus steady, high streams of life cycle income. Since 1980, real wages for young people with less than a high school diploma have declined whereas the real wages of college graduates have gone up (Mare 1995; Wetzel 1995). These changes in returns to education during the last twenty years have a serious implication for recent immigrants concentrated on either the low or high ends of the education distribution. Recent immigrants with very low education will have a very flat age-wealth profile. In addition, there is a question whether education obtained in home countries is transferable in the American labor market. Second, human capital provides access to financial institutions and knowledge of asset building. On this account, immigrants' education obtained in their home country may be less useful than that of their native counterparts. The ethnic economy may help overcome this barrier. Asian immigrants may benefit from their prosperous ethnic economy whereas Mexican and other similar Hispanic immigrants may be in a less favorable position given their less developed ethnic economy.

The Quantile Regression Model

This study applies quantile regression to examine wealth inequality rather than the conventional ordinary least squares (OLS). OLS measure the effects of explanatory variables on the conditional mean of the dependent variable. In our case, this means that the effects of regressors (including factors generating inequality) are evaluated at the fitted mean of net worth

based on the regressors. A major limitation of using OLS (and more advanced methods that estimate parameters at the conditional mean such as tobit models) to study inequality is that the explanatory power of the regressors may differ at different locations of the distribution. Factors generating inequality, such as the racial-ethnic hierarchy, labor, housing, and lending market discrimination, and favorable returns to educational credentials, may have stronger effects on individuals with the disadvantaged traits at the bottom distribution than at the top distribution. For example, black professionals may face discrimination at a lesser degree than their working poor counterparts. In contrast, studies using OLS assume uniform effects at any locations of the conditional distribution as at the mean. Thus results from OLS or methods sharing the OLS feature about the conditional mean cannot capture the true process in which inequality is generated and maintained.

A natural and relatively simple way is to examine differences in these effects across the wealth distribution. Quantile regression is a technique that meets such a need. It measures the effect of the explanatory variables at any point in the conditional distribution, for example, the median, the 85th percentile, the 15th percentile, and so on. Let (y_i, x_i), i=1,…,n, be a sample from a population, where x_i is a $K \times 1$ vector of regressors. According to Koenker and Bassett (1978) and Buchinsky (1998), quantile regression can be expressed as

(1) $y_i = x_i \beta_\theta + u_{\theta_i}, \quad Quant_\theta(y_i \mid x_i) = x_i^{'} \beta_\theta \quad Quant_\theta(u_{\theta_i} \mid x_i) = 0,$

where $Quant_\theta(y_i \mid x_i)$ denotes the conditional quantile of y_i, conditional on the regressor vector x_i. This model dictates that there can be numerous quantiles and thus numerous equations as expressed in equation (1). That is, the effects of regressors can be evaluated at any location of

the wealth distribution. This study identifies three locations (.15, .50, and .85) to evaluate the inequality process[1]:

(1a) $y_i = x_i\beta_{.15} + u_{.15_i}$

(1b) $y_i = x_i\beta_{.50} + u_{.50_i}$

(1c) $y_i = x_i\beta_{.85} + u_{.85_i}$

Note that the estimation is based on the whole sample, not a portion of the sample. This can be clearly seen from the method that solves the linear model for the θth quantile, which solves the following minimization to obtain β

(2) $$\min \frac{1}{n}\left\{ \sum_{i:y_i \geq x_i\beta_\theta} \theta \,|\, y_i - x_i\beta_\theta \,| + \sum_{i:y_i < x_i\beta_\theta} (1-\theta) \,|\, y_i - x_i\beta_\theta \,| \right\}.$$

The $\beta's$ specific for different quantiles are estimated using different weights for the positive and negative residuals. A greater weight is placed on the negative residuals for quantiles lower than the median, a greater weight is place on the positive residuals for quantiles higher than the median, and an equal weight is placed on both the negative and positive residuals for the median.

The estimation for this study will perform three minimizations for the .15, .50, and .85 locations, respectively:

(2a) $$\min \frac{1}{n}\left\{ \sum_{i:y_i \geq x_i\beta_{.15}} .15 \,|\, y_i - x_i\beta_{.15} \,| + \sum_{i:y_i < x_i\beta_{.15}} (1-.15) \,|\, y_i - x_i\beta_{.15} \,| \right\}$$

[1] I use the 15th and 85th quantiles to address the middle 70% of the population. The SIPP top codes itemized assets so that the reported amount of net worth for the very rich is always lower than the actual amount. And the SIPP bottom codes itemized debts so that the reported amount of net worth for those heavily in debts is not as low. When the wealth distribution is top-coded or bottom-coded (a type of censoring), the quantile regression needs to incorporate the methodology for censoring with a more complicated estimation. To keep the method simple and straightforward, a quantile at the upper tail of the distribution should be used such that all the conditional values above the top quantile will have a positive residual. A similar requirement is applied to the lower tail. I have examined the residuals with various quantiles and found that the 15th and 85th percentiles satisfy this condition.

(2b) $$\min \frac{1}{n}\left\{ \sum_{i:y_i \geq x_i\beta_{.50}} .50 \mid y_i - x_i\beta_{.50} \mid + \sum_{i:y_i < x_i\beta_{.50}} (1-.50) \mid y_i - x_i\beta_{.50} \mid \right\}$$

(2c) $$\min \frac{1}{n}\left\{ \sum_{i:y_i \geq x_i\beta_{.85}} .85 \mid y_i - x_i\beta_{.85} \mid + \sum_{i:y_i < x_i\beta_{.85}} (1-.85) \mid y_i - x_i\beta_{.85} \mid \right\}$$

We can perform the estimation of 1a-1c by minimizing the corresponding 2a-2c separately or simultaneously. The separate estimates are the same as those from simultaneous estimation. However, simultaneous estimation offers means to test estimates across equations. For example, I am interested in whether the effect of ethnicity is significantly different at the low position from those at the high position. Thus my analysis applies the simultaneous estimation.

The attention on wealth inequality is focused on the two tails of the distribution. For instance, blacks, Hispanics, low-educated, and young-age people tend to occupy the bottom of the wealth distribution whereas the high educated, and prime-age people tend to occupy the top of the wealth distribution. Thus estimates for lower and higher quantiles can address whether ethnicity and education differ by nativity to generate the lower tail vs. higher tail of the wealth distribution. I test the equality of estimates across quantiles to identify factors significantly affect the bottom and top tails of the wealth distribution in a different way. I further use quantile regression to examine these effects in the life cycle process using five age groups.

Data and Measurement

This study uses data from nine surveys of the Survey of Income and Program Participation (SIPP). The SIPP consists of multi-panel, longitudinal surveys of adults (age 15 and over) in households (U.S. Bureau of the Census 1991). Each panel consists of about 15,000-40,000 nationally representative households over 32-48 months. The SIPP collects monthly data every four months by interviewing the original sampled adults and other individuals with whom

they reside. This study uses data from the core questions about demographic characteristics and two topical modules, one on migration history and the other on assets and liabilities. The Migration History module asks where each person in the household was born in the U.S., and if born abroad, the country of birth and the year of arrival in the U.S. The Assets and Liabilities module collects information on the value of assets and debts to derive a comprehensive measure of household net worth. Assets include resident home, vehicles, savings accounts, stocks, mutual funds, bonds, real estate, business assets and IRA. Liabilities include mortgage, secured debts and unsecured debts (credit cards, medical bills).[2]

Although the SIPP panels are longitudinal, this study uses only one cross-section of data from each panel because the comprehensive assets and liabilities data were collected in only one wave during the life of five out of the nine panels (the exceptions are the 1984, 1985, 1986 and 1996 panels). Out of the total of 11 panels, nine panels contain valid data on wealth (1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996). Wealth data were collected in different waves of the panels so that the wealth data were collected in eight different years (1985, 1986, 1987, 1988, 1991, 1993, 1995, and 1997).

The dependent variable, total net worth, is defined as the total assets minus total liabilities, or net worth.[3] Assets include housing, business, vehicles, real estate, bank accounts, stocks, mutual funds, and retirement accounts. Examples of liabilities are mortgage, secured debts (e.g., collateral loans) and unsecured debts (e.g., credit card balance and medical bills). Net worth in all years is measured in 2000 constant dollars. Net worth can be negative, zero, and

[2] For more information on the SIPP, see the SIPP Users' Guide (U.S Census Bureau 2001).
[3] The questions about assets and liabilities in the SIPP did not specify whether they are in the U.S. or outside. It is more likely that respondents reported only those in the U.S. This creates a certain underestimation of immigrants' wealth because some immigrants, particularly the sojourners, tend to accumulate wealth in their home countries. This would occur to immigrants even with modest income. On the other hand, average remittance (and most are for consumption) is low with a higher amount for immigrants from Latin America and the Philippines. Natives also

positive and is highly right skewed. In quantile analysis, I use a generalized log transformation of total net worth. Let z be total net worth, its generalized log transformation y is:

$$y = 0 \quad if \ z = 0$$
$$y = \mathrm{sgn}(z)\log|z| \quad otherwise \ ,$$

where *sgn* means taking the sign of the observed z. The interpretation will be in terms of percentage other than the amount.

The explanatory variables consist of four blocks—ethnicity, education, immigrant characteristics, and household types. Ethnicity is broadly defined, including non-Hispanic white, non-Hispanic black, Hispanic, and Asian. Education measures focus on the greater importance of credentials over years of schooling. I use four categories indicating (1) lower than high school, (2) high school, (3) some college, and (4) bachelor degree or above. I describe immigrant characteristics by arrival cohort and naturalization. Immigrant households are defined as the head having been born abroad and arriving in the U.S. at some point in their life.[4] I classify immigrants by four arrival cohorts—the pre-1965 cohort and three post-1965 cohorts each covering 10 years (1965-1974, 1975-1984, and post-1984). The pre-1965 cohort arrived under the ethnic-based quota system whereas the three post-1965 cohorts arrived under the preference system with a greater weight on family reunification. The latest two cohorts (1974-1984 and post-1984) arrived when the U.S. inequality was rising after two decades of low inequality and economic restructuring was sweeping the country (Harrison and Bluestone 1988; DiPrete and McManus 1996; Bernhardt et al. 2001). Another characteristic of immigrant is whether the household head is U.S. citizen or not. I distinguish six types of households , including married couple without children, married couple with children, female-headed, other

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have wealth outside the U.S., but most of them are relatively rich. Therefore results based on the data are conservative for immigrants.

family households (lone father, grandparent, or kin headed), single male households, and single female households.

Wealth is accumulated along the life cycle. I capture life cycle by five 10-year age groups of the household heads (25-34, 35-44, 45-54, 55-64, and 65-74). I perform analysis for the total sample as well as separately for the five age groups. To capture the more refined effect of age within each age group, the age of the household head (in years) is also included.

Patterns of Immigrant Characteristics, Ethnicity, and Education

Pooling nine surveys of the SIPP, I describe the population distribution of immigrant characteristics and ethnicity and education composition of households with heads aged 25-74 in the 1980s and 1990s. Table 1 describes immigrant characteristics by age groups. Although the immigrant share of each group is larger for younger groups than older groups, each age group still has sufficient number of immigrant households. Younger age groups contain more recent arrivals whereas older age groups contain more early arrivals. Also the naturalization rate is much higher for the older age groups than the younger ones.

(Table 1 about here)

Table 2 shows column percentages of the ethnic composition for the four arrival cohorts. The majority shifts from white in the pre-1965 cohort to Hispanic and Asian in the three recent cohorts. The Hispanic portion increased from 25.8% before 1965 to 40.8% after 1965 and then remained around 37%. The Asian proportion increased from 8.2% before 1965 to 18.1% during 1965-1974 and rose to 27-30% after 1975.

