

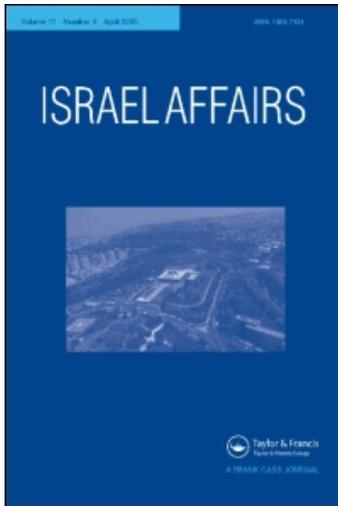
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Who went where? Jewish immigration from the Former Soviet Union to Israel, the USA and Germany, 1990–2000

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Drawing on Israeli, German and US census data, we compare the educational levels of Jewish immigrants (and their non-Jewish family members) from the Former Soviet Union (FSU) arriving in Israel, Germany, and the US during 1990–2000. The comparison of educational levels among immigrants arriving in the three countries can be viewed as a ‘natural experiment’ in immigrants’ destination options, whereby immigrants could choose two countries with practically no visa restriction (Israel and Germany) and one country (USA) with visa requirements. Drawing on Borjas’ theory of self-selection, the paper discusses the relative attractiveness of the three countries to various types of immigrants, expecting highly educated immigrants to prefer destinations where returns on skills are higher. The findings support theoretical expectations: highly educated migrants were more likely to move to the US, where the labour market is more flexible and returns on skills are higher than in Israel or Germany.

Keywords: FSU immigrants to Israel; Germany; USA; Jewish refugees from the FSU; Israel

Introduction

Economic integration of immigrants in a given destination country depends, in large part, on immigrants’ selectivity, i.e. on the type of people who choose to immigrate to this particular destination. The debate on the declining skills of US immigrants,¹ to take just one example, is in large part a debate on whether or not all immigrant groups are positively self-selected from their countries of origin, or whether positive selectivity depends on specific labour market characteristics of the countries of origin and destination.²

The essence of the prevailing theory of immigrants’ self-selection³ states that, given a choice, skilled immigrants tend to go to high inequality countries where the returns on skills are higher, while less skilled immigrants prefer countries with smaller class and income gaps where they will be protected by a net of social services. Despite the importance of patterns of self-selection to assimilation theory, there is little empirical evidence regarding the relations between immigrant skills and their destination choices. This is in part due to the lack of reliable data on the

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distribution of immigrant skills in their countries of origin (which is the ‘population at risk’) to which immigrant characteristics should be compared. But even in cases where reliable information on the population at risk is readily available, it is presumptuous to infer immigrants’ destination preferences from their actual destinations. Since most immigrants face visa constraints, their actual destination is not necessarily the preferred one; rather, it is their preferred destination among the countries for which they were able to obtain entry, which is rarely more than one. Thus, a rigorous study of immigrant selectivity patterns requires an immigrant group whose members were able to choose freely between at least two destination countries that differ in their attractiveness to skilled and less skilled immigrants.

This has been the case of Jewish immigrants from the Former Soviet Union (FSU) who immigrated to Israel, the US and Germany during 1970–2005. Until 1989 FSU immigrants were given practically a free choice between Israel and the US. Since its establishment in 1948, Israel has been granting free entry to Jewish immigrants and their family members. The US granted refugee status to Soviet Jewish immigrants during the cold war. However, following the breakdown of the USSR in the late 1980s–early 1990s, the US no longer viewed FSU immigrants as refugees and since late 1989 FSU immigrants to US had to rely on family reunification for obtaining visas. However, soon after the Jewish exodus from the USSR/FSU began in 1988, Germany became an alternative destination for these emigrants. Between 1990 and 2005, over 200,000 Jews from the FSU and their family members (including non-Jews) entered Germany as refugees, an option that had been open to virtually all FSU Jews. Thus, immigration from the USSR/FSU to Israel, Germany, and the US since 1970 provides a natural experiment that enables us to test the selectivity argument. Since FSU immigrants during this period had an option rarely available to other immigrants – immediate admission to Israel and the US (during the 1970s and 1980s), and to Israel and Germany (during the 1990s), their destination choices during this period tell us much about the patterns of self-selection.

