

Did Russian Migration to Russia Affect the Labor Market?

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As a result of the collapse of the Soviet Union, five million Russian and Russian-speaking people repatriated to Russia during 1990-2002. I use this natural experiment to study the effect of a large migration wave on the employment and wages of the local population. Taking into account the non-random choice of location by migrants within Russia, I find a negative effect of the inflows of immigrants on the local population's employment but not on wages. The initial negative effects on employment are particularly large for local men, but they disappear after about ten years from the peak of the migration wave.

The effect of migration on the labor market of the host country is a long-standing question within economic literature and in public debate. In many cases, researchers try to estimate this effect using the data on large and unanticipated migration movements. The most famous study of this kind is probably Card (1990). Another case is the Russian migration to Russia resulting from the collapse of the Soviet Union. According to the 2002 Russian Census, 5.2 million of the people living in Russia in 2002 resided outside the country in 1989. That is, 3.6 percent of the 2002 population immigrated to Russia after 1989. Almost all of them (94.4 percent) immigrated from the former Soviet republics, most notably Kazakhstan, Ukraine and Uzbekistan.

The existing literature on migration flows in the former Soviet Union (fSU) since its collapse has emphasized the socio-political factors of migration. Locher (2002) finds that ethnic sorting was a major determinant of migration among the fSU countries, with the countries' stage of transition and wealth level playing a minor role. Yerofeeveva (1999) shows

that ethnic repatriation was one of the main reasons behind migration from northern and eastern Kazakhstan.

In Lazareva (2015), I study two sides of the labor market effects of the immigration from fSU countries to Russia. The first side is the process of assimilation of migrants in the Russian labor market. The second side is the effect that inflows of immigrants had on the labor market position of the local population in Russia. Data used for estimation span a long period of time, which allows for tracing dynamic long-term effects of the influx of immigrants. This is the first comprehensive study of the labor market effects of one of the largest migration waves in Europe in recent history.

Method

In order to estimate the effects of the inflow of immigrants on the employment and wages of the local population, I exploit variation in the share of immigrants across Russian regions.

According to the Census in 2002, migrants were quite dispersed over Russia's vast territory; their share in population varied from 0.42% in the Tyva region to 8.5% in the Kaliningrad region. A relatively large share of migrants is observed along the border to fSU countries as well as in the oil-rich regions of Western Siberia.

A major problem when using regional variation to estimate labor market effects is that the migrants' choice of region may be affected by the condition of that region's labor market. Naturally, migrants tend to choose locations with higher wages and more employment opportunities. If this is the case, the estimates of the labor market effects will be biased.

However, the immigrants' choice of location was not completely unconstrained due to the costs of migration related to the distance and access to information. Given these constraints, there is a relative crowding of immigrants in the regions of Russia that are closer to the border with fSU countries. Hence, I use the variation in the share of migrants across regions, which depend on the geographical distance from the source countries. In other words, I obtain the estimates from the comparison of regions that are similar in all their characteristics except for the distance to the border with fSU.

Data and Results

I use panel data on households from the Russian Longitudinal Monitoring Survey for the period 1995-2009. In the 2009 survey, the respondents were asked since what year they live in the Russian Federation. I define as immigrants, people at the age of 18 and above who moved to Russia after 1989. Note that the RLMS sample, which consists of people residing in the same dwelling units in each round, is unlikely to include illegal migrants or temporary (seasonal) labor migrants. Rather

these are mainly people who settled in Russia permanently at some point during the 1990s and 2000s.

In the RLMS sample, 3.6 percent of the respondents moved to Russia after 1989. This is consistent with the national-level statistical data on immigration flows. A majority of the immigrants arrived to Russia in the early and mid-1990s. Immigration peaked in 1994 when almost 1.2 million people moved to Russia. After that, immigration steeply declined; during the 2000s, the registered level of immigration was at about 200,000 people per year.

A majority of the immigrants (71.7%) in the RLMS sample are of Russian ethnicity, and there is a slightly higher share of males. Importantly, migrants are not significantly different from the locals in terms of their education levels. The statistics on marital status show that a higher share of migrants compared to locals have families and children. Apparently, family migration was a large part of this migration wave.

Using the methodology described above, I obtain an insignificant effect of the share of immigrants on the wages of the local population over the period of 1995-2009. The effect of immigrant share on the unemployment of the local population is also insignificant. In contrast, estimates for the labor force participation (LFP) show a significant negative effect of immigration on the LFP of the local population. The size of the effect is non-negligible: a one-percentage point increase in the share of immigrants in a region reduces the probability for a local person to be in the labor force by 0.6 percentage points. Thus, over the whole period of 1995-2009, Russian immigration is estimated to have had some displacement effect, but only in terms of the labor force participation of the local population.

Since the inflow of immigrants was mostly concentrated in the first half of 1990s, I

estimate my model for three sub-periods: 1995-2000, 2001-2004, and 2005-2009. The results for the wages remain insignificant in all sub-periods. Immigration is shown to increase the unemployment among locals in the first half of 2000s, but this effect dissipated in the second half of 2000s. The effect of immigration on the labor force participation is negative and highly significant for the late 1990s, still negative and significant but smaller in magnitude in the early 2000s, and disappears in the late 2000s. This analysis suggests that the immigration wave had a quite significant displacement effect for the local population in terms of unemployment and labor force participation, but not in terms of wages. This effect slowly declined and had disappeared by the second half of 2000s. My results also suggest that the negative labor market effects were more significant for men than for women.

Conclusion

The results of this study have implications for the debate on the effect of immigration on local labor markets, in particular on wages and employment opportunities for the native population. The majority of existing studies find only minor negative effects of migration on the labor market position of locals. My results suggest that immigrants who are close substitutes to the local labor force, due to the common language and similar education, have more significant effects on the labor market outcomes of the local population.

The finding that displacement effects in Russia dissipated quite slowly may be related to the very low migration rates of the local population in Russia throughout the transition. In order to reduce negative labor market effects of large influxes of immigrants, policy measures are needed that improve labor mobility across regions. These may include moving or housing subsidies, retraining programs and policies ensuring equal access to

jobs and public services for internal migrants across the regions of Russia.

References

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