(Table 2 about here)

[4] An alternative definition is either the head or the spouse of the head was born abroad. Results using the alternative definition do not change the findings and conclusions.

In regards to the changing skill composition, the educational composition of immigrants and natives is shown in Table 3. The lowest category contains 18.2% of natives versus 31% of immigrants. The highest category is similar for natives and immigrants (22.5% and 24.2% respectively). The education distributions by ethnicity are uneven. The top-down rank at the high end is from Asian, white, Hispanic to black among natives and Asian, white, black and Hispanic among immigrants. At the low end, the rank is from Hispanic, black, white to Asian for both natives and immigrants. However, there are important differences by nativity beyond the similar ranking. Asian immigrants have a greater proportion at the high end and Hispanic immigrants have a greater proportion at the low end than their native counterparts.

(Table 3 about here)

Patterns of Wealth Inequality by Nativity, Ethnicity, and Education

Table 4 presents the distribution of net worth at the 15^{th}, 50^{th}, and 85^{th} percentiles and the mean level by nativity and ethnicity. Sample sizes for specific groups are also provided. The mean level of net worth is much higher than the median level, indicating a highly right-skewed distribution of net worth. For both immigrants and natives, at least 25% of blacks and 15% of Hispanics have non-positive net worth. Immigrants as a whole have a slightly lower level than natives do at any location of the distribution. White immigrants are better off than Asian immigrants at any location of the distribution whereas white natives are better off than Asian Americans only at the 15 percentile and the median.

(Table 4 about here)

The patterns revealed in Table 4 are based on the whole sample and thus obscure the life cycle patterns. A more detailed pattern by the five age groups is useful. Given the arrival years

and survey years, early arrivals tend to concentrate in older groups and recent arrivals in younger groups. Figures 1-3 depict the life cycle patterns at six locations by nativity, ethnicity, and education. Figure 1 reveals two general observations. First, wealth accumulates with age at least up to age 64 and become flat or downward after 64, consistent with the life cycle hypothesis. Second, low levels at initial state (15^{th} and 25^{th} percentiles of ages 25-34) are related to low growth rates of future wealth accumulation, resulting in divergent discrepancies among different locations of the distribution.

(Figure 1 about here)

Graph a of Figure 1 shows a monotonic increasing trend of wealth accumulation along ages for all natives, which levels off from age 65-74. The initial discrepancies are within $100,000 and the peak discrepancies at ages 55-64 grow to over $350,000. The immigrant picture in Graph b mirrors the native picture in many respects including the scale, the divergence, and the trend up till age 64. There are a few differences. First, the curve becomes downward after age 64 for immigrants, suggesting that immigrants are under-protected during old age and consume greater amounts of wealth in this age group. Second, the initial levels of wealth during ages 25-34 are lower for immigrants than natives, suggesting that immigrants who arrived at older ages than 25 have a later starting point.

Where the nativity difference is small, the ethnicity difference is huge (see Figure 2). Examining the overall ethnic differences, whites and Asians mirror each other in respects such as the initial levels and the trend till age 64. However, they differ in two important ways. First there is no downward trend from age 64 for whites but there is one for Asians. Second, over the ages wealth levels at all percentiles of the white distribution increase whereas they remain flat for the bottom 15% of Asians, contributing to greater inequality among Asians and for the whole

population. White and Asian groups are much more advantaged than blacks, whose initial levels and growth rates are very low and the life cycle pattern is flatter for blacks than for Hispanics.

(Figure 2 about here)

Differential rates of return to education and skills also shape wealth inequality. Figure 3 examines how these rates differ by education levels. Graph a for no high school degree shows that the low initial level and low growth rates of wealth reflect the low returns to no high school degree. In contrast, Graph d shows that the high initial levels and high growth rates of wealth reflect the high returns to college degree and above. Also note the continuous steep upward trend after age 64 for this high-educated population. Some college gains only a midl advantage over high school diploma.

(Figure 3 about here)

Taken together, these observed patterns suggest two ways that immigration may be related to increased wealth inequality. First, certain immigrant groups, including blacks, Hispanic and low-educated immigrants, may enlarge the bottom share of the wealth distribution. Second, no single whole group would enlarge the top share of the wealth distribution. Instead, the top 25% of Asian immigrants and the top 50% of immigrants with college degree and above enlarge the top share of the wealth distribution. Whether immigration contributes to inequality controlling for factor generating inequality is examined in the next section.

Additive Effects of Immigration

This section presents findings using a main effect model that takes net worth as a function of immigrant characteristics, ethnicity, education, and family life cycle. Table 5 examines the overall effect of non-nativity and Table 6 examines the effects of arrival cohorts

and non-citizenship. The tables present both the OLS estimates at the conditional mean and the quantile regression estimates at three conditional quantiles (.15, .50, and .85). The tables also present the results for the total sample and for the five age groups.

Examining the first column of Table 5, the non-nativity effect is negative for the total sample and the two older age groups. Non-nativity reduces net worth by 31% for the total sample. The effect is not significant for the three younger groups but stronger for the two older groups. The OLS estimates are insufficient to inform where the stratification operates along the distribution. The quantile regression allows for differential effects at various locations of the distribution and thus provides an answer. The three right columns reveal that the non-nativity effects are significant at the low tail and median of the distribution, particularly strong at the low tail, and there is no significant nativity difference at the top tail of the distribution. This finding suggests that immigrants are disproportionately located in the bottom tail and therefore contribute to a larger bottom of the distribution.