In this paper we focus on the period 1990–2000, the only decade in which a sizeable number of immigrants went to the three countries. For understanding immigrants’ destination choices, we focus on the differences between the three countries with respect to several important factors: immigration regulations including naturalization, welfare assistance offered to immigrants, the general flexibility of the labour markets and level of earnings inequality as a proxy for returns on skills. While non-economic (family-related, ideological and other) factors may also affect immigrants’ destination choices, economic immigrants are likely to be affected to a large degree by labour market and economic characteristics.

FSU emigration to Israel, US and Germany

Both the Israeli authorities and Zionist organizations (e.g. the Jewish Agency) expected Soviet Jewish emigrants to move to the Jewish State. Israel’s migration policy is governed by the Law of Return, granting citizenship to all Jewish

immigrants and, since 1970, to their non-Jewish relatives. Moreover, unlike other migration countries that limit the number of immigrants and prefer skilled and young ones, Israel's declared policy is to admit as many Jewish immigrants as possible, regardless of age, educational level and ethnic origin. Consequently, the Israeli government actively attracted and assisted immigrants from the USSR/FSU. But despite active recruitment and generous assistance, many ex-Soviet Jewish emigrants chose to go to countries other than Israel.

Following cold war politics and the disintegration of the Soviet Union, over 1.8 million Jews and their non-Jewish family members emigrated from the FSU in two main waves. The first wave, between 1970 and 1988, included about 350,000 emigrants. The second wave started in the late 1980s and included, until 2000, about 1.5 million emigrants. The major destination countries for the Jews from USSR/FSU during 1968–2000 have been Israel (about 1.1 million), the US (over 400,000), Germany (about 130,000), and Canada (about 30,000). Exit visas from the Soviet Union during the 1970s and 1980s were granted to the Jews only following a request for family reunification from relatives (real or forged by the Jewish Agency) in Israel. The journey to Israel required a stopover in transit centres in Europe, where the emigrants were entitled to apply for a refugee visa for the US (and for a few years also to Canada) or fly directly to Israel and obtain Israeli citizenship upon arrival. Those who chose the latter option were no longer entitled to refugee status in the US.

Between 1970 and 1989 approximately 160,000 Soviet-born refugees were admitted to the US, and about 170,000 came to Israel. The share of Jewish

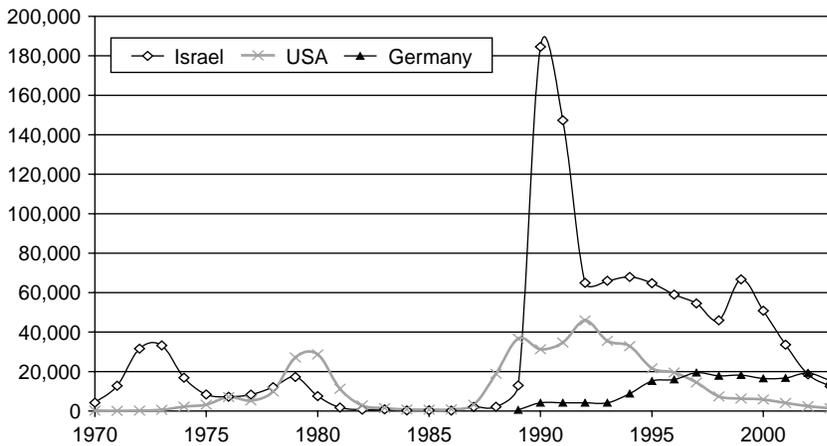


Figure 1. Registered emigration of Jews (including their non-Jewish household members) from the FSU to Israel, Germany and the USA, 1970–2003.

