Skin Tone, Race/Ethnicity, and Wealth Stratification among New Immigrants:

Revisiting the Preference for Whiteness Hypothesis

ABSTRACT

Immigrants' racial/ethnic status has profound implications for their lives in the United States, including its influence on their ability to improve financial well-being. We examine a particular type of financial well-being – wealth attainment – and consider how both skin tone and race/ethnicity contribute to wealth stratification. To assess these dual influences, we use the New Immigrant Survey and the recently developed *preference for whiteness hypothesis* to argue that darker-skinned immigrants will attain lower levels of wealth and will be less likely to own certain assets. Results generally support the hypothesis, though darker skin among black immigrants was associated with a greater likelihood of cash account ownership. Overall, the results illuminate how immigrants with a racial/ethnic minority status and a darker complexion encounter multiple forms of disadvantage relative to white and/or their lighter-skinned fellow immigrants.

Keywords: Immigrants, skin tone, race/ethnicity, wealth attainment, investments

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INTRODUCTION

The United States continues to be a prime destination for immigrants from all over the world.

Yet, despite immigrants' desire to improve their life chances with a move to the United States,

many encounter challenges and obstacles that restrict or block their opportunities for upward

mobility upon arrival. One such challenge is the racialized U.S. social structure. Due to deeply

rooted and highly institutionalized racial/ethnic inequality in the United States (Omi and Winant

1994), many immigrants must manage a U.S. racial/ethnic status that may never have been

salient in their home country but permeates their lives upon arrival.

Immigrants' racial/ethnic status has profound implications for their lives in the United

States, including its influence on their ability to improve their financial well-being. One aspect of

financial well-being that has garnered increasing scholarly attention is wealth attainment. Most

research examining racial/ethnic wealth inequality has focused on the U.S. born and documented

strong and persistent financial inequalities among racial/ethnic groups (e.g., Campbell and

Kaufman 2006; Conley 1999; Oliver and Shapiro 2006). Additionally, research has studied

racial/ethnic wealth stratification among immigrants and found similar patterns of inequality

(Hao 2004, 2007). Clearly, race/ethnicity plays an important role for wealth attainment in the

United States.

Research using racial/ethnic categories is quite common and provides valuable insight

into wealth stratification in the United States, but this approach to understanding social

inequality may be painting with too broad of strokes. Indeed, racial/ethnic categories may mask

considerable stratification *within* racial/ethnic groups and impose rigid boundaries that may

actually be more flexible. One way to explore racial/ethnic wealth stratification in the United States from a different direction is to consider skin tone. A relatively large body of literature has examined how skin tone affects life chances among various racial/ethnic groups and has consistently documented that darker-skinned individuals experience disadvantage across a variety of socioeconomic outcomes (e.g., Frank, Akresh, and Lu 2010; Goldsmith, Hamilton, and Darity 2007; Hersch 2006; Hunter 2002; Kiang and Takeuchi 2009; Loury 2009).

This study builds on this work by examining how skin tone, in addition to racial/ethnic status, affects immigrants' financial well-being in the United States. We elaborate on the recently developed *preference for whiteness hypothesis* to argue that darker-skinned immigrants will not only attain lower levels of wealth but will be less likely to own key assets. We test this hypothesis with data from the New Immigrant Survey.

Overall, this study makes four contributions to the literature on skin tone stratification. First, we build on the preference for whiteness hypothesis, which uses social identity theory to explain the existence of favorable or unfavorable attitudes and behaviors toward in- or out-group members, respectively. Here we introduce the related conceptualization of stereotyping, which highlights the derogation of – and discrimination toward – out-groups. In this way, we extend scholars' understanding of the underlying mechanisms that lead to differential treatment, in line with the preference for whiteness hypothesis. Second, we highlight the dual influence of both skin tone and racial/ethnic status for immigrants' financial well-being. This allows us to examine inequalities derived from darker complexions and those stemming from racial/ethnic minority group membership. Third, we include race/ethnic-specific comparisons among four major racial/ethnic groups: Asians, blacks, Latinos, and whites. Only two articles examine the role of skin tone for life chances among Asians (Kiang and Takeuchi 2009) and whites (Hersch 2011b),

2

with the rest of the literature focused on skin tone stratification among blacks or Latinos. Last, following Hao (2004, 2007), we expand the concept of immigrant financial well-being to include wealth attainment and investment behavior. This allows us to extend scholars' understanding of how skin tone stratification affects life chances and provides unique insight, via assets, into the portfolio choices that lead to wealth inequality.

CONCEPTUAL FRAMEWORK

In order to understand how skin tone stratifies financial well-being in the United States, we briefly review the historical background of colorism or the preference for lighter skin. We then examine the current landscape of research on skin tone stratification and highlight the role of the preference for whiteness hypothesis in explaining these inequalities. In the last section, we develop why wealth attainment and asset acquisition are important indicators of financial well-being, particularly for immigrants.

The Historical Context of the Preference for Lightness

The roots of colorism – a preference or favoritism for lightness – can be traced to slavery in the United States. Slaveholders disproportionately selected lighter-skinned slaves to work in domestic positions (e.g., house servants, butlers, maids, cooks), while darker-skinned slaves were relegated to labor-intensive agricultural jobs (e.g., Frazier 1957; Johnson 1996). In addition to the relatively less physically-demanding duties around the house, lighter-skinned slaves often had access to a variety of advantages, including better food and shelter, exposure to white culture, and opportunities for learning to read and write (Bodenhorn and Ruebeck 2007; Frazier 1957; Horton and Horton 1997). Lighter-skinned slaves were also likely to learn a skilled trade (Frazier 1957; Horton and Horton 1997; Margo 1992), work as tenants or have their own farm (Bodenhorn 2003), and hold greater wealth (Bodenhorn and Ruebeck 2007). These advantages

3

were also available to their children, particularly if they were the progeny of a slaveholder (Horowitz 1973). In contrast, darker-skinned slaves working in the fields lived a much harder life, did not have access to these resources and advantages, and the life chances of their offspring – particularly those with a dark complexion – were similarly limited.

In sum, skin tone variation led to educational, economic, and health inequalities among slaves. The advantages associated with lighter complexion benefited not only adult slaves, but were also transferred intergenerationally to their lighter-skinned children.

Current Knowledge about Skin Tone Stratification in the Contemporary United States

Colorism continues to influence financial well-being in the United States today. Most of the literature examining the implications of skin tone stratification makes comparisons within racial/ethnic groups, though a handful of articles look at black-white inequalities. Across this literature, the overarching pattern is that darker skin tone is associated with worse socioeconomic outcomes.

Among blacks, darker-skinned individuals experience lower educational attainment (e.g., Gullickson 2005; Hersch 2006; Hughes and Hertel 1990; Hunter 1998, 2002; Keith and Herring 1991; Loury 2009), hourly wages (Goldsmith, Hamilton, and Darity 2007), income (Allen et al. 2000; Hersch 2006; Hughes and Hertel 1990; Hunter 1998, 2002; Keith and Herring 1991), occupational prestige (Gullickson 2005; Hill 2000; Hughes and Hertel 1990; Keith and Herring 1991), spousal education (Gullickson 2005; Hughes and Hertel 1990; Hunter 1998, 2002), and spousal occupational prestige (Hughes and Hertel 1990). There is some variation in this overall pattern among these outcomes by gender (Allen et al. 2000; Hersch 2006; Hunter 1998, 2002; Keith and Herring 1991), age (Loury 2009), and cohort (Gullickson 2005).