(Table 5 about here)

Table 6 investigates more deeply into the non-nativity effect through arrival cohorts and non-citizenship. There have been debates on the lower quality of more recent arrival cohorts. Given the life cycle pattern of wealth and the necessary years in the U.S. for immigrants to accumulate wealth, it is particularly important to examine the age group results. Although the OLS results for the total sample appear to support the argument that recent immigrants are doing more poorly than their predecessors, the OLS results for age groups find disadvantages of recent immigrants only in older age groups (older than age 44). For example, those arriving post 1984 and aged 65-74 at survey are older at arrival (at least age 53). While family reunification policy inevitably increases the age at arrival among immigrants, the data also do not allow a comparison

of older at arrival between those arriving earlier and those arriving more recently. Therefore what we found here about the old-at-arrival among recent immigrants do not imply an absence of such a pattern among earlier immigrants.

(Table 6 about here)

The quantile regression results for the total sample show that positive effects of earlier immigrants are more or less uniform along the distribution whereas the negative effects of more recent immigrants are stronger at the lower tail of the distribution. As far as the quantile patterns along the life cycle concerned, a negative effect at the bottom for all age groups will contribute to a large bottom of the total distribution and a positive effect at the top for the prime age groups will contribute to a larger top of the total distribution. Thus the positive effect of earlier immigrants do not seem to enlarge the top of the total distribution as we observe a weaker effect at the 85th percentile for ages 45-64. In contrast, the negative effect of recent immigrants seem to enlarge the bottom of the total distribution as we observe a stronger effect at the 15th percentile for almost all age groups except the youngest one.

Both the OLS and quantile regression results show that non-citizenship plays an important role in wealth accumulation for the total sample and for almost all age groups except the youngest one. The quantile regression further shows that the action is the strongest at the bottom. For example, non-citizenship reduces net worth by 249% at the 15th percentile and 31% at the 85th percentile for ages 35-44.

Nativity Differentials in Ethnicity and Education Effects

This section investigates whether immigration changes wealth inequality in the host society through nativity differentials in ethnicity and education effects. I cross classify nativity and ethnicity (education) to form eight groups using native white (natives with a college degree)

as the reference. Before discussing the nativity differentials, I present the main effects of ethnicity and education to aid interpretation.

The OLS results for the total sample shows that minorities are at disadvantage and the age group results show that while blacks and Hispanics are persistently disadvantaged throughout the life cycle, Asians are actually advantaged when young and disadvantaged when old. The quantile regression results show that, throughout the life cycle, the black and Hispanic effects are much stronger at the bottom than at the top, suggesting a stratification process taking place at the bottom of the distribution. The positive Asian effect is no longer significant and the negative Asian effect is also stronger at the bottom than at the top for the three older groups.

(Table 7 about here)

Because of the relatively small proportion of black immigrants, we investigate the potential nativity differentials in Hispanic and Asian effects in Tables 8, which presents only the significant nativity differential effects. We first discuss the differential Hispanic effects. The OLS results show that for the total sample the Hispanic effect is weaker for immigrants than for natives but for most age groups there is no differential and the Hispanic effect is stronger for immigrants than for natives for the oldest group. This puzzling pattern is partially clarified by the quantile regression results. The stronger negative Hispanic effect for immigrants is consistently found at the median and the 85th percentile. It is at the 15th percentile where we find inconsistent nativity differentials in the Hispanic effect. Hispanic immigrants do not necessarily push the bottom of wealth distribution further downward through a stronger negative Hispanic effect for immigrants whereas Hispanic immigrants push the upper half of the distribution downward. Thus, there is no systematic pattern of nativity differentials in the Hispanic effect with respect to wealth inequality. Asian immigrants face a smaller negative effect at the 15th

percentile for the total sample and the oldest age group, which may reduce the polarizing effect of minorities.

(Table 8 about here)

Table 9 presents the education effect from the main effect model. The OLS estimates show monotonic disadvantage of low educational levels and its persistence throughout the life cycle, with the strongest effects at the prime ages. The quantile regression estimates show the stronger detrimental effects of lower levels of education at the bottom of the distribution for the total sample and middle age groups when most of wealth accumulation occurs. For example, at age 35-44, household heads without a high school education lead to 481% lower in net worth at the 15th percentile than their bachelor degree counterparts and this effect is only 142% at the 85th percentile.

(Table 9 about here)

Does nativity alter this stratification process? We turn to Table 10. Although the OLS results for the total sample show a greater bachelor degree effect for immigrants than for natives, such a differential does not show up in any of the age group. The quantile regression estimates, on the other hand, show a consistent weaker bachelor degree effect for immigrants than for natives at the 85th percentile for the total sample, two prime age groups, as well as the oldest group. This finding suggests that immigrants with bachelor degrees may reduce the polarizing effect of bachelor degree at the top of the wealth distribution. On the other hand, the detrimental effect of no high school is uniformly weaker for immigrants than for natives from both OLS and quantile regression estimates. In addition, the quantile regression estimates reveal that the action takes place at the bottom half of the distribution, particularly the 15th percentile. For example, at ages 35-44, natives without a high school diploma face a 521% reduction whereas the immigrant

counterparts face a 116% reduction at the 15th percentile as compared with those with a bachelor degree. These differentials in the no-high-school effect suggest that low-educated immigrants reduce the polarize effect of low education at the bottom of the wealth distribution.

(Table 10 about here)

Conclusions

The increase of non-white immigrants with divergent education levels concurrent with the high domestic inequality in the last two decades stimulates the research question whether immigration is responsible for the high inequality. I answer this question by investigating two possible ways in which immigration can affect inequality through enlarging the bottom of the distribution and through intensifying the stratification by ethnicity and education. To better address inequality, disparity in nature, we use a more appropriate method—quantile regression that allows differential effects of explanatory variables at different locations of the distribution—than the conventional method that estimate the effect at the conditional mean. In addition, to address the life cycle nature of wealth accumulation and common limitation for wealth data that do not follow the same household throughout the life cycle, we analyze wealth inequality of five age groups separately.

The descriptive analysis supports the overwhelming dominance of ethnicity and education over nativity. The quantile regression analysis reveals that all else equal, (1) blacks and Hispanics disproportionately place at the lower tail of the wealth distribution and (2) households without a high school degree place at the bottom tail of the distribution.

