



### Integration of Immigrants: Ethnic Identity Affects Economic Success\*

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*Ethnic diversity generates economic advantages, which can be utilized by both migrants and the receiving country. The fundamental aspects of ethnic identity, therefore, need to be better understood, as the multidimensional degree of attachment or identification with the receiving and sending countries can determine the economic success of the migrants. It appears that ethnic identity is strongly affected by experiences brought from the immigrant's country and less so by characteristics acquired in the receiving or host country. Keeping one's ethnic identity from the country of origin and taking up the host country's identity is possible. The symbiosis of the two is not an impediment, but a guarantor for economic success, especially for women. Thus, a foresighted migration and integration policy should take the effects of these factors into consideration. This will enable equitable integration and ethnic diversity, ultimately increasing the creativity and dynamism of society.*

Local labor markets often experience discrepancies between demand and supply. It is possible, for example, for a market to experience both job vacancies and unemployment at the same time. In Europe, there is frequently an excess supply of low qualified jobs and a lack of highly qualified work. In addition, there is an accelerated shrinking of the working age population, and thus an inevitable decrease in the economically active population. While migration is at the heart of this challenge, only a few Western European countries have opted to reform their immigration legislature to confront this issue; those who have done so have only progressed gradually. Initiatives at the European Union (EU) level call for tougher labor market-oriented immigration policies and economic criteria at the forefront. Still, the growing demand for highly qualified workers cannot be met. At the same time, immigrants work all too often in low-paid jobs, even if they have higher qualifications or are registered as unemployed. This only exacerbates competition with native workers with low qualifications and heightens problems with them.

The fact that many migrants possess distinct culture-specific human capital that can be of high value in increasingly globalized societies and economies is backed by research that emphasizes the indisputable

value of ethnic diversity (Ottaviano and Peri, 2006).<sup>1</sup> Ethnic capital, however, has been either ignored by the receiving countries (Germany) or recognized but as yet left untapped (Canada), or immigrants have been forced to shed this ethnic capital and assimilate (France). The EU recognizes that culture and diversity are vital elements to its countries' economies and competitiveness and its international relations with third countries. "Today's strategy promoting intercultural understanding confirms culture's place at the heart of our policies" said Barroso (in EU, 2007).<sup>2</sup> In May 2007 (named the year of equal opportunities for all), the European Commission proposed three objectives: cultural diversity and intercultural dialogue; culture as a catalyst for creativity; and culture as a key component in international relations. Similarly, the role of the ethnic identity of immigrants with regards to labor market success has been rather undervalued. This essay presents a measure of ethnic identity and examines to what extent ethnic identity determines not only economic integration, but also earned income and labor force participation.

### **Ethnic Diversity Boosts Economic Potential**

Studies have repeatedly shown that the average labor market performance of workers with a migrant background falls behind that of comparable natives. The lack of congruence between employer demand and immigrant human capital supply is undoubtedly a reason for this unfavorable starting position. The education of immigrants, especially those from third-world countries living in the EU, does not often correspond to the requirements of domestic employers; immigrants may lack the necessary certification or higher qualifications may not be transferable or recognized. Even well-educated immigrants often lack the necessary country-specific human and social capital, such as a good command of the local language and family and friends to support them; such factors can be decisive for labor market success. Worse, migrant-specific labor markets or enclaves where immigrants encounter better employment opportunities on the grounds of their cultural experiences and language competence offer considerably lower income and few promotion prospects.