The same pattern is evident among Latinos: darker skin tone is associated with lower educational attainment (e.g., Allen et al. 2000; Hunter 2002), hourly wages (Gómez 2000), income (e.g., Frank, Akresh, and Lu 2010; Mason 2004; Telles and Murguia 1990), and occupational prestige (e.g., Espino and Franz 2002), with some variation by gender (Allen et al. 2000; Gomez 2000; Hunter 2002), ethnicity/nationality (Allen et al. 2000; Espino and Franz 2002; Mason 2004), and immigrant status (Mason 2004). One article finds no relationship between skin tone and earnings for Mexican Americans (Bohara and Davila 1992; but see Telles and Murguia 1992 for a response).

Three more recent articles examine the ramifications of skin tone stratification between blacks and whites (Goldsmith, Hamilton, and Darity 2006; Goldsmith et al. 2007; Hersch 2006). Using whites as the reference category and a categorical measure (i.e., dark, medium, light) of skin tone among blacks, Hersch (2006) finds that dark-skinned black men and women and men with a medium skin tone are associated with lower educational attainment relative to whites. For wages, medium and dark-skinned blacks are associated with lower wages, while light-skinned blacks attain earnings equivalent to those of whites (Goldsmith et al. 2006, 2007). In gender-specific analyses, Hersch (2006) reports similar results for darker-skinned individuals; however, she finds that both light-skinned men and women earn significantly less wages than whites.

Similarly, darker skin tone is associated with lower income among Asians (Kiang and Takeuchi 2009). Recent research has also examined financial inequality among new immigrants and found lower hourly wages associated with darker skin tones for immigrants (Hersch 2008) and their spouses (Hersch 2011a). Notably, no research to date explores skin tone stratification and socioeconomic outcomes among whites.

The Preference for Whiteness Hypothesis

Clearly, there are substantial inequalities between- and within-racial/ethnic groups that reflect both the historical legacy and contemporary influence of colorism. Most of the literature – either implicitly or explicitly – points to discrimination as the underlying mechanism to explain these inequalities. The literature, however, is largely silent on *how* colorism results in discrimination; that is, why exactly do darker-skinned individuals experience worse socioeconomic outcomes than their lighter-skinned counterparts? In this section, we draw on the preference for whiteness hypothesis, developed by Goldsmith et al. (2007), to explain how skin tone variation results in inequality.

Goldsmith et al. (2007) make three arguments in support of the preference for whiteness hypothesis. First, a process of social categorization results in the formation of in- and out-groups. In-group membership is rewarded with preferential treatment and access to greater resources and opportunities while out-group membership is associated with prejudice and discrimination. Second, the assignment of racial/ethnic status is a process of social categorization that creates in- and out-groups. Whiteness is the defining characteristic of in-group membership and is associated with numerous advantages. Importantly, while a white racial status certainly grants access to in-group privileges and resources, colorism plays an important role in shaping individuals' life chances. Therefore, lighter skin tone may bestow in-group membership, regardless of an individual's racial/ethnic status. Third, individuals who are categorized as members of the in-group will receive preferential treatment and a higher ascribed social status. If a lighter skin tone is an attribute of in-group membership, then lighter-skinned individuals will, on average, be socially privileged and have access to greater resources in comparison to darker-

hued individuals. In this way, a greater propinquity to whiteness (i.e., lighter skin shade) will result in preferential treatment and increased opportunity for societal rewards.

But why does social assignment to in- and out-groups result in differential treatment and access to societal rewards? To answer this question, Goldsmith et al. (2007) turn to social identity theory. This perspective posits that interactions with others vary in the degree to which personal (i.e., individual attributes) and social (i.e., group affiliations) identities are relevant (Tajfel and Turner 1979). Cognitive processes involving social identity provide the foundation for intergroup – as opposed to interpersonal – behavior. Individuals mentally categorize the social world in terms of in-groups and out-groups and may spontaneously act on the basis of those categorizations without conscious effort (Brewer and Brown 1998). These dynamics occur in contexts where group memberships are salient and intergroup comparisons are made (Turner et al. 1987). The more that attributes, such as race/ethnicity, differentiate people from those in other social categories, the greater the perception of within-group homogeneity and between-group heterogeneity. In situations involving intergroup relations, perceived in-group similarity enhances group cohesiveness and produces ethnocentrism, which are sources of in-group favoritism. A robust body of evidence supports the prediction that the activation of social identity elicits responses that favor the in-group and may, concomitantly, discriminate against the out-group (Brewer and Brown 1998). Further, when a low-status group accepts the perceived superiority of a high-status group, the members of the low-status group may demonstrate favoritism for the high-status out-group (Tajfel and Turner 1979, 1986). Goldsmith et al. (2007) maintain that the preference for whiteness occurs when this "status effect" is stronger than the categorization effect of race/ethnicity, and both whites and dark-skinned blacks will treat light-skinned blacks more favorably.

Yet, social identity theory may only partially explain skin tone-based differential treatment. The bias predicted by the theory largely involves positive judgments (e.g., perceived honesty and trustworthiness) of in-group members compared to out-group members (e.g., Jetten, Spears, and Postmes 2004). This in-group positivity bias is essential to the maintenance of in-group cohesion and solidarity, but alone it is not sufficient to produce hostility and discrimination toward an out-group (Brewer 2007). Therefore, we turn to the closely related conceptualization of stereotyping, which calls attention to the cognitive dynamics of out-group derogation and discrimination (Fiske 1998).

Cognitive categorizations tag information about physical and social characteristics of people and generate generalized stereotypic attributions about out-groups (Taylor 1981). Socially constructed essentialist beliefs (Levy, Stroessner, and Dweck 1998; Maddox 2004) and illusory (i.e., anecdotal) generalizations (Hamilton 1981) engender racial/ethnic stereotypes, which designate out-group members' place in a social status hierarchy (Fiske 1998) and rationalize existing social arrangements (Jost and Benaji 1994). Once activated, a stereotype guides the assimilation and interpretation of subsequently encountered information, giving primacy to that which is consistent with the stereotype (e.g., Fyock and Stanger 1994; McCrae, Milne, and Bodenhausen 1994), and, in the absence of evidence contradicting the stereotype, leads to stereotypic judgments about others (Bodenhausen 1988). The presence of an out-group member may automatically (i.e., unconsciously) activate a stereotype, allowing people to use attributes such as race/ethnicity to quickly categorize and rapidly respond to others in routine interactions (Fiske 1998; McCrae and Bodenhausen 2000). Discriminatory behavioral responses to out-group members are a predictable outcome of these processes.

Investigations of skin tone apply these cognitive perspectives to a phenotypical characteristic that may activate social identity and stereotyping processes in within-group judgments. Phenotypical differences within racial/ethnic groups involve various physical features, but skin tone appears to be the most salient distinguishing factor (Goldsmith et al. 2007; Maddox 2004). Both whites and blacks use skin tone as an organizing cue, and members of both groups perceive dark-skinned blacks as having more negative than positive traits and light-skinned blacks as having more positive than negative traits (Maddox and Gray 2002). In addition, both whites and blacks are aware of stereotypical distinctions between light- and dark-skinned blacks. Similarly, American Hispanics and Chileans of both dark and light skin tones demonstrate an implicit preference for light-skinned in-group members, although explicit measures of attitudes provide less consistent evidence of skin-tone preference (Uhlmann et al. 2002). Even European Americans with more Afrocentric features are judged more stereotypically compared to European Americans with less Afrocentric features (Blair et al. 2002). However, stereotypes about skin tone may be activated only when relevant to the current situation (Maddox and Chase 2004). Therefore, skin-tone related stereotypes (e.g., intelligence and education levels) may be particularly relevant in contexts involving such matters as employment and income.

The Preference for Whiteness Hypothesis and Immigrant Wealth

The preference for whiteness hypothesis makes a straight-forward prediction: individuals with lighter skin tone will be more likely to experience preferential treatment and darker skin toned individuals will be more likely to encounter discrimination. In the literature reviewed above, the poorer life chances associated with darker skin tones are likely due to some combination of

various types of discrimination (e.g., educational, hiring, workplace), resulting in lower educational attainment, wages, and/or income.

But how does the preference for whiteness hypothesis apply to other socioeconomic outcomes, such as wealth attainment and asset acquisition? Certainly one way that darker-skinned individuals would experience less wealth attainment is due to lower education and income, which would suppress the ability to save and limit opportunities for investment. Conversely, lighter-skinned individuals would have a greater likelihood of converting their relatively higher education and income into wealth.

Independent of these factors, however, skin tone may matter in the *pursuit and purchase* of investments. Indeed, if lighter-skinned individuals experience advantages in education, employment, and the workplace, they may benefit from preferential treatment in other areas as well. This advantage may be particularly evident in the ownership of assets that generally require more in-person contact (e.g., cash accounts and homes), which may result in differential treatment by skin shade. Since the activation of stereotypes are context specific, in-person contact may lead to preferential treatment for in-group members and discriminatory behavior toward out-group members. In this way, lighter-skinned individuals may be more positively received within financial institutions, such as banks, mortgage loan companies, and/or real estate offices, which would facilitate the purchase of – and subsequent investment in – assets ranging from the relatively simple (e.g., savings and checking accounts) to the more complicated (e.g., homes). In contrast, while assets like stocks can be purchased through a broker, they can also be purchased through impersonal means, including online brokerage firms. For assets such as these, the influence of skin tone may be more muted, if not completely absent. Yet, online banking was not widespread in the early 2000s (respondents for the New Immigrant Survey were interviewed

in 2003). Indeed, 32% of Internet users had ever used online banking in 2002 and only 12% had ever used the Internet to buy or sell stocks (Fox 2002).[1] Thus, while online banking was available in the early 2000s, it appears that a large majority of individuals – including Internet users – conducted their financial transactions in person.

In light of this argument, we offer the following hypotheses that reflect the preference for whiteness hypothesis:

Hypothesis 1: Immigrants with darker skin tones have lower wealth attainment and a lower likelihood of asset acquisition.

Hypothesis 1a: The influence of skin tone on asset acquisition is greater for assets that involve more in-person contact.

Race/Ethnicity and Immigrant Wealth Attainment

Expanding research on the ramifications of skin tone stratification for financial well-being, especially for immigrants, to include wealth attainment and asset acquisition is important for several reasons. For one, a focus on wealth attainment provides insight into a stock of resources that can meet both short-term and over time needs (Keister 2000b). Wealth attainment also reflects financial attitudes and behaviors as well as financial priorities, goals, and values (Hao 2007). Additionally, an analysis of portfolio choices provides insight into the particular investment mechanisms underlying wealth inequality. Returns, risk, and liquidity vary across assets; therefore, portfolio choices affect the rate of wealth attainment. For example, stocks have the potential for high returns, but they are a risky investment and immigrants may prefer to invest in assets that are more liquid (e.g., savings accounts) and/or provide immediate benefits

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[1] This usage has increased over time with 61% of Internet users or 51% of all adults having ever used the Internet for online banking (Fox 2013). Therefore, even though 85% of U.S. adults use the Internet (Fox 2013), there is clearly a strong preference for banking in person.

(e.g., homes). Meanwhile, immigrants may face constraints such as financial resources, investment knowledge, and/or risk tolerance, which may affect their portfolio composition.

Contemporary immigrants are mostly nonwhite. Due to institutionalized racial/ethnic inequality in the United States (Omi and Winant 1994), immigrants of various racial/ethnic backgrounds are likely subject to similar structural barriers as their native-born racial/ethnic counterparts. For example, West Indian immigrants strive to maintain their ethnic identity as a way of distinguishing themselves from black Americans and to help facilitate upward mobility (Waters 1999). In the end, however, "race as a master status . . . overwhelms the identities of the immigrants and their children, and they are seen as black Americans" (Waters 1999:8). In this way, immigrants' racial/ethnic status – as well as their skin tone – affects their abilities to navigate the social environment and influences their job opportunities, social connections, and, ultimately, asset attainment (e.g., Hao 2007; Portes and Rumbaut 2006; Waters 1999). Since race/ethnicity is strongly associated with both skin tone and wealth attainment, it is essential to briefly review the literature on racial/ethnic asset and wealth inequality of the native-born in order to shed light into how skin tone may play a role in immigrants' wealth attainment.

Net Worth. Within the wealth literature, most scholarly research focuses on black/white wealth inequality. This body of work consistently reports that blacks are associated with lower levels of wealth (e.g., Campbell and Kaufman 2006; Conley 1999; Keister 2004; Oliver and Shapiro 2006). This inequality is largely attributable to the greater barriers to educational, occupational, and financial opportunities that blacks have traditionally faced (e.g., Hao 1996; Oliver and Shapiro 2006).

Though not as prevalent as black-white wealth studies, some research examines Asian and Latino wealth (e.g., Campbell and Kaufman 2006; Hao 2007; see also Kim, Chatterjee, and

12

Cho 2012). Latinos are disadvantaged by some of the same processes that prevent blacks from acquiring assets and accumulating wealth, but there are factors unique to this ethnic group that generate low wealth (Campbell and Kaufmann 2006). In contrast, research examining Asian wealth attainment is mixed with one article finding that Asians resemble whites in net worth (Author, Forthcoming) while another article finds that Asians attain less wealth than whites (Campbell and Kaufmann 2006).

In line with the racial/ethnic wealth inequality evident in the wealth literature, we offer the following hypotheses that reflect the well-known racial/ethnic stratification in wealth attainment among immigrants:

Hypothesis 2: Racial/ethnic minority immigrants attain less wealth than white immigrants.

Hypothesis 2a: Wealth inequality is largest between white and black immigrants.

Hypothesis 2b: Wealth inequality between white and Latino immigrants is less than that between white and black immigrants.

Hypothesis 2c: Wealth inequality is the smallest between white and Asian immigrants.

Cash Accounts. Cash accounts are financial assets that can be liquidated and consumed in times of financial hardship. Cash accounts are secure and insured investments and financial institutions typically offer a nominal interest rate to account holders. Blacks and Latinos are less likely to have checking and savings accounts (e.g., Gutter and Fontes 2006), though some research finds that blacks and whites are just as likely to own cash accounts (Keister 2000a). In line with the larger literature on racial/ethnic wealth inequality, we hypothesize that racial/ethnic minority immigrants are less likely to own cash accounts than white immigrants (Hypothesis 3) and the racial/ethnic hierarchy in cash account ownership follows the expectations above (Corollary 3a).

Mortgage loan. Mortgages are a common financial mechanism by which individuals purchase houses. Home ownership offers a number of advantages including shelter, the potential for capital appreciation, and tax benefits. Ample evidence demonstrates that blacks and Latinos are less likely than whites to own homes (e.g., Flippen 2001; Haan 2007; Keister 2000a, 2004). One factor that contributes to this inequality is that blacks and Latinos are more likely than whites to have their applications for home mortgages rejected (Fix and Struyk 1993; Schafer and Ladd 1981). Additionally, discriminatory practices such as redlining, differential mortgage rates, and steering by real estate agents prevent racial/ethnic minorities from obtaining mortgages and buying homes in more affluent areas (e.g., Conley 1999; Krivo and Kaufman 2004; Long and Caudill 1992; Oliver and Shapiro 2006). Drawing from this literature, we hypothesize that racial/ethnic minority immigrants are less likely to have a mortgage than white immigrants (Hypothesis 4) and that the racial/ethnic hierarchy for mortgage possession follows the expectations for net wealth (Corollary 4a).

Stocks. Like cash accounts, stocks can be easily liquidated, but they are far riskier investments. The trade-off for this risk, however, is the potential for greater returns. Blacks and Latinos are less likely to own stocks than whites (Gutter and Fontes 2006; Hanna and Lindamood 2008; Hanna, Wang, and Yuh 2010; Keister 2004) and the relatively smaller literature on portfolio choices among Asians generally finds no Asian/white inequality in investment (e.g., Hanna et al. 2010). Inequalities in stock investment between racial/ethnic minorities and whites are likely due to a lack of wealth as poor households may not have the financial resources to open a savings account, much less to invest in the stock market. Due to the racial/ethnic inequality evident in stock ownership, we hypothesize that racial/ethnic minority

immigrants are less likely to invest in stocks than white immigrants (Hypothesis 5) and the racial/ethnic hierarchy in stock ownership follows the expectations above (Corollary 5a).

METHODS

Data

The New Immigrant Survey (NIS) is well suited for examining skin tone and racial/ethnic differences in wealth attainment among Legal Permanent Residents (LPRs). The NIS is a multi-cohort prospective-retrospective cross-sectional sample that is nationally representative of immigrants gaining LPR status in 2003. The data contain 8,573 such LPRs, who were at least 18 years of age at LPR receipt. The NIS sample is stratified by four visa classes of admission: spouses of U.S. citizens (20% of sample), employment (20%), diversity lottery (17%), and a residual category that includes refugees and asylees, spouses of legal permanent residents, and adult children (43%).

The analytical sample included immigrants who were interviewed in person, currently live in the United States, and do not report a racial/ethnic status of Native American or Pacific Islander. With these restrictions, the analytical sample size was 4,592 and included 1,243 non-Latino Asians, 571 non-Latino blacks, 1,766 Latinos, and 1,012 non-Latino whites. The reduction in sample size was largely due to phone interviews, which precluded the recording of respondents' skin tone (see Akresh et al. 2010; see also Hersch 2008).[2] The NIS contained 4,652 respondents who were interviewed in person and therefore have a value recorded for the skin color question.

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[2] In supplementary analyses, we conducted t-tests of the outcome variables to compare respondents who were interviewed over the phone with respondents who were interviewed in person (i.e., those with a skin color value). Results indicated that respondents interviewed in person had less wealth and were less likely to own cash accounts, have a mortgage, and to own stocks. Given the lower level of wealth and lower likelihood of holding key assets among those immigrants interviewed in person, these analyses suggest that the results in this paper are likely to be conservative.

Measures

Wealth Outcomes. The NIS contained detailed information on immigrants' asset and debt holdings in the United States. *Net worth* was measured as the US$2003 value of assets less debts. Assets included the value of financial investments, such as checking and savings accounts, bonds, stocks, and Individual Retirement Accounts. Also included are the value of non-financial holdings, such as homes, automobiles, real estate, and other valuable possessions. The value of these assets was weighed against total debts, such as those from credit cards, hospital bills, mortgages, and property liens. For specific investments, we analyzed three dichotomous variables (1=ownership): *cash account* (i.e., savings, checking, money market), *mortgage*, and non-retirement account *stocks/stock mutual fund*.

Explanatory Variables. We used a continuous measure of skin tone. NIS interviewers memorized and rated respondents' skin tone against a chart that contained 10 identically-shaped hands that differed in hue and were assigned a value ranging from 1 to 10 (Massey and Martin 2003). Values of zero were reserved for the total absence of color. We measured race/ethnicity as non-Latino Asian, non-Latino black, Latino, and non-Latino white (reference).[3]

Control Variables. We included a number of variables that captured immigrants' pre-migration characteristics, the process through which they qualified for LPR status, and their U.S. experiences. Foreign education served as a proxy for pre-immigration characteristics, classified as no high school education (reference), high school degree, some college, bachelor's degree, and advanced degree. We also included two controls for parental background: a measure of respondents' parents' education and a measure of relative family income at age 16. For parental education, we tabulated the highest amount of schooling between the respondents' father, mother, or reported guardian. Respondents' relative childhood income comprised a set of

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[3] We shorten the label for racial/ethnic groups by dropping "non-Latino" for the rest of the paper.

dichotomous variables: far below average, below average, average (reference), above average, and far above average. Last, we controlled for respondents' country of birth with dichotomous variables.[4]

We used a dichotomous variable to control for how immigrants applied for LPR status: adjustment of status or new arrival (reference). We also included variables that accounted for LPR recipients' class of admission: U.S. spouse, employment preference, diversity lottery winner, and a residual category (reference) that included refugees, asylees, and legalization immigrants.

For immigrants' U.S. experiences, U.S. education was measured with a dichotomous variable (1=completed at least one year of education in the United States). We created a measure of immigrants' U.S. duration of residence, in years, and added a squared term to capture any non-linear effect of duration. The NIS also included a number of variables that assessed English language proficiency. We identified whether immigrants self-reported that they: speak English "not well" or "not at all" (reference) ; speak English "very well" or "well"; or are native English speakers. Other control variables were age and its square, a dichotomous variable for gender (1=female), and a continuous measure for the number of children in the household. Marital status was measured with three dichotomous variables: married (reference); separated, divorced, or widowed; and single or cohabiting. We included the log of household income. Region of residence was classified as Northeast (reference), South, Midwest, and West. Last, we included three dichotomous variables that captured immigrants' remittance behaviors during the past calendar year: no remittances (reference), less than $500, and more than $500.

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[4] The NIS survey question on country of birth has 21 country-specific categories that cover 68% of the respondents. The majority of the remaining respondents are grouped by six broad regions (e.g., Europe/Central Asia, Latin America/Caribbean, Middle East/North Africa).

Analytical Approach

We used two approaches to model wealth attainment and asset acquisition. For the dichotomous outcomes, we used logistic regression. For net worth, we used Tobit analysis. We employed this approach because the distribution of net worth is highly skewed, which suggested a logarithmic transformation to reduce the skewness. We could not apply a logarithmic transformation, however, to wealth values that were zero or negative. If we truncated the data by only analyzing those immigrants with positive wealth values, results from OLS regression would be biased and inconsistent (Amemiya 1985; Long 1997). Tobit regression provided a solution to these challenges by treating as censored those wealth values that were zero or negative and using the observed values for wealth that were greater than zero (for another application of Tobit regression for wealth attainment, see Land and Russell 1996). Models were estimated with maximum likelihood, which provided consistent regression coefficients (Amemiya 1985; Long 1997). Before estimating the Tobit regressions, we logarithmically transformed the positive values to reduce skewness. To address missing data, we used the multiple imputation, then deletion (MID) procedure with five datasets for each model using SAS Proc MI and Proc MIAnalyze (von Hippel 2007).[5]

We use a variable-nested modeling approach to explore how skin tone and race/ethnicity affect wealth attainment. Five models in Table 2 examine net worth. Because of the overlap between skin tone and race/ethnicity, we estimate separate models for skin tone (Model 1) and race/ethnicity (Model 2) before estimating a model with all these variables included (Model 3).

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[5] For our analyses, missing data in the NIS were quite low. Some variables (e.g., class of admission) had no missing data while others (U.S. education, foreign education, English language proficiency) had less than 1% missing. For race, 7% were missing and we used immigrants' country of nationality to fill in most of these missing responses. Missing values were perhaps most problematic for parental education (17%). Missing values for the variables used to calculate net worth varied by the particular asset. For example, 11% of responses were missing for the value of cash accounts, but only 1% were missing for the value of valuable possessions and 3% for home equity.

18

Model 4 is the full model without the country of birth controls and Model 5 adds these variables. We take this approach with the last two models because of several moderately strong correlations between the race/ethnic and country of birth variables.[6] Results for logged wealth are interpreted in terms of percentage change (Wooldridge 2009). To provide a sense of effect size, we also generate predicted values. Table 3 contains three models for portfolio choices: cash account ownership, mortgage loan possession, and stock ownership. To explore the relationship between skin tone and financial well-being within-racial/ethnic groups, Table 4 presents race/ethnic-specific models. Notably, since the number of racial/ethnic groups and the number of outcome variables produces a prohibitively large body of results, Table 4 only presents information for the skin tone variable from the various models. Full results are available from the first author upon request.

** Table 1 about here **

RESULTS

Descriptive Results

Table 1 presents descriptive statistics for the outcome, explanatory, and control variables. First, for the measures of wealth attainment, average net worth for the full sample is almost $56,000. Less than half of immigrants own cash accounts; approximately one-fifth of new immigrants hold a mortgage; and comparatively few have purchased stocks. By racial/ethnic group, Asians and whites are associated with the highest average wealth, followed by Latinos and blacks. Similarly, a greater proportion of Asians and whites own cash accounts and stocks. The latter investment is relatively rare for blacks and Latinos, which likely reflects their lower wealth. For mortgages, Latinos and whites have the highest average while Asians and blacks are equivalent.

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[6] For example, the highest race/ethnic and country of birth correlations are between Latino and Mexico (.54), white and Europe/Central Asia (.54), black and Haiti (.41), Asian and India (.38), and black and Ethiopia (.37).

Second, the average skin tone in the full sample is 4.18, which represents a hue almost in the middle of the skin tone scale. Skin tone is lightest for whites and darkest for blacks while Asians and Latinos have similar average skin tones. Last, for racial/ethnic groups in the full sample, the largest proportion is Latino (45%), followed by Asians (25%), whites (19%) and blacks (11%).

** Figure 1 about here **

The Distribution of Skin Tone by Racial/Ethnic Group

To provide more insight into the heterogeneity of skin tone within each racial/ethnic group, Figure 1 depicts frequency distributions of skin tone. This figure illustrates substantial overlap in the middle of the skin tone gradient among the racial/ethnic groups, particularly for Asians and Latinos. For white immigrants, their skin tone values are clustered near the lower values of the scale, including a relatively large share at zero. Conversely, black immigrants are generally located at higher values on the skin tone scale, though there are a considerable number located in the middle. Overall, while there is some similarity in skin tone among new immigrants, considerable variation both within- and between-racial/ethnic groups exists.

** Table 2 about here **

Tobit Regression Results

Table 2 presents results that highlight the importance of skin tone for wealth attainment and the persistence of racial wealth inequality for black immigrants. Model 1 introduces the variable for skin tone. This variable is negative and significant, which suggests that darker skin tones are associated with less wealth attainment than lighter skin tones. Specifically, each skin shade darker is associated with 18% or $216 less wealth.

Model 2 provides some evidence of the well-documented racial/ethnic wealth hierarchy in the United States.[7] Asians and blacks are associated with 54% (=100*[exp(0.77) − 1]) and 83% (=100*[exp(1.75) − 1]) less wealth than white immigrants, respectively. In real dollars, the wealth inequality with white immigrants is $683 for Asian and $1,050 for black immigrants. In contrast, Latino and white immigrants are associated with equivalent levels of wealth.

Model 3 includes both the skin tone and racial/ethnic variables and provides evidence, despite overlap between these variables, of the independent influence of these factors. Here, for skin tone, each shade darker is associated with 11% or $134 less wealth. For racial/ethnic wealth inequality, accounting for skin tone reduces the size of the coefficients for Asians and blacks: Asian immigrants are now associated with $589 less wealth than white immigrants while black immigrants are associated with $909 less wealth.

Model 4 adds the full set of controls, but sets aside the country of birth variables. With these controls, only black immigrants are associated with wealth disadvantage – 44% (=100*[exp(0.59) − 1]) or $464 – relative to white immigrants. For skin tone, the magnitude of the coefficient declined, but remained statistically significant: each shade darker is associated with 6% less wealth or $63.

Model 5 includes country of birth controls. Skin tone is robust to the inclusion of these controls and remains statistically significant with each shade darker associated with 7% or $67 less wealth. Importantly, though these results suggest a relatively low level of wealth inequality, they reflect immigrants' financial well-being shortly after receipt of LPR status, a rather narrow time period in which to observe U.S. wealth attainment. Further, even small financial inequalities may have larger implications for long-term financial well-being (for more detail on how small

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[7] The racial/ethnic wealth hierarchy in Model 2 differs from the descriptive wealth values (Table 1) because the analyses reported here are based on a censored wealth variable (negative and zero values are censored).

financial differences can lead to larger wealth inequalities, see Conley 1999, chapter 1). For the race/ethnicity variables, the standard errors are all larger than in Model 4, which reflects their correlations with the country of origin variables.

In sum, the evidence in Table 2 supports the prediction from the preference for whiteness hypothesis: darker skin shades are associated with lower levels of wealth attainment (Hypothesis 1). For Hypothesis 2, when we exclude the country of origin variables, Asian and Latino immigrants attain similar levels of wealth as white immigrants and only black immigrants are associated with wealth inequality. This pattern of wealth attainment is counter to the well-documented racial/ethnic wealth inequality reported in the literature (e.g., Campbell and Kaufman 2006; Hao 2004, 2007; Keister 2004; Krivo and Kaufman 2004). With the country of birth controls, however, we do not observe any racial/ethnic wealth inequality, which likely reflects the strong association between immigrants' country of birth and their racial/ethnic status in the United States.

<center>** Table 3 about here **</center>

Immigrant Asset Acquisition: Cash Accounts, Mortgages, and Stocks

Having established the importance of skin tone for inequality in net worth, we turn our attention to investment choice. Table 3 presents results from logistic regressions that focus on ownership of three types of investments: cash accounts, mortgages, and stocks.[8] For skin tone, results suggest that darker skin tone hinders asset acquisition. These results provide support for Hypothesis 1; however, the similarity in the skin tone coefficients across the models does not support the expectation that skin tone would matter less (if at all) for assets (e.g., stocks) that

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[8] In supplemental analyses, we analyzed the value of cash account, mortgage loan, and stock holdings using Tobit regression. The patterns of results were similar to those reported in Table 3. Here, we focus on ownership of these assets because asset ownership is an important aspect of portfolio composition. The values of these assets are also included in the calculation of net worth.

could be purchased without in-person contact (Hypothesis 1a). The lack of support for this

hypothesis likely reflects the relatively rare use of the Internet in the early 2000s to buy and sell

stocks (Fox 2002).

For race/ethnicity, results are generally inconsistent with the hypotheses. The investment

patterns of racial/ethnic minority immigrants are indistinguishable from those of white

immigrants for cash account ownership and mortgage possession. In contrast, the results for

stock ownership provide some evidence of a racial/ethnic hierarchy in line with Hypothesis 2.

Overall, the results for portfolio choices provide some insight into the findings for net

worth. Skin tone inequality in these three investments is reflected in overall wealth and,

conversely, the lack of racial/ethnic variation in net worth is reproduced in cash account

ownership and mortgage possession. While there are racial/ethnic differences in stock

ownership, since immigrants are less likely to own this type of asset (see Table 1), its influence

on wealth attainment is likely not as influential as the other investments.

<center>** Table 4 about here **</center>

Race/Ethnic-Specific Models

As described above, most of the research exploring the effect of skin tone on life chances

examines differences within racial/ethnic groups. In line with this research, Table 4 presents

results from race/ethnic-specific models for net worth and the three types of investments.[9] To

conserve space, the results reported in Table 4 are just for the skin tone variable.[10] For net worth,

results suggest that skin tone stratifies wealth attainment among Asian immigrants. For

investments, darker-skinned Asians are associated with lower likelihoods of having a mortgage

and owning stock. Among Latinos, the only disadvantage associated with skin tone is for

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[9] We do not analyze stock ownership among black and Latino immigrants because of small sample size (see Table 1).

[10] Results from the full models are available from the first author upon request.

<center>23</center>

mortgage possession. The most consistent results are for ownership of cash accounts. For Asians and whites, darker skin tone is associated with a lower likelihood of cash account ownership. Notably, darker skin tone is associated with a *higher* likelihood of cash account ownership among black immigrants, even when controlling for country of birth. In terms of socioeconomic status and financial well-being, this finding stands out in the literature as research generally finds disadvantage – or, at best, no difference – associated with darker skin shades among blacks.

Overall, support here for the preference for whiteness hypothesis is mixed. There is some evidence for Hypothesis 1 among Asians and among Latinos for mortgage possession, but there is also evidence that skin tone does not differentiate financial outcomes among immigrants' same-race/co-ethnic peers. The most consistent support for Hypothesis 1 is with cash account ownership; however, the finding that darker-skinned black immigrants are associated with a higher likelihood of ownership than their lighter-skinned counterparts is both counter to Hypothesis 1 and stands apart from the literature.

DISCUSSION AND CONCLUSION

This study examines the preference for whiteness hypothesis among a sample of new immigrants. In our study, we build on this perspective and the body of literature on skin tone by arguing that darker skin tone constrains individuals' ability to acquire assets and attain wealth in the United States. Specifically, we posited that a preference for whiteness would advantage lighter-skinned immigrants when attaining wealth and pursuing and purchasing assets – such as cash accounts and homes (via mortgages) – that require greater in-person contact. For assets such as stocks that can be purchased without face-to-face interaction, the influence of skin tone would be less influential.

24

This study made four contributions to the literature on skin tone stratification. First, we further developed the preference for whiteness hypothesis (Goldsmith et al. 2007). In their conceptualization, Goldsmith et al. (2007) use social identity theory and argue that a lighter skin tone represents closer proximity to the dominant white in-group, which results in preferential treatment. We extend this argument by noting that stereotyping contributes to differential behavior along in- and out-group lines as well. For example, research documents that negative stereotypes are applied to darker-skinned individuals in situations where the stereotypes are relevant (Maddox and Chase 2004). Stereotypes about a lack of intelligence or education may influence face-to-face investment situations, which supports the hypothesis of the relative disadvantage of darker-skinned individuals in the acquisition of wealth compared to lighter-skinned members of their racial/ethnic group.

Second, we examined the dual influence of both skin tone and racial/ethnic status for immigrants' financial well-being. Importantly, we extended previous work by documenting that the skin tone gradient and black racial status constitute independent influences for wealth attainment and stock ownership. Further, these dual influences hold for stock ownership even when accounting for country of birth. The strongest evidence among the hypotheses was for skin tone. Here, results for the full sample were consistent with the preference for whiteness hypothesis and the body of literature on skin tone. In line with the hypothesis, darker skin tone was negatively associated with wealth attainment and asset acquisition. Together, these results provide evidence that both skin tone stratification and black racial status contribute to financial inequality among new immigrants. In particular, darker-skinned black immigrants may encounter a double disadvantage that affects their ability to acquire certain assets and improve their life

25

chances: one layer of disadvantage due to their skin tone and another layer of disadvantage due to their racial minority status.

The third contribution of this paper is an emphasis on skin tone stratification within the four largest racial/ethnic groups, which illuminates how darker skin tone potentially affects financial well-being among same-race/co-ethnic immigrant peers. Three sets of findings from the race/ethnic-specific models merit further comment.

The first finding that stands out is that, among black immigrants, darker skin was associated with a *greater* likelihood of owning a cash account. Given that our extensive controls include country of birth and that our results are likely conservative (see footnote 2), we are confident of the validity of this finding. But why are darker-skinned black immigrants advantaged in this dimension of financial well-being, particularly when the results for cash account ownership for the other racial/ethnic groups are in line with the preference for whiteness hypothesis? Uncovering exactly why darker-skinned black immigrants are advantaged in cash account ownership falls to future research, but we can attempt to offer some insight by speculating that darker-skinned black immigrants may encounter substantially more blocked investment opportunities, which reduces the number of options for saving and investing. In this way, cash accounts may serve as a financial refuge for darker-skinned black immigrants. Since black immigrants, on average, also possess less wealth, the number of investment opportunities may be further restricted. These factors may steer black immigrants to cash accounts. In sum, while the exact mechanism underlying darker-skinned black immigrants' advantage in cash account ownership is beyond the scope of this study, this is a notable counter-finding to the preference for whiteness hypothesis and merits further consideration.

Second, the most consistent evidence for the preference for whiteness hypothesis within racial/ethnic groups is for Asian immigrants. Here, darker skin tone is associated with lower net worth and lower likelihoods of holding three important investments. Given the overlap in skin hue between Asians and Latinos (see Figure 1), it is unclear why skin tone would be consistently associated with financial disadvantage among Asians, but not among Latinos. Since there is only one other study that examines skin tone stratification among Asians (Kiang and Takeuchi 2009), more research is needed to understand what social processes or factors might explain why there is such clear evidence of skin tone inequality among Asians, especially when compared to similarly hued Latinos.

Third this study demonstrates a distinction in asset acquisition associated with skin tone among white immigrants: darker skin tones were associated with a lower likelihood of owning a cash account. This finding reflects research that documents the power of stereotyping even among members of the most privileged racial/ethnic group in U.S. society (see Blair et al. 2002). It is important to note, however, that the disadvantage associated with a darker skin shade among whites may represent a relatively small financial penalty when compared to the disadvantage associated with a racial/ethnic minority status and/or darker skin tones within these groups. Yet, it is clear that there are differences among whites – a group that tends to be perceived as quite homogenous by both scholars and the general public – that generate inequality in financial well-being.

Most results within-racial/ethnic groups were not statistically significant or could not be estimated due to sample size constraints; however, the directions of the coefficients were generally consistent with the hypothesis. In light of the broad effect of the skin tone gradient across racial/ethnic groups, this lack of significant findings likely reflects both the smaller

27

sample sizes of the race/ethnic-specific models and a relative lack of variation in skin tone –

when compared to the full sample – within these groups (see Figure 1). Cognitive theories in

social psychology and the supporting research suggest that stereotyping would contribute to

differential treatment and outcomes based on skin tone; yet, statistically significant differences

would be difficult to detect given the constraints of sample size and skin-tone variability within

groups. Therefore, as we document for the full sample, the effects of a skin tone gradient are

likely not dependent on racial/ethnic group membership and operate similarly within groups as

well as between groups.

The last contribution of this paper is the extension of financial well-being to include asset

acquisition and wealth attainment. This contribution helps expand scholars' understanding of

immigrant financial well-being because wealth reflects a broad spectrum of immigrants'

financial activities, habits, preferences, plans for the future, and other attitudes and behaviors.

Further, portfolio composition provides insight into the mechanisms that contribute to larger

wealth inequality because particular assets represent a trade-off between financial risk and

financial reward, as well as serving as indicators of immigrant integration. For instance, home

ownership – which, for most individuals, necessitates a mortgage – is the most common asset

within the typical financial portfolio and signals immigrants' ability to convert their

socioeconomic progress into residential gain (Alba and Logan 1992). Owning stocks, which

represent greater financial risk in exchange for the potential of higher returns, serve as an

indicator of financial stability. As such, alongside overall net worth, immigrants' financial

portfolios reveal a varied picture of the influence of skin tone and race/ethnicity.

Along with the contributions of this study, we need to acknowledge its limitations. First,

the New Immigrant Survey contains a cohort of immigrants receiving legal permanent residency

in 2003. Thus, while this paper provides detailed insight into the financial well-being of an important immigrant segment of U.S. society, we cannot compare these immigrants to the U.S. native-born. Future research examining skin tone and racial/ethnic inequalities in financial well-being among immigrants would benefit from including a native-born contrast. Second, we do not have information on immigrants' financial well-being at the time of their arrival. This information would be valuable because it would provide insight into the actual processes underlying wealth accumulation, rather than provide insight into levels of wealth attainment at a single point in time. Last, the NIS has relatively few black immigrants. The proportion of immigrants identifying with the black U.S. racial category, however, reflects the relatively small immigration stream from Africa and various Caribbean islands.

Conclusion

Racial/ethnic inequality in the United States continues to contribute to disparities in life chances. Even among new immigrants, some of whom have been in the United States for only a short time, the powerful and pervasive effects of racial/ethnic stratification are apparent in their ability to acquire assets, attain wealth, and improve their financial well-being. This study highlights an additional feature of the U.S. racial/ethnic landscape by identifying skin tone as an important stratifying factor – and source of inequality – in U.S. society. Skin tone provides important insights into the considerable heterogeneity both between- and within-racial/ethnic groups, variation that can be masked by an overarching racial/ethnic status label. In this way, some immigrants will experience much more constraint in opportunities for improving their financial, as well as overall, well-being due to the dual influence of racial/ethnic and skin tone stratification. These immigrants – those with a racial/ethnic minority status and a darker

complexion – will encounter multiple forms of disadvantage relative to their whiter and/or

lighter fellow immigrants.

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TABLES AND FIGURES

Table 1. Descriptive Statistics for Wealth, Explanatory Variables, and Control Variables – New Immigrant Survey

	Total	Asian	Black	Latino	White
Outcome variables					
Net worth[a]	$55,699 ($311,470)	$73,142 ($393,028)	$30,923 ($152,865)	$45,766 ($256,665)	$71,244 ($348,553)
Cash account	0.45	0.52	0.43	0.38	0.57
Mortgage loan	0.19	0.15	0.15	0.22	0.20
Stock	0.07	0.13	0.04	0.02	0.15
Explanatory variables					
Skin tone (Light → Dark)	4.18 (2.20)	3.91 (1.71)	6.98 (2.17)	4.29 (1.94)	2.57 (1.59)
Race/Ethnicity					
Asian	0.25	—	—	—	—
Black	0.11	—	—	—	—
Latino	0.45	—	—	—	—
White	0.19	—	—	—	—
Control variables					
Foreign education					
No high school degree	0.45	0.30	0.36	0.65	0.23
High school degree	0.17	0.18	0.21	0.15	0.17
Some college	0.19	0.24	0.24	0.11	0.27
Bachelor's degree	0.08	0.16	0.08	0.04	0.08
Advanced degree	0.12	0.12	0.11	0.06	0.24
Qualification for LPR status					
Adjustment of status	0.61	0.43	0.48	0.75	0.60
Class of admission					
U.S. spouse	0.34	0.30	0.32	0.36	0.38
Employment	0.07	0.17	0.02	0.03	0.09
Diversity lottery	0.07	0.03	0.17	0.01	0.21
Other	0.51	0.50	0.49	0.60	0.32
Immigrant Experience					
U.S. education (at least one year)	0.19	0.15	0.21	0.21	0.18
U.S. duration	5.98	2.92	3.85	8.92	4.19
English Language Proficiency					
Native speaker	0.06	0.02	0.24	0.02	0.08
Very well or well	0.42	0.51	0.49	0.32	0.51
Not well or not at all	0.52	0.48	0.26	0.65	0.42
Demographics					
Age	38.97 (14.01)	41.58 (13.88)	37.29 (13.01)	38.31 (14.89)	38.09 (12.68)
Female	0.56	0.61	0.51	0.55	0.51
Number of children	2.07 (2.33)	1.68 (1.89)	2.21 (2.62)	2.53 (2.69)	1.42 (1.61)
Income[a]	$23,420 ($81,031)	$23,975 ($120,442)	$17,041 ($84,703)	$20,501 ($32,652)	$33,563 ($77,198)
Marital status					
Married	0.73	0.82	0.58	0.70	0.78
Separated, divorced, widowed	0.08	0.07	0.10	0.08	0.09
Single or cohabiting	0.18	0.11	0.32	0.22	0.12
Residency					
Northeast	0.28	0.27	0.44	0.21	0.36
Midwest	0.09	0.11	0.08	0.05	0.18
South	0.21	0.13	0.38	0.22	0.17
West	0.42	0.49	0.10	0.52	0.29

Table 1, continued

	Total	Asian	Black	Latino	White
Remittances					
None	0.84	0.87	0.85	0.81	0.87
Less than $500	0.07	0.05	0.07	0.10	0.05
More than $500	0.09	0.09	0.08	0.09	0.08
Family background					
Parental education (in years)	8.53 (6.20)	9.80 (5.92)	9.02 (6.29)	6.37 (6.14)	11.78 (4.79)
Relative family income					
Far above average	0.04	0.03	0.05	0.04	0.03
Above average	0.13	0.16	0.12	0.10	0.16
Average	0.53	0.61	0.55	0.44	0.64
Below average	0.19	0.15	0.22	0.23	0.14
Far below average	0.11	0.04	0.06	0.19	0.03
N	4592	1243	571	1766	1012

Note : Some columns may not total 1.0 due to rounding. Standard deviation in parentheses.

[a] U.S.$2003 (in thousands).

Table 2. Tobit Regression Estimates of Skin Tone and Race/Ethnicity on Net Worth (logged dollars), New Immigrant Survey, N=4,592

	Model 1	Model 2	Model 3	Model 4	Model 5
Explanatory Variables					
Skin tone					
Light → Dark (0 to 10)	-0.18 ***	—	-0.11 ***	-0.06 *	-0.07 *
	(0.03)		(0.03)	(0.03)	(0.03)
Race/ethnicity (ref=white)					
Asian	—	-0.77 ***	-0.62 ***	-0.13	-0.53
		(0.17)	(0.18)	(0.16)	(0.39)
Black	—	-1.75 ***	-1.26 ***	-0.59 *	-0.56
		(0.22)	(0.26)	(0.23)	(0.42)
Latino	—	-0.19	0.00	0.04	0.20
		(0.15)	(0.16)	(0.16)	(0.37)
Control Variables					
Foreign education (ref=no degree)					
High school degree	—	—	—	-0.07	-0.02
				(0.15)	(0.15)
Some college	—	—	—	0.19	0.19
				(0.15)	(0.16)
Bachelor's degree	—	—	—	0.06	0.01
				(0.21)	(0.21)
Advanced degree	—	—	—	0.28	0.28
				(0.19)	(0.19)
Class of admission (ref=other)					
U.S. spouse	—	—	—	0.59 ***	0.68 ***
				(0.13)	(0.14)
Employment	—	—	—	0.73 ***	0.63 **
				(0.20)	(0.21)
Diversity lottery	—	—	—	0.03	-0.15
				(0.23)	(0.24)
Qualification for LPR status					
Adjusted (ref=new arrival)	—	—	—	0.75 ***	0.72 ***
				(0.15)	(0.15)
Immigrant Experience					
U.S. education (ref=no U.S. education)	—	—	—	0.29 *	0.33
				(0.02)	(0.14)
U.S. duration	—	—	—	0.06 *	0.04
				(0.02)	(0.02)
U.S. duration, squared	—	—	—	0.00 *	0.00
				(0.00)	(0.00)
English language proficiency (ref="Not well" or "Not at all")					
Native speaker	—	—	—	0.48	0.14
				(0.25)	(0.32)
"Very well" or "well"	—	—	—	0.47 ***	0.35 **
				(0.12)	(0.13)

Table 2, continued

	Model 1		Model 2		Model 3		Model 4		Model 5	
Personal characteristics										
Age	—		—		—		0.12	***	0.13	***
							(0.02)		(0.02)	
Age, squared	—		—		—		0.00	***	0.00	***
							(0.00)		(0.00)	
Female (ref=male)	—		—		—		-0.14		-0.15	
							(0.10)		(0.10)	
Number of children	—		—		—		0.08	**	0.08	**
							(0.03)		(0.03)	
Income, logged	—		—		—		0.24	***	0.23	***
							(0.01)		(0.01)	
Marital status (ref=married)										
Separated, divorced, widowed	—		—		—		-0.97	***	-0.93	***
							(0.20)		(0.20)	
Single or cohabiting	—		—		—		-1.02	***	-0.90	***
							(0.16)		(0.17)	
Residency (ref=northeast)										
Midwest	—		—		—		1.11	***	1.02	***
							(0.18)		(0.19)	
South	—		—		—		0.80	***	0.75	***
							(0.14)		(0.15)	
West	—		—		—		0.82	***	0.72	***
							(0.13)		(0.14)	
Remittances (ref=none)										
Less than $500	—		—		—		0.47	**	0.41	*
							(0.18)		(0.18)	
More than $500	—		—		—		1.04	***	1.00	***
							(0.16)		(0.16)	
Family background										
Parental education (in years)	—		—		—		0.02		0.02	
							(0.01)		(0.01)	
Relative family income (ref=average)										
Far above average	—		—		—		0.40		0.39	
							(0.25)		(0.25)	
Above average	—		—		—		0.38	*	0.36	*
							(0.15)		(0.15)	
Below average	—		—		—		-0.09		-0.10	
							(0.14)		(0.13)	
Far below average	—		—		—		0.02		-0.03	
							(0.17)		(0.17)	
Includes country of birth controls	no		no		no		no		yes	
Intercept	1.02	***	0.72	***	1.01	***	-5.43	***	-5.53	***

Note: Standard errors in parentheses.

* p < .05; ** p < .01; *** p < .001, two-tailed

Table 3. Logistic Regression Estimates for Investments, New Immigrant Survey, N=4,592

	Model 6 - Cash Accounts		Model 7 - Mortgage		Model 8 - Stocks	
Explanatory Variables						
Skin tone						
Light → Dark (0 to 10)	-0.09	***	-0.09	***	-0.08	*
	(0.02)		(0.02)		(0.04)	
Race/ethnicity (ref=white)						
Asian	0.30		-0.21		-0.90	*
	(0.28)		(0.36)		(0.43)	
Black	-0.39		-0.15		-1.25	
	(0.32)		(0.43)		(0.67)	
Latino	0.05		0.08		-2.09	***
	(0.26)		(0.30)		(0.45)	
Control Variables						
Foreign education (ref=no degree)						
High school degree	-0.06		0.22		0.03	
	(0.11)		(0.13)		(0.24)	
Some college	0.08		0.41	**	0.22	
	(0.11)		(0.14)		(0.22)	
Bachelor's degree	0.22		0.07		0.40	
	(0.15)		(0.19)		(0.26)	
Advanced degree	0.06		0.64	***	0.49	
	(0.14)		(0.16)		(0.26)	
Class of admission (ref=other)						
U.S. spouse	0.32	**	0.44	***	0.97	***
	(0.10)		(0.12)		(0.21)	
Employment	0.41	*	0.50	**	1.06	***
	(0.16)		(0.17)		(0.24)	
Diversity lottery	-0.15		-1.08	**	0.10	
	(0.17)		(0.35)		(0.38)	
Qualification for LPR status						
Adjusted (ref=new arrival)	0.49	***	1.01	***	0.56	**
	(0.12)		(0.14)		(0.20)	
Immigrant Experience						
U.S. education (ref=no U.S. education)	0.50	***	0.05		0.38	*
	(0.11)		(0.12)		(0.17)	
U.S. duration	0.02		0.05	*	-0.04	
	(0.02)		(0.02)		(0.03)	
U.S. duration, squared	0.00		0.00		0.00	
	(0.00)		(0.00)		(0.00)	
English language proficiency (ref="Not well" or "Not at all")						
Native speaker	0.31		0.11		0.20	
	(0.25)		(0.29)		(0.38)	
"Very well" or "well"	0.27	**	0.32	**	0.66	***
	(0.09)		(0.11)		(0.20)	

Table 3, continued

	Model 6 - Cash Accounts		Model 7 - Mortgage		Model 8 - Stocks	
Personal characteristics						
Age	0.05	**	0.07	**	0.03	
	(0.02)		(0.02)		(0.03)	
Age, squared	0.00	***	0.00	***	0.00	
	(0.00)		(0.00)		(0.00)	
Female (ref=male)	-0.41	***	0.13		-0.28	*
	(0.07)		(0.09)		(0.14)	
Number of children	-0.02		0.09	***	-0.06	
	(0.02)		(0.02)		(0.05)	
Income, logged	0.13	***	0.06	***	0.09	***
	(0.01)		(0.01)		(0.02)	
Marital status (ref=married)						
Separated, divorced, widowed	-0.10		-0.71	***	-0.30	
	(0.15)		(0.20)		(0.33)	
Single or cohabiting	-0.43	***	-0.92	***	0.12	
	(0.12)		(0.17)		(0.27)	
Residency (ref=northeast)						
Midwest	0.49	***	0.75	***	0.69	*
	(0.14)		(0.16)		(0.26)	
South	0.14		0.62	***	0.53	**
	(0.11)		(0.13)		(0.19)	
West	0.44	***	0.24		0.47	**
	(0.10)		(0.12)		(0.18)	
Remittances (ref=none)						
Less than $500	0.58	***	-0.16		0.50	
	(0.13)		(0.16)		(0.26)	
More than $500	0.91	***	0.21		0.66	***
	(0.14)		(0.13)		(0.19)	
Family background						
Parental education (in years)	0.02		0.01		0.05	**
	(0.01)		(0.01)		(0.02)	
Relative family income (ref=average)						
Far above average	-0.39	*	0.39	*	0.59	
	(0.19)		(0.20)		(0.31)	
Above average	0.28	*	0.21		0.01	
	(0.12)		(0.13)		(0.17)	
Below average	0.10		0.05		0.22	
	(0.10)		(0.12)		(0.19)	
Far below average	-0.26	*	-0.22		-0.43	
	(0.13)		(0.15)		(0.36)	
Includes country of birth controls	yes		yes		yes	
Intercept	7.08	***	6.82	***	8.25	***

Note: Standard errors in parentheses.

* p < .05; ** p < .01; *** p < .001, two-tailed

Table 4. Tobit and Logistic Regression Estimates of the Skin Tone Gradient for Race/Ethnic-Specific Models of Net Worth (logged dollars) and Investments, New Immigrant Survey

	Asian		Black		Latino		White	
Net worth	-0.19	**	0.07		-0.05		-0.07	
	(0.06)		(0.08)		(0.04)		(0.05)	
Cash account ownership	-0.19	***	0.11	†	-0.02		-0.29	***
	(0.05)		(0.06)		(0.03)		(0.05)	
Mortgage possession	-0.14	*	-0.12		-0.13	***	0.01	
	(0.06)		(0.10)		(0.04)		(0.06)	
Stock ownership	-0.14	*	–		–		0.01	
	(0.06)						(0.07)	
N	1243		571		1766		1012	

† p < .1; * p < .05; ** p < .01; *** p < .001, two-tailed

Note : Displayed results are the coefficient, standard error, and significance level for the skin tone variable from 14 race/ethnic-specific models. Each model controls for country of birth and the variables described in the text. Full results are available from the authors upon request.

Figure 1. Skin Tone Distribution by Racial/Ethnic Group, New Immigrant Survey