The analysis addressing the role of immigration offers two answers. First, immigration is found to increase wealth inequality independent of other factors, by creating a greater bottom of the wealth distribution. Except for the younger age groups, recent immigrants arriving after

1984 and non-citizens are more likely to be located leftward from their native counterparts at the low location, forming a larger bottom of the distribution. How much larger is the bottom share due to immigration? We can indirectly assess it by examining the percentage of the affected population. Immigrant households amount to about 8% of the population. The percentage of group sample that is immigrant declines from 9% to 4% along the age groups, and a decline is also found for non-citizenship from 56% to 29% along the age groups. All together about 2.1% of the population arriving after 1974 and about 2.8% of the population is non-citizens. Thus the increased share is relatively small, albeit the effect is significantly different from zero.

Second, nativity differentials in ethnicity and education do not contribute to the polarization of the wealth distribution. The stronger detrimental Hispanic effect for immigrants is found at the upper half location of the distribution and the detrimental Hispanic effect is inconsistent at the bottom location. Neither plays a role in polarizing the distribution. The stronger negative Hispanic effect at the upper half may reduce the polarizing effect of Hispanic but given the low level of net worth among Hispanics, this effect may be quite small. We also find that the detrimental Asian effect at the 15^{th} percentile is weaker for immigrants than for natives. However, given Asians' high level of wealth, this effect may also be quite small. The nativity differentials in education effects provide stronger evidence for reducing the polarizing effect of education. The weaker negative impact of no high school at the bottom and the weaker positive impact of bachelor degree at the top for immigrants together reduce the polarizing effect of education.

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Table 1. Immigrant Characteristics by Age Groups

	25-34	35-44	45-54	55-64	65-74
Sample size	29,688	32,546	24,345	19,076	17,966
% Immigrants	8.5	9.0	8.8	7.2	6.0
Among immigrants					
Pre-1965	6.9	13.7	25.4	43.6	62.4
1965-1974	15.4	22.3	23.6	20.0	11.8
1975-1984	34.4	33.2	23.3	12.6	9.1
Post-1984	28.1	16.9	11.3	7.1	4.2
Missing arrival	15.2	14.0	16.4	16.9	12.6
Total immigrant	100.0	100.0	100.0	100.0	100.0
% Naturalized among immigrant	30.0	44.1	52.0	62.4	71.1

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.
Note: The percentages are weighted.

Table 2. Ethnic Composition of Arrival Cohorts (%)

	Pre-1965	1965-1974	1975-1984	Post-1984
White	62.7	33.2	23.8	29.4
Black	3.3	8.7	9.9	6.5
Hispanic	25.8	40.8	36.5	37.5
Asian	8.2	18.1	29.8	26.6
	100.0	100.0	100.0	100.0
Sample size	2,372	2,063	2,786	1,923

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.
Note: The percentages are weighted.

Table 3. Education Composition: By Nativity and Race-Ethnicity

Nativity/Ethnicity	Education Level				Sample Size
	No High School	High School	Some college	Bachelor or higher degree	
Native	18.2	34.5	24.8	22.5	113,198
White	16.0	34.5	25.2	24.3	94,550
Black	30.0	35.6	23.2	11.3	12,415
Hispanic	31.0	32.5	21.8	14.7	5,435
Asian	9.6	29.3	28.4	32.7	798
Immigrant	31.0	24.8	20.0	24.2	10,423
White	21.8	27.0	23.1	28.0	4,117
Black	24.3	30.0	25.5	20.3	732
Hispanic	53.0	23.4	15.3	8.3	3,501
Asian	13.8	20.7	20.1	45.3	2,073

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.
Note: The percentages are weighted.

Table 4. Total Net Worth (2000 constant dollar) by Nativity and Ethnicity

	Mean	15%tile	Median	85%tile	Sample size
Immigrant	97,240	0	23,122	121,203	10,423
White	139,622	536	67,446	193,412	4,117
Black	30,356	-596	3,446	35,181	732
Hispanic	46,642	0	5,487	45,198	3,501
Asian	122,137	129	41,120	157,985	2,073
Native	118,867	417	50,542	144,242	113,198
White	131,918	1,580	62,165	162,017	94,550
Black	33,146	0	6,299	43,939	12,415
Hispanic	83,450	0	17,786	88,941	5,435
Asian	147,419	249	56,867	206,317	798

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.
Note: The unit of analysis is households.

Table 5. The Additive Effects of Non-nativity at Quantiles of Net Worth: The Main Effect Model

	Mean	15%tile	50%tile	85%tile
Total sample	-0.31**	-0.87**	-0.24**	0.03
	(0.06)	(0.09)	(0.02)	(0.02)
Age 25-34	-0.24	-0.81	-0.23**	-0.04
	(0.16)	(0.75)	(0.07)	(0.06)
Age 35-44	-0.25	-0.86**	-0.20**	0.01
	(0.13)	(0.21)	(0.04)	(0.04)
Age 45-54	-0.20	-0.74**	-0.12**	0.05
	(0.13)	(0.16)	(0.04)	(0.04)
Age 55-64	-0.34**	-0.89**	-0.12**	0.05
	(0.13)	(0.12)	(0.04)	(0.04)
Age 65-74	-0.77**	-1.92**	-0.26**	-0.00
	(0.12)	(0.11)	(0.05)	(0.04)

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.
Note: Results are based on simultaneous quantile regression. The model includes ethnicity, education, age, household types, and year dummy. Total net worth (tnw) is transformed to log(tnw) if tnw>0, 0 if tnw=0, and –log(abs(tnw)) if tnw<0. The superscripts indicate the quantile from which the current estimate differs.
** p<.01 * p<.05

Table 6. The Additive Effects of Immigrant Characteristics at Quantiles of Net Worth: The Main Effect Model