Source: Israel: Jewish Agency Reports and Running Statistics of the Department of Immigration and Absorption; Germany: *Bundesamt für Migration und Flüchtlinge*, 2004; US: Running statistics of HIAS.

emigrants from the FSU who chose the US as their destination rose until October 1989, after which it declined sharply to 16%, when the American authorities stopped granting refugee visas to FSU emigrants and limited their entry to 50,000 per year.⁴ However, many FSU Jews were quick to find alternative methods to enter the US, and about one-third of them went to America during 1992–95. Starting in 1996, however, the share of emigrants going to the US declined again.

Immigration of Jews to Germany was initiated by the last East German government in July 1990, and since 1991 has been extended to the united Germany. Since 1990, over 200,000 Jews from the FSU and their family members (including non-Jews) have entered Germany as refugees. The proportion of FSU emigrants choosing Germany has been steadily on the increase throughout the 1990s, and starting in 2002 Germany has taken in more FSU Jewish immigrants each year than any other country, including Israel.

German authorities recognize as Jewish Quota Refugees (JQR) persons with at least one Jewish parent, as well as their immediate family members, including non-Jewish spouses.⁵ This definition is somewhat more restrictive than the Israeli Law of Return, which defines as Jews persons with at least one Jewish grandparent. Both the Israeli and German definitions accept non-Jewish spouses and dependent children of Jewish immigrants. Evidently, all those defined as JQR in Germany could have gone to Israel, since they are Jews according to the Israeli Law of Return. Some of those that were admitted to Israel under the Law of Return, however, would not be considered as JQR in Germany.

While Israel grants citizenship to FSU Jewish immigrants upon arrival, much like the German practice with regard to ethnic Germans, JQR are not immediately entitled to German citizenship. Rather, depending on the federal state (Bundesland), they must reside in Germany for 6–8 years before they are eligible to apply for German citizenship. The latter is extremely important for labour market performance, as it opens a wider range of employment opportunities, including public sector employment (e.g. teaching positions), and ensures fewer barriers to self-employment.⁶ In the US, too, citizenship is not immediate but requires at least five years of residency before application for naturalization. However, unlike in Germany, lack of citizenship does not harm labour market options of legal immigrants in the US.

Germany practices the policy of distributing JQR (as well as ethnic Germans and recognized asylum seekers) across the entire country.⁷ In principle, the JQR were free to change their residency within Germany; yet some of their financial benefits were contingent on their remaining in the Land and town where they had been sent. Interestingly, a similar policy was common in Israel until the 1980s, but when the massive wave of FSU immigrants arrived in the 1990s, the government decided that the 'free market' would be more efficient than the state in geographic allocation of the immigrants.⁸ In the US, it has always been the case that immigrants (including former Soviets) chose their destinations independently.

A major difference between the three countries is the scope of material assistance granted to the immigrants. In the US, working-age immigrants

received no state support, and the benefits available via Jewish organizations are rather limited. By contrast, in Germany, JQR enjoyed extensive aid from public funds, including housing allowances, initial absorption assistance, German language courses and social security benefits for the unemployed.⁹ In addition, JQR, who are recognized as 'Jews' (namely, having been born to a Jewish mother) by the Jewish communities in Germany, are entitled to additional benefits.¹⁰ In Israel, too, immigrants are entitled to some benefits (a lump sum upon arrival, language classes, tax breaks, housing assistance, limited unemployment benefits, and occupational retraining courses). Available evidence, however, suggests that JQR in Germany are entitled to a more generous and long-term aid package than their counterparts who migrated to Israel or the US. The total value of the Israeli package is far below that of the German package (in both absolute size and purchasing power parity), and, more importantly, it lasts for a shorter period. As shown in Table 1, the Jewish Agency estimated in 2003 that in the first year after immigration, the monetary value of the governmental assistance in Israel and in Germany is appreciably the same (about €15,000). Calculated for the first five-year period after immigration, however, the value of the German package is over three times higher than the Israeli package, and the ratio increases to 6.8 when it is calculated over a 10-year period.

The three countries differ not only with respect to immigration policies and the assistance package extended to immigrants, but also in labour market regulations, its general rigidity and the ensuing returns to skills. It is well known that the US labour market is more flexible than that of Israel or Germany. The question is which of the other two labour markets – the Israeli or the German – is more similar to the American market in its level of flexibility and returns on skills. Available evidence suggests that the Israeli labour market of the 1990s was less rigid than the German one. To be sure, until recently the Israeli labour market was relatively inflexible: the vast majority of workers (about 80%) were covered by labour unions and enjoyed

Table 1. Material benefits to Jewish immigrants in Germany and Israel (figures in Israeli NIS).

Material assistance to immigrants	Germany	Israel	Ratio
First year	70,660	86,576	0.82
First 5 years	353,300	105,008	3.4
First 10 years	706,600	105,008	6.8
Income and earnings (entire population)			
Average monthly earnings	16,750	7,078	2.3
Monthly minimum wage	11,140	3,355	3.3
Average household income	30,625	14,450	2.1
Monthly income for families relying on public assistance	5,888	2,808	2.1

2003; €1 = 5 NIS

Source: Jewish Agency for Israel, "Comparison of absorption benefits Israel – Germany," Internal memo titled "Research and Strategic Planning," no. 4, May 1, 2003 [in Hebrew].

job security, while the economy was regulated by multiple corporatist arrangements.¹¹ Since 1985, however, the Israeli economy and labour market have been undergoing a process of economic liberalization, moving gradually towards the flexible American model. In the 2000s, only about one-third of wage and salary workers remained unionized,¹² and the proportion of external and contract workers – about 5% of the labour force – had risen much higher than in European countries.¹³ Consequently, the proportion of low-paid workers with no social benefits is much higher in Israel than in Germany, and the level of earnings inequality – a proxy for returns on skills – in Israel is similar to the level in the most unequal countries in the developed world – US, UK, and New Zealand.¹⁴ By contrast, the German labour market is still rather rigid, and earnings inequality in Germany is relatively modest by Israeli or American standards.¹⁵ In 2000, job security in Germany was still the rule rather than the exception, with contract workers accounting for only about 1% of the labour force and the quasi-corporatist system¹⁶ – which was totally absent in the US, and has greatly eroded in Israel over the past 20 years – is still functioning.

Expected cross-national differences in selectivity patterns

The differences between the US, Israel and Germany with respect to their immigration policies towards FSU Jews, along with the institutional differences between the Israeli, American and German labour markets, lead to some testable hypotheses regarding the type of immigrants who may be expected to choose each country.

Immigrants' destination choices are presumably affected by the 'offer' extended to them by immigrant-receiving countries.¹⁷ In the present case, a major component of the offer is the welfare assistance to prospective immigrants. By this standard, Germany's offer appears to be more attractive than the Israeli one, and certainly more attractive than the American one. But since much of the assistance in Germany (less so in Israel) is directed to unemployed immigrants, Germany should especially attract immigrants expecting to rely on public assistance for a longer period. Highly skilled immigrants, who are more likely to be employed, should care less about welfare assistance and more about labour force options, including the rate of return on skills and advancement possibilities. Germany's unwillingness to employ FSU immigrants in privileged jobs in the public sector (until they obtain German citizenship) and the overall rigidity of the German labour market may steer them away from the German option to the Israeli and especially the American one, where they can expect higher returns on skills acquired in the FSU. In other words, to the extent that economic factors shape destination choices, immigrants choosing the US should be more highly skilled than their counterparts choosing Israel, and those choosing Germany should have the lowest labour market skills.

The above hypothesis assumes that skills and education obtained in the FSU are equally transferable (or non-transferable) to the labour markets in the US, Israel and Germany. The native language of FSU immigrants is neither English, nor German, nor Hebrew, and the economies of the three destination countries are more similar to each other than to the communist or post-communist FSU

economy. Thus, we have no reason to assume differences in skill transferability between the three destination countries. However, while the relevance of the skills obtained in the FSU may be similar in the three host labour markets, some countries may be more rigid in recognizing FSU educational credentials than others. It seems that the restrictions on FSU credentials are more prevalent on the rigid German labour market than is the case in Israel or in the US. This is another reason to hypothesize that Israel, and especially the US, attract a greater proportion of highly educated immigrants than Germany.

Below we focus on this issue: selection patterns of immigrants to the three countries. The paper is organized as follows: the next section presents the various data sources we use. We then present the selectivity analyses focusing on age and educational level – the two most important observed characteristics approximating immigrants' skills. Specifically, we compare the ages and educational levels with which immigrants arrived in Israel, the US and Germany between 1990 and 2000. The final section of the paper discusses the results and their implications.

Data

For analyzing FSU immigrants who came to the US during the 1990s, we use the 5% Public Use Micro data files of the 2000 US census (PUMS). This data set contains country of birth and year of immigration but not religion, making impossible accurate identification of Jewish immigrants. We followed the algorithm developed by Cohen and Haberfeld,¹⁸ and defined FSU Jewish immigrants in the PUMS as those born in the FSU, speaking at home English, Russian, Hebrew, or Yiddish, and stating a Russian, Israeli, or Jewish first ancestry (since 'Jewish' is not an accepted ancestry, such persons are coded as '998', which is the code given to those stating a religion in the PUMS). FSU immigrants who speak other languages at home or state other ancestries (e.g. Armenian, Ukrainian) are less likely to be Jewish. This identification procedure yielded 11,089 immigrants 15 years and over defined as Jews who immigrated to the US between 1990 and 2000 (representing about 221,000 immigrants in the US population in 2000). Since only about 200,000 Jews immigrated to the US during the 1990s, this sample includes, in addition to the Jews, some non-Jewish immigrants from the FSU. This, however, is not a major problem for our purpose, since the educational levels of those who are surely Jewish (stating Israeli ancestry or getting the '998' code on this variable) are not appreciably different from that of the broader group defined above as Jewish (data not shown).

For FSU immigrants who came to Israel, we rely on Labour Force Surveys from 1996 and 2000. These large national surveys (about 11,000 households and 23,000 individuals each) are conducted annually and include detailed demographic, educational and immigration-related information for a representative sample of Israelis 15 years and over. In total, the two surveys included 13,418 FSU immigrants, a large number that is consistent with the huge immigrant wave moving to Israel from the FSU in the 1990s.

In order to analyze the characteristics of JQR in Germany we relied on the 1% 1996 and 2000 German micro-censuses. Unfortunately, unlike the Israeli and US

data, the German census does not include information about respondents' country of birth or ethnic origin, or, for immigrants, about legal status at migration (e.g. quota refugee or asylum seeker). However, the census does indicate nationality, year of arrival, and information on spouses and children living abroad. Using this information, Cohen and Kogan suggested an algorithm for identifying JQR in the German census.¹⁹ We use this algorithm, which classified as JQR all those arriving in Germany between 1990 and 2000 who satisfy all four of the following criteria: 1) they hold nationality of one of the FSU republics; 2) they do not hold dual (German–FSU) citizenship; 3) they do not have a spouse or children residing in the FSU; 4) they are not married to a spouse of German nationality. While admittedly crude, this algorithm captures most JQR arriving in Germany between 1990 and 2000, although the small number of cases (618 in total) suggest that they represent

Table 2. Selected characteristics of recent FSU Jewish immigrants, 15 years and over, in the US, Israel and Germany by period of immigration.

Year of observation: ^a	1996		2000	
Immigration cohort:	1990–95		1996–2000	
	Men	Women	Men	Women
<i>N of cases:</i>				
Israel	4,468	5,629	1,441	1,880
Germany	149	169	133	155
USA	3,170	3,849	1,798	2,272
<i>% Men:</i>				
Israel	44.3		43.4	
Germany	47.9		46.2	
USA	45.2		44.2	
<i>Mean age:</i>				
Israel	43.4	47.0	42.2	45.3
Germany	37.4	39.9	39.4	43.9
USA	40.7	42.3	38.5	40.2
<i>Over 55 years old (%):</i>				
Israel	30.3	37.4	27.8	32.7
Germany	18.1	23.7	18.1	27.7
USA	21.9	25.8	18.9	22.0
<i>With at least BA^b(%):</i>				
Israel	45.9	47.1	43.3	44.2
Germany	43.8	38.4	35.7	37.4
USA	65.7	62.7	60.3	58.4

^a Year of observation for Germany and Israel. For the US year of observation for both cohorts is 2000.

^b Among persons aged 25–64, arriving in their destination when they were at least 20 years old. Those with at least BA are persons with at least 15 years of schooling and last school being an academic institution in Israel; at least a four-year college degree in the US; and CASMIN 3a and 3b in Germany. Sources: Israel: Labour Force Surveys, 1996 and 2000; Germany: Micro Censuses, 1996 and 2000. USA: 5% Public Use Micro Sample of the 2000 US Census.

only about 61,000 Jews 15 years and over, while the number of all Jewish immigrants to Germany during the 1990s was around 130,000.

Results

As shown in the top panel of Table 2 presenting the characteristics of two immigrant cohorts shortly after arrival, the three countries have received more immigrant women (about 54–56%) than men. This probably reflects the general demographic composition of the FSU population (including the immigrants) that is typified by very high male mortality leading to female predominance in most adult and older cohorts.²⁰ Judging by the somewhat higher mean age of female immigrants than male ones, an additional explanation may entail self-selection of older Jewish women for migration to all three countries. However, among ex-Soviet Jews gender is not directly related to skills, as both men and women had high levels of education and were universally employed.²¹

Age, unlike gender, is related to skills, although indirectly. Younger immigrants are faster at adjusting their skills to the new country and are more likely than older immigrants to integrate socially. This is why host countries prefer younger immigrants over older ones. The middle panels of Table 2 present the mean age and the proportion of older immigrants, among all immigrants 15 years and over arriving in the three countries. The age structure of immigrants to Israel is somewhat skewed towards older age groups. The proportion of immigrant men who arrived in Israel in 1990–95 when they were over 55 (30.3%) is appreciably higher than the proportion of their counterparts reaching Germany (18.1%) or the US (21.9%). The same pattern is observed among the 1996–2000 cohort, as well as among women, but, as we have already mentioned, women immigrants to the three countries are older than men.

In brief, the age distribution suggests that Israel attracts a greater proportion of older immigrants, while the US and Germany are more likely to attract immigrants in their prime working age whose chances of fully integrating in the labour market and the host society are greater. In other words, with respect to age, patterns of self-selection favour the US and Germany over Israel.

While age is an important proxy for immigrants' chances of socioeconomic integration, immigrants' levels of human capital tell us much about the nature of selectivity that takes place during the migration process. Educational level is arguably the best observed indicator of immigrant skills. One comparable educational measure available in the American, Israeli and German data sets is whether or not respondents have at least a first university degree (BA or equivalent). A university degree has increasingly become the main avenue for attaining prestigious occupations and high income jobs in all developed countries including the US, Israel and Germany.

