

Research Statement

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My research interests lie in the fields of labor and development economics. In particular, my research focuses on analyzing the economic assimilation of immigrants. As is well recognized, migrants contribute economically to a host country by working in sectors where labor is scarce (for instance through ‘guest worker’ (*Gastarbeiter*) programs in Germany or the United States’ Bracero program with Mexico), creating jobs when becoming entrepreneurs, and generally by paying taxes. However, immigrants’ successful participation in the labor market is crucial if such contributions are to materialize. Immigrants’ failure to assimilate economically can, in fact, adversely affect the host country by increasing the fiscal burden and exacerbating income and social inequality. Hence, for the host countries, economic assimilation of immigrants has always been a major political and economic concern. Developing a better understanding of immigrant assimilation also will contribute to the development of better immigration policy decisions in the future.

In my job market paper, titled “*Timing of Migration, Immigrant Quality and Labor Market Assimilation: Evidence from a Long Panel in Germany*”, I show that it is important when estimating immigrants’ rate of economic assimilation to account for the timing of migration. The length of stay in the host country, which in the existing literature is commonly assumed to be exogenous, depends on the timing of migration. The optimum timing of migration is based on net expected lifetime earnings, and, thus, the length of stay also is endogenously determined. This paper models and estimates jointly the timing of migration and wage assimilation equations, which is a first in the literature. From German Socio-Economic Panel data that dates from 1984 to 2014, I estimate the individual-specific rate of assimilation while accounting for unobserved immigrant quality and an unobserved propensity to migrate early. Estimates from the joint model reveal four key findings. First, the average rate of assimilation estimated under the exogeneity assumption is biased upwards. Second, the average rate of assimilation hides significant variation in assimilation rates among immigrants who are of different quality. Third, immigrants of low quality have a faster rate of assimilation than their high quality counterparts. Fourth, immigrants who have a high

propensity to migrate early have a higher individual-specific rate of assimilation. The joint model allows me to find the interdependence between the timing of migration and the labor market assimilation of immigrants - mechanisms that until now had been assumed in the literature to be independent.

In my ongoing project *“Old Questions, New Country: The Labor Market Assimilation of Immigrants in Russia”*, I estimate from immigrant data in the Russian Longitudinal Monitored Survey (1994 to 2011) the individual rates of economic assimilation using the joint model developed in my job market paper. This project will be the first study of the economic assimilation of immigrants in Russia. The Russian Federation has one of the worlds largest stocks of immigrants, and its immigrant population has a unique composition.¹ After the break-up of the Soviet Union, Russia experienced an influx of immigrants, and it continues to receive a large number of immigrants from former Soviet states. These immigrants, for the most part, are linguistically, ethnically, and culturally similar to Russian natives. Interestingly, my results resemble those estimated for Germany (in my job market paper), although in each case there is a different mix of immigrants and different immigration policies. Again, individual rates of assimilation vary significantly and they are inversely correlated with immigrant quality. These results externally validate the results of my study of German immigrants.

In a supplementary paper *“Wage Divergence: Why Does the Gap between Natives and Immigrants Get Bigger?”* (with Klara S. Peter), my co-author and I begin where my first two papers left off: that is, we examine the factors of assimilation that explain the significant variation found in individual rates of assimilation and we study the assimilation of immigrants with respect to natives. This study examines the evolution of immigrant and native earnings in Germany from 1984 to 2014. We find that the longer immigrants stayed in Germany the more their earnings increased, yet a substantial earnings gap persisted between immigrants and natives. To analyze this empirical evidence, we incorporate into the standard two-period model of economic assimilation the possibility of wage divergence, and accomplish this by modeling the differences between immigrants and natives in the technology of human capital production and in prices per unit of human capital. The empirical model examines how the main factors of assimilation, which are derived from the theoretical model, affect the 5-year absolute and relative wage growth of immigrants. We

¹Almost 11 million immigrants; source: Trends in International Migrant Stock: The 2015 Revision, United Nations Population Division.

find that an increase in the per capita GDP in the country of origin, GDP growth in the host country, linguistic distance, and established old immigrant networks positively influence individual growth rates. Taking advantage of the rich spell data in GSOEP, we differentiate between pre- and post-migration human capital. Furthermore, we instrument for the endogenous post-migration human capital using supply shifters in government-sponsored training programs. The findings suggest that an immigrant's rate of wage convergence increases with post-migration job training but is unaffected by post-migration formal schooling. Hence, the empirical analysis suggests that, in addition to the usual language training courses, effective integration programs should emphasize practical job training programs. The paper also addresses the commonly ignored sample selection issue caused by non-random survey attrition and employment participation.

My research agenda is informed by my personal experiences as an immigrant in the United Kingdom and the United States. Going forward, I am excited to explore the cultural and social dimensions of immigrant assimilation. In particular, I am interested in the effect of proficiency in host country's language on immigrant outcomes and their overall well-being. I also plan to explore the topic of temporary and cyclical migration in developing countries.