	Mean	15%tile	50%tile	85%tile
Total sample				
Arrival before 1965	0.41**	0.44**	0.33**	0.27**
	(0.12)	(0.17)	(0.04)	(0.04)
Arrival 1965-74	0.42**	0.31	0.24**	0.30**
	(0.14)	(0.19)	(0.05)	(0.04)
Arrival 1975-84	-0.22	-1.14**	-0.27**	-0.05
	(0.14)	(0.20)	(0.05)	(0.04)
Arrival post-1984	-0.64**	-2.29**	-0.82**	-0.48**
	(0.17)	(0.24)	(0.06)	(0.05)
Non-citizen	-0.77**	-1.73**	-0.68**	-0.29**
	(0.12)	(0.17)	(0.04)	(0.04)
Age 25-34				
Arrival before 1965	-0.21	0.52	-0.12	0.15
	(0.54)	(2.30)	(0.22)	(0.18)
Arrival 1965-74	-0.06	-0.89	0.31*	0.62**
	(0.38)	(1.57)	(0.16)	(0.13)
Arrival 1975-84	-0.40	-2.48	0.18	0.14
	(0.34)	(1.53)	(0.14)	(0.12)
Arrival post-1984	-0.47	-0.48	-0.48**	-0.27*
	(0.38)	(1.66)	(0.16)	(0.14)
Non-citizen	0.11	1.05	-0.44**	-0.22
	(0.32)	(1.40)	(0.13)	(0.11)
Age 35-44				
Arrival before 1965	0.78*	0.81	0.38**	0.32**
	(0.31)	(0.49)	(0.11)	(0.09)
Arrival 1965-74	1.21**	1.58**	0.72**	0.41**
	(0.26)	(0.42)	(0.09)	(0.07)
Arrival 1975-84	0.06	-0.15	0.01	0.03
	(0.24)	(0.38)	(0.08)	(0.07)
Arrival post-1984	-0.49	-2.67**	-0.55**	-0.53**
	(0.32)	(0.50)	(0.11)	(0.09)
Non-citizen	-1.15**	-2.49**	-0.89**	-0.31**
	(0.23)	(0.36)	(0.08)	(0.07)
Age 45-54				
Arrival before 1965	0.66**	0.77**	0.50**	0.29**
	(0.24)	(0.29)	(0.08)	(0.07)
Arrival 1965-74	0.64*	0.82**	0.24**	0.21*
	(0.26)	(0.31)	(0.09)	(0.08)
Arrival 1975-84	0.01	-0.55	-0.42**	-0.14
	(0.29)	(0.36)	(0.10)	(0.09)
Arrival post-1984	-1.40**	-3.82**	-1.42**	-0.55**
	(0.38)	(0.48)	(0.13)	(0.12)
Non-citizen	-1.01**	-2.03**	-0.64**	-0.24**
	(0.24)	(0.29)	(0.08)	(0.07)
Age 55-64				
Arrival before 1965	0.60**	0.42*	0.30**	0.27**
	(0.19)	(0.19)	(0.06)	(0.06)
Arrival 1965-74	0.03	0.03	-0.17*	0.13
	(0.27)	(0.26)	(0.08)	(0.08)
Arrival 1975-84	-1.32**	-2.91**	-1.16**	-0.42**
	(0.35)	(0.33)	(0.11)	(0.11)
Arrival post-1984	-3.14**	-7.93**	-2.67**	-0.84**
	(0.46)	(0.44)	(0.14)	(0.15)
Non-citizen	-1.00**	-2.02**	-0.41**	-0.26**
	(0.25)	(0.23)	(0.07)	(0.08)
Age 65-74				
Arrival before 1965	0.31*	-0.02	0.10	0.20**
	(0.16)	(0.16)	(0.06)	(0.05)

(continued)

(table 6 continued)

	Mean	15%tile	50%tile	85%tile
Arrival 1965-74	-0.81*	-1.30**	-1.05**	-0.16
	(0.32)	(0.34)	(0.13)	(0.09)
Arrival 1975-84	-3.09**	-6.07**	-3.17**	-1.05**
	(0.40)	(0.44)	(0.16)	(0.13)
Arrival post-1984	-3.49**	-4.58**	-3.96**	-1.14**
	(0.54)	(0.57)	(0.21)	(0.16)
Non-citizen	-1.43**	-3.88**	-0.42**	-0.48**
	(0.26)	(0.29)	(0.10)	(0.08)

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.
Note: Results are based on simultaneous quantile regression. The model includes ethnicity, education, age, household types, and year dummy. Total net worth (tnw) is transformed to log(tnw) if tnw>0, 0 if tnw=0, and –log(abs(tnw)) if tnw<0. The superscripts indicate the quantile from which the current estimate differs.
** p<.01 * p<.05