Immigrants, independent of their country of origin, indisputably possess skills specific to their culture of origin, something unique and different that natives do not have. It is well-known in economics that economic migrants are needed because they are different. In the case of a homogeneous population, there is always the risk of lost creativity. In fact, a pluralistic society's goal of assimilation is not to erode all ethnic distinctions, but rather to increase the common culture and economic opportunities shared by all groups. There are costs and benefits associated with this cultural capital embodied in immigrants. In the

production process, when immigrants and natives are complements to each other, we can have a win-win situation; immigrants and natives can profit and the economy and society can benefit from greater prosperity. In ethnic-specialized market sectors, immigrants exhibit a potential advantage over natives as they fit in and have the best match for their human capital. Accordingly, ethnic diversity appears to raise the growth of an economy overall, even when considering any negative consequences that may arise. Diversity has more potential to produce and increase output than harm the economy. This is why immigrants may seem to have a potential advantage over natives in a market sector specializing in ethnic-specific goods and services. Policies that welcome ethnic diversity within the larger society without encouraging separation would be desirable. A genuinely inclusive policy of multiculturalism would also be beneficial (Chiswick 2008).<sup>3</sup> The process of assimilation and integration as immigrants experience it is therefore of key importance for their socioeconomic success.

### **Ethnic Identity**

Ethnic identity is anything that makes individuals the same or different in comparison to other ethnic groups. It may also encompass a network of strong beliefs, values, and what people hold dear. Ethnic identity surfaces and becomes a strong part of migrant persona when an immigrant arrives in a host country that is dominated by a different ethnicity or culture. Ethnic identity, then, is like property; a person can have an ethnic identity for some time, can lose it and acquire a new one or lose it and never take on or assume another one. Ethnic identity, much like personality and other individual characteristics, is supposed to influence labor market outcomes. The degree of attachment to or self-identification with the receiving and sending countries is pertinent.

The evolution of a person's ethnic identity can be described as moving on a plane formed by two axes representing commitment to the home and host countries. Immigrants may, for instance, retain a strong, perhaps even fanatical identification with the country of origin, no matter how long they stay in the host country. On the other hand, identification with the country of origin can also become weaker or completely disappear after migration. At the other extreme, immigrants who were pushed out of the country of origin may be disgruntled and turn against their own culture and heritage after immigration. Similarly, commitment to the host society may vary from overly zealous devotion to extreme abomination and subversion. A combination of different commitments to the origin and host societies at a given point of time describes the state of an immigrant's ethnic identity; the movement between them denotes the immigrant's degree of attachment.

Four ethnic identity states or regimes of the positive two-dimensional ethnosizer are listed below:

- *Assimilation* - strong identification with the receiving country's culture and society and weak identification with the country of origin;
- *Integration* - a strong bond with the country of origin with a simultaneous strong connection with the receiving country;
- *Marginalization* - no sense of belonging, neither to the receiving country's culture nor to that of the country of origin;
- *Separation* - identification is entirely with the original culture, even years after emigration.<sup>4</sup>

The status of an immigrant's ethnic self-identity at a certain time sheds light on whether he or she is familiar with the culture and traditions of specific communities. For example, assimilation describes a state in which immigrants speak the receiving country's language, they have close contacts with natives, they know and observe the receiving country's customs and want to naturalize and stay in the receiving country. Immigrants in the assimilation state do not manifest any ethnic identity related to their country of origin. In the state of separation, the opposite occurs; there is an ethnic retention with a simultaneous lack and snubbing of the host country's ethnic, social and cultural capital. Integration denotes feeling comfortable with both cultures and possessing culture-specific human capital from both worlds. Marginalization is the state where immigrants are detached and withdrawn from either culture.

The analytical evaluation of ethnic identity and culture-specific human capital, as well as their influence on the integration and economic success of immigrants in a receiving country is not trivial; different cultural influences on this identity are very likely, and it is a challenge to distinguish between the fine lines of the different elements of ethnic identity. Thus, a framework that is capable of explaining the continuation, persistence or disappearance of ethnic identity in terms of the success or failure of immigrants in the economy and society is needed.

A migrant's culture-specific human capital can be measured by the "ethnosizer," a multi-dimensional concept of ethnic identity. The ethnosizer is an index that measures the intensity of the ethnic identity of a person by combining five essential elements: language, culture, social interaction, ethnic networks, migration history, and ethnic self-identification.<sup>5</sup> Research results based on this index are more robust than previous analyses based on direct interviewing. They reveal that ethnic identities have a primarily

exogenous nature; vary greatly according to the country of origin and sex; are independent of the social and cultural processes in the receