

The Economic Assimilation of Immigrants: Comparative Evidence from the Long-Term Panel Studies in Germany and Russia

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Abstract

This study examines the evolution of immigrant earnings and employment in Germany and Russia - the two countries with one of the largest migration stocks in the world but different migration policies and migration history. We exploit the longitudinal features of the data to estimate the rate of convergence/divergence in hourly wage rate, expected earnings, employment outcomes, and overall life satisfaction between immigrants and natives over the twenty year period. We show that the commonly-estimated average returns to post-migration experience hide significant variation in assimilation rates between immigrants with different observed characteristics and unobserved abilities. Assimilation rates tend to decline over time, increase with linguistic proximity and political instability in the home countries, and increase with the pre- and post- migration stock of human capital. Interestingly, the results are similar between the two countries despite the different mix of migrants and different migration policies. The estimates also suggest that immigrants with lower innate abilities have higher assimilation rates, thus supporting the “catch-up” hypothesis.