Table 7. Ethnicity Effects at Qunatiles of Net Worth: The Main Effect Model

	Mean	15%tile	50%tile	85%tile
Total sample				
Black	-2.31**	-5.02**	-1.46**	-0.90**
	(0.05)	(0.08)	(0.02)	(0.02)
Hispanic	-1.24**	-3.42**	-0.79**	-0.32**
	(0.07)	(0.10)	(0.02)	(0.02)
Asian	-0.22*	-1.06**	-0.03	0.04
	(0.11)	(0.16)	(0.04)	(0.03)
Age 25-34				
Black	-1.94**	-2.27**	-1.96**	-0.92**
	(0.13)	(0.60)	(0.05)	(0.05)
Hispanic	-0.96**	-1.06	-0.89**	-0.43**
	(0.15)	(0.70)	(0.06)	(0.05)
Asian	0.58*	2.34	0.02	0.10
	(0.27)	(1.23)	(0.11)	(0.10)
Age 35-44				
Black	-2.40**	-6.33**	-1.48**	-0.93**
	(0.11)	(0.18)	(0.04)	(0.03)
Hispanic	-1.08**	-2.04**	-0.69**	-0.31**
	(0.13)	(0.21)	(0.04)	(0.04)
Asian	-0.23	-0.51	-0.02	0.07
	(0.21)	(0.35)	(0.07)	(0.06)
Age 45-54				
Black	-2.44**	-5.81**	-1.39**	-0.83**
	(0.11)	(0.14)	(0.04)	(0.03)
Hispanic	-1.35**	-3.51**	-0.66**	-0.24**
	(0.14)	(0.17)	(0.05)	(0.04)
Asian	-0.53*	-1.15**	-0.10	0.07
	(0.23)	(0.28)	(0.08)	(0.07)
Age 55-64				
Black	-2.23**	-6.15**	-1.15**	-0.87**
	(0.11)	(0.10)	(0.04)	(0.03)
Hispanic	-1.74**	-5.27**	-0.62**	-0.30**
	(0.14)	(0.13)	(0.05)	(0.04)
Asian	-0.62*	-1.07**	-0.05	-0.02
	(0.25)	(0.24)	(0.09)	(0.08)
Age 65-74				
Black	-2.54**	-6.68**	-1.27**	-0.97**
	(0.10)	(0.09)	(0.04)	(0.03)
Hispanic	-1.30**	-4.31**	-0.60**	-0.31**
	(0.14)	(0.12)	(0.05)	(0.04)
Asian	-1.48**	-5.84**	-0.23*	0.13
	(0.27)	(0.24)	(0.11)	(0.09)

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.

Note: Results are based on simultaneous quantile regression. The model includes nativity, education, age, household types, and year dummy. Total net worth (tnw) is transformed to log(tnw) if tnw>0, 0 if tnw=0, and –log(abs(tnw)) if tnw<0. The superscripts indicate the quantile from which the current estimate differs.

** p<.01 * p<.05

Table 8. Nativity Differential of Hispanic and Asian Effects at Quantiles of Net Worth: The Interaction Effect Model

	Mean	15%tile	50%tile	85%tile
Total sample				
Hispanic—native	-1.27**	-3.60**	-0.68**	-0.26**
	(0.08)	(0.11)	(0.03)	(0.02)
Hispanic—immigrant	-0.94**	-1.91**	-0.88**	-0.49**
	(0.13)	(0.19)	(0.05)	(0.04)
Asian—native	--	-0.94**	--	0.23**
		(0.28)		(0.06)
Asian—immigrant	--	-0.09	--	0.05
		(0.22)		(0.04)
Age 35-44				
Hispanic—native	--	-1.60**	-0.57**	-0.24**
		(0.24)	(0.05)	(0.04)
Hispanic—immigrant	--	-2.60**	-1.08**	-0.59**
		(0.42)	(0.09)	(0.08)
Age 45-54				
Hispanic—native	--	-3.81**	-0.56**	--
		(0.20)	(0.06)	
Hispanic—immigrant	--	-2.77**	-0.87**	--
		(0.34)	(0.10)	
Asian—native	--	--	0.21	--
			(0.14)	
Asian—immigrant	--	--	-0.17	--
			(0.10)	
Age 55-64				
Hispanic—native	--	-5.51**	-0.56**	-0.20**
		(0.14)	(0.05)	(0.05)
Hispanic—immigrant	--	-2.66**	-0.82**	-0.48**
		(0.25)	(0.10)	(0.09)
Age 65-74				
Hispanic—native	-0.99**	-2.43**	-0.40**	-0.24**
	(0.16)	(0.16)	(0.07)	(0.05)
Hispanic—immigrant	-1.96**	-3.69**	-1.17**	-0.69**
	(0.28)	(0.29)	(0.12)	(0.09)
Asian—native	--	-3.20**	--	--
		(0.42)		
Asian—immigrant	--	-0.98*	--	--
		(0.40)		

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.
Note: Only estimates with significant nativity differentials are presented from the interaction model. Total net worth (tnw) is transformed to log(tnw) if tnw>0, 0 if tnw=0, and –log(abs(tnw)) if tnw<0. The superscripts indicate the quantile from which the current estimate differs.
** p<.01 * p<.05

Table 9. Education Effects at Qunatiles of Net Worth: The Main Effect Model

	Mean	15%tile	50%tile	85%tile
Total sample				
Some college	-0.95**	-0.94**	-0.60**	-0.48**
	(0.04)	(0.07)	(0.01)	(0.01)
High school	-1.17**	-1.14**	-0.90**	-0.73**
	(0.04)	(0.06)	(0.01)	(0.01)
No high school	-2.52**	-2.91**	-1.69**	-1.25**
	(0.05)	(0.08)	(0.02)	(0.02)
Age 25-34				
Some college	-0.58**	-0.50	-0.58**	-0.46**
	(0.11)	(0.48)	(0.04)	(0.04)
High school	-0.67**	0.57	-0.94**	-0.69**
	(0.11)	(0.47)	(0.04)	(0.04)
No high school	-1.87**	-0.72	-2.45**	-1.38**
	(0.15)	(0.67)	(0.06)	(0.05)
Age 35-44				
Some college	-1.38**	-1.89**	-0.68**	-0.55**
	(0.08)	(0.14)	(0.03)	(0.03)
High school	-1.57**	-2.08**	-0.97**	-0.78**
	(0.08)	(0.14)	(0.03)	(0.02)
No high school	-3.24**	-4.83**	-2.29**	-1.42**
	(0.12)	(0.19)	(0.04)	(0.03)
Age 45-54				
Some college	-1.00**	-0.93**	-0.61**	-0.48**
	(0.09)	(0.11)	(0.03)	(0.03)
High school	-1.38**	-1.33**	-0.87**	-0.73**
	(0.09)	(0.11)	(0.03)	(0.03)
No high school	-2.82**	-4.61**	-1.71**	-1.20**
	(0.11)	(0.13)	(0.04)	(0.03)
Age 55-64				
Some college	-0.69**	-0.52**	-0.44**	-0.41**
	(0.10)	(0.10)	(0.04)	(0.03)
High school	-1.00**	-0.90**	-0.71**	-0.70**
	(0.09)	(0.09)	(0.03)	(0.03)
No high school	-2.26**	-2.48**	-1.36**	-1.14**
	(0.10)	(0.09)	(0.03)	(0.03)
Age 65-74				
Some college	-0.60**	-0.39**	-0.45**	-0.47**
	(0.11)	(0.10)	(0.04)	(0.03)
High school	-0.76**	-0.77**	-0.70**	-0.71**
	(0.09)	(0.08)	(0.04)	(0.03)
No high school	-1.91**	-2.20**	-1.26**	-1.17**
	(0.09)	(0.08)	(0.04)	(0.03)