The bottom panel of Table 2 presents the results of this comparison for immigrants arriving during 1990–95 and 1996–2000. For the educational data, we focus on persons 25–64 years old during the survey year, and exclude immigrants arriving in Israel, Germany or the US when they were below 20 years of age. This is in order to increase the likelihood that 1) the destination

decisions – Israel, Germany, or the US – were made by these immigrants themselves and not by their parents; and 2) that the education and hence the skills of the immigrants were obtained in the FSU and not in the host countries. The educational level of those moving to the US is significantly higher than among those moving to Israel and Germany. Specifically, during 1990–95, 65.7% of men and 62.7% of women who arrived in the US were college educated, compared to 45.9% among immigrant men and 47.1% immigrant women moving to Israel. The respective figures for those moving to Germany – 43.8% for men, and 38.4% for women – are closer to the Israeli figures, but the Israel–Germany gap is more substantial among women (nearly 9 percentage points) than among men (about 2 percentage points). By the late 1990s, the educational level of Jewish immigrants from the FSU declined – the three countries received a lower proportion of highly educated immigrants than they had received in the early 1990s. Yet the gap between the three countries remained remarkably unchanged: among men 60.3% of those moving to the US were college educated, compared to 43.3% among those moving to Israel, and 35.7% among those moving to Germany. The respective figures among women are 58.4%, 44.2%, and 37.4%.

The observed decrease in the educational levels of FSU immigrants in the late 1990s is probably due to the decline in the general educational level of the Jews remaining in the FSU, as the most educated ones had already emigrated in earlier years. For our purpose, however, the differences between the destination countries are the most relevant and they suggest that selectivity patterns did not appreciably change during the second half of the 1990s. The differences in the educational level between those moving to Israel and Germany are much smaller (and not statistically significant) compared to the difference between these two countries and the US. Evidently, educated immigrants find Israel, and even more so Germany, less attractive than the US.

Discussion and conclusions

During the 1970s and 1980s, when the doors of both the US and Israel were open, most highly educated FSU Jewish immigrants chose to move to the US rather than to Israel.²² Thus, the results of the natural experiment of the period 1970–89 supported our theoretical expectations: skilled immigrants prefer countries where the returns on skills are higher. In the 1990s the natural experiment continued, but under slightly different rules: FSU Jewish immigrants had free entry to Israel and Germany, but entry to the US was limited by strict quotas.

Interestingly, the change of the immigration regulations in the US has hardly affected the patterns of educational selectivity. In the 1990s, as in the 1970s and 1980s, the highly educated arrived in the US in greater proportions than either to Israel or Germany. This was the case despite the fact that both Israel and especially Germany offered generous material assistance to FSU Jewish immigrants. Moreover, while the doors to Israel and Germany were wide open for prospective Jewish immigrants from the FSU, entry to the US was governed by family

reunification. Yet skilled immigrants continued to reach the US in greater proportions than Israel or Germany. Apparently, they are not deterred by visa requirements and care less about material assistance. Rather, wage level, labour market flexibility and returns on skills, all of which are higher in the US, appear to be more important for their destination choices.

Evidently, the US immigration policy, which relies on family reunification for admitting immigrants, is not a major obstacle for highly educated FSU Jews. It actually may benefit them, given the high positive correlation between the educational level of FSU prospective immigrants and their immediate relatives residing in the US. Much discussion in the last two decades has focused on the declining skills of immigrants arriving in the US, and how the US loses the most skilled immigrants to other countries.²³ Among other things, the family reunification policy was blamed for this decline. The migration flow from the FSU to Israel and Germany in the 1990s is a counter-example to this assertion. Our results suggest that the US has performed rather well in the immigration market, and throughout the 1990s attracted more highly educated immigrants from the FSU than did Israel or Germany.

