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**The Impact of Immigration on Unemployment and Earnings:
the Case of Post-Soviet Russia**
(Abstract)

The last decade of the XX century economic and political history in Russia is a stunning period from different points including external migration. It was a period of deep economic and political instability not only in Russia but in neighbour countries, represented mainly by former soviet republics, as well.

During that period Russia changed from being a completely closed country with very small international migration to a sending country to the Western Europe and the North America mostly, on the one hand, and from being a donor country into a host country, receiving immigrants largely from former soviet republics and some Asian countries.

There were important shifts in major “pull” and “push” factors of external migrations on the post-soviet area occurred during the 1990’s and the first years of 2000. Developments in political and economic spheres, decrease of ethnic diasporas, receiving countries’ immigration policies modification changed external migration pattern significantly. First, there is a decrease of the scale of inflow to Russia by 6.2 times and outflow by 3.2 times. Second, in general external migrations lost ethnic and repatriation character that was strongly specific at the first half of the 1990’s. Third, along with this in the later 1990’s and the beginning of 2000 immigration to Russia represents progressively less forced migration than at the beginning of the 1990’s. Immigration as well as emigration becomes more and more economically motivated; temporary labour migration to Russia from most of the CIS and some other countries as well as temporary labour migration from Russia abroad took on a special significance. Forth, there are obvious some changes of structural characteristics of migration flows. These changes in migration pattern reflect completely different migration incentives and bring with it specific impact on the Russian society and development prospects.

In the paper an overview of international migrations in the post-soviet Russia with focus on structural characteristics, spatial distribution of migrants will be given.

Despite of huge inflows of migrants at the beginning of 1990’s the Russian society and government were mainly concerned with violation of human rights of the Russian speaking population in the former soviet republics and their settling and integration in a new place. At the same time notwithstanding the aggravation of economic situation at that period public opinion and government did not trouble about its influence on labour market and social security system.

By the edge of the century net migration to Russia decreased by few times and accounted less than 78 thousand people in 2002 comparing with more than 800 thousand in 1994. As for economic situation, there is obvious tendency of its improvement after the crises in 1998. But public opinion became more tough. The huge immigration inflow to Russia during a very short time period provoked public concern about possible negative effects of immigration on wages

and employment prospects of already resident workers. In other words are immigrants complements or substitutes to domestic workers on the Russia's labour market.

It is necessary to note a significant regional differences in social and economic development that implies specific situation on local labour markets. So, another question to be discussed is whether all local labour markets are affected by the entry of immigrants in the same way.

The dominant methodology exploited in this research is to seek to infer labour market effects from special correlation between immigrant inflow and labour market outcomes – unemployment rate and wage.

Cross section of administrative unit (economic region) and 10 time periods were exploited to run Panel Data Analysis to find out whether immigration effects labour market outcomes and if it does to estimate a relationship between rate of unemployment and share of immigrants in population and share of working age immigrants in the local labour force, on the one hand, and to estimate relationship between earnings and share of immigrants in population and share of working age immigrants in the local labour force, on the other hand.

The main result of the general empirical analysis is that there is no strong evidence that immigration to Russia just as huge as it experienced in 1990-s has strong negative effect on labour market outcomes. The study showed that immigration does not affect tangibly employment prospects of population in Russia. A very weak association between immigration growth and unemployment rate was found. More evident is the positive correlation between the share of working age immigrants and unemployment rate. The result is not surprising if we took in consideration prolonged decrease of population and labour force during the last decade that was not compensated even by huge population inflow. Another factor that effects interrelation between immigration and unemployment rate could be that regions immigrants prefer to settle have better economic development prospects and, so, low unemployment rate.

Insofar there is rather strong evidence of negative, as it was expected, association between immigration and earnings. This association as regression analysis showed is strongly statistically significant. The results give the ground to suppose that local population and immigrants compete for jobs and some part of immigrants could be considered as substitutes to the local labour force. Sociological polls confirm this conclusion.

Another important observations consist in diverse immigration impact on local labour markets. Although, as it was stated earlier, immigrants prefer regions having better economic development prospects sometimes non-economic reasons could be dominating ones.

So, the economy-wide findings for Russia allow to disproving alarming statements that immigration affects strongly Russia's labour market, that immigrants take jobs from residents.

And it is interesting to note that social and economic situation in Russia in the 1990's and beginning of 2000's significantly differed from that in the West European countries and the USA but the findings of the research carried out for Russia are consistent with empirical results from international studies.