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.
Note: Results are based on simultaneous quantile regression. The model includes nativity, ethnicity, age, household types, and year dummy. Total net worth (tnw) is transformed to log(tnw) if tnw>0, 0 if tnw=0, and –log(abs(tnw)) if tnw<0. The superscripts indicate the quantile from which the current estimate differs.
** p<.01 * p<.05

Table 10. Nativity Differential Effects of Education at Quantiles of Net Worth: The Interaction Effect Model

	Mean	15%tile	50%tile	85%tile
Total sample				
Bachelor-native	0	0	0	0
Bachelor-immigrant	0.36*	0.54*	0.11*	-0.20**
	(0.16)	(0.23)	(0.06)	(0.05)
No high school-native	-2.54**	-2.84**	-1.67**	--
	(0.05)	(0.08)	(0.02)	
No high school-immigrant	-1.86**	-2.08**	-1.54**	--
	(0.15)	(0.22)	(0.05)	
Age 25-34				
No high school-native	-2.01**	--	--	-1.42**
	(0.16)			(0.06)
No high school-immigrant	-1.12**	--	--	-1.13**
	(0.39)			(0.14)
Age 35-44				
Bachelor-native	--	--	--	0
Bachelor-immigrant	--	--	--	-0.26**
				(0.09)
No high school-native	-3.48**	-5.21**	-2.37**	--
	(0.13)	(0.20)	(0.04)	
No high school-immigrant	-1.55**	-1.16*	-1.42**	--
	(0.32)	(0.51)	(0.11)	
Age 45-54				
Bachelor-native	--	--	--	0
Bachelor-immigrant	--	--	--	-0.26**
				(0.10)
No high school-native	--	-4.53**	--	--
		(0.14)		
No high school-immigrant	--	-3.43**	--	--
		(0.41)		
Age 55-64				
No high school-native	--	-2.44**	--	--
		(0.09)		
No high school-immigrant	--	-1.70**	--	--
		(0.28)		
Age 65-74				
Bachelor-native	--	--	--	0
Bachelor-immigrant	--	--	--	-0.41**
				(0.12)
No high school-native	-1.88**	-2.20**	--	--
	(0.10)	(0.10)		
No high school-immigrant	-1.20**	-1.03**	--	--
	(0.29)	(0.29)		

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.

Note: Only estimates with significant nativity differentials are presented from the interaction model. Total net worth (tnw) is transformed to log(tnw) if tnw>0, 0 if tnw=0, and –log(abs(tnw)) if tnw<0. The superscripts indicate the quantile from which the current estimate differs.

** p<.01 * p<.05

Appendix: Table 1. Descriptive Statistics of Variables Used in Analysis

Variable	Total	Native	Immigrant
Immigrant status	0.08		1.00
	(0.28)	0	(0.00)
Arrival 1965-74	0.02		0.20
	(0.13)	0	(0.40)
Arrival 1975-1984	0.02		0.27
	(0.15)	0	(0.44)
Arrival Post-1984	0.02		0.18
	(0.12)	0	(0.39)
Missing arrival	0.01		0.12
	(0.10)	0	(0.33)
Non-naturalized	0.04		0.53
	(0.21)	0	(0.50)
Black	0.11	0.11	0.07
	(0.31)	(0.31)	(0.26)
Hispanic	0.07	0.05	0.34
	(0.26)	(0.21)	(0.47)
Asian	0.02	0.01	0.20
	(0.15)	(0.08)	(0.40)
Some college	0.33	0.34	0.25
	(0.47)	(0.47)	(0.43)
High school	0.25	0.25	0.19
	(0.43)	(0.44)	(0.40)
No high school	0.23	0.23	0.24
	(0.42)	(0.42)	(0.43)
Age	46.46	46.59	45.07
	(13.83)	(13.89)	(13.06)
Married-couple with children	0.37	0.36	0.49
	(0.48)	(0.48)	(0.50)
Female-head household	0.13	0.12	0.13
	(0.33)	(0.33)	(0.33)
Single male	0.09	0.10	0.07
	(0.29)	(0.29)	(0.26)
Single female	0.12	0.12	0.08
	(0.32)	(0.33)	(0.27)
Other household	0.07	0.07	0.08
	(0.26)	(0.26)	(0.27)
Panel 85	0.08	0.08	0.06
	(0.27)	(0.27)	(0.23)
Panel 86	0.07	0.07	0.06
	(0.26)	(0.26)	(0.24)
Panel 87	0.07	0.08	0.04
	(0.26)	(0.26)	(0.21)
Panel 90	0.15	0.15	0.17
	(0.36)	(0.35)	(0.38)
Panel 91	0.07	0.07	0.07
	(0.26)	(0.26)	(0.26)
Panel 92	0.13	0.13	0.14
	(0.34)	(0.34)	(0.35)
Panel 93	0.13	0.13	0.14
	(0.33)	(0.33)	(0.34)
Panel 96	0.23	0.22	0.26
	(0.42)	(0.42)	(0.44)
Sample size	123,621	113,198	10,423

Data source: SIPP 1984, 1985, 1986, 1987, 1990, 1991, 1992, 1993, and 1996 panels.

Note: Standard deviation in parentheses.