While the US has been the clear winner in the competition for skilled FSU Jewish immigrants, no appreciable differences were found between those going to Israel and Germany. We expected that the greater material assistance offered in Germany, as well as its rigid labour market, would attract the least skilled immigrants to Germany. The data, however, provide only a weak support, if at all, to this hypothesis. Although the proportions of college educated immigrants choosing Germany are somewhat lower than the proportions choosing Israel, the differences are small (compared with a greater gap between these two and the US), based on a very small number of cases (in Germany), and are not statistically significant. Moreover, the younger ages of those going to Germany than to Israel suggest that JQR in Germany expected to integrate in the German labour market and society. This interpretation is consistent with previous research that found that although labour force participation in Germany was lower than in Israel among arriving immigrants, the gap is likely to close in 10–11 years.²⁴ It is thus possible that the German immigration 'offer' was not perceived as inferior to the Israeli offer, especially not in the eyes of relatively young immigrants who believed that they, and even more so their children, will eventually succeed in integrating into the rigid German labour market and society.

It is also possible that some non-economic factors affected the destination choices of FSU Jewish emigrants. In fact, when JQR were asked why they chose Germany over Israel, they rarely mention economic reasons; rather, they focus on political, cultural, familial and even climatic considerations.²⁵ Those who preferred the US over Israel, however, did mention the greater economic opportunities in the US.²⁶ Admittedly, what immigrants say in surveys may not always represent their actual motives and preferences; yet it appears that, at least in the US case, there is a match between the two.

The implications of immigrants' selection patterns to economic assimilation (that were not addressed in this paper) cannot be exaggerated. Highly educated and

younger immigrants are more likely to catch up with the average native, especially if the educational levels of immigrants are higher, as is the case in all three countries. However, immigrants are also selected on their unobserved characteristics (e.g., motivation, ability, social capital). Selectivity on such unobserved but productivity-related characteristics also affects their economic outcomes, compared to immigrants of similar measured characteristics. Some of our previous research illuminated this issue. In the study of earnings assimilation, FSU immigrants in the US were found to do much better than their counterparts in Israel.²⁷ In the US, FSU immigrants reached the earning level of natives of similar demographic characteristics in 10–15 years, while in Israel FSU immigrants (but not other immigrant groups from Eastern Europe) experienced very little earnings mobility. Namely, their earnings relative to natives of similar measured characteristics after 15–20 years in Israel were similar to their relative earnings upon arrival or shortly after. This being the case, Cohen and Haberfeld concluded that selectivity patterns on unobserved characteristics are largely responsible for the more expedient economic assimilation of FSU immigrants in the US than in Israel.

Selectivity on observed or unobserved characteristics, however, is not the entire story behind the better performance of FSU immigrants in the US than in Germany or in Israel. Institutional factors play a role, especially in explaining the differences in immigrants' economic progress between Germany and Israel. Immigrants to Germany suffer from extremely high unemployment rates when they first arrive, but those who do enter the labour market are more likely to attain high status occupations over time than their counterparts in Israel. The main explanation for this finding is not selectivity, but rather Germany's less receptive labour market along with the more generous welfare aid offered to unemployed FSU immigrants in Germany.²⁸ Consequently, FSU Jews in Germany can afford to spend more time in relevant job searches, while their counterparts in Israel (or the US) are forced to take whatever job is offered to them. To remind the reader, state benefits shrink greatly after six months and expire after one year upon migration in Israel, and are totally absent in the US.

In terms of occupational mobility, previous research found very little progress among FSU immigrants in Israel, and even less so in Germany.²⁹ Since occupational mobility is highly correlated with earnings progress, this suggests that socioeconomic progress of immigrants and catching up with similar natives, in terms of occupations or earnings, is not a universal phenomenon. Rather, it depends on the immigrants' self-selection patterns on observed and unobserved characteristics, as well as on the institutional arrangements prevailing in the labour market of the receiving country. Unfortunately, it is impossible to determine the precise portion of the immigrant occupational advantage in the US vs. Germany or Israel which is due to selectivity vs. the institutional factors. But the evidence presented above implies that selectivity plays a major role in explaining the differences between the US on the one hand and Germany and Israel on the other. Institutional factors, however, are probably more important

than selectivity in explaining the differences between immigrants' labour market outcomes in Israel and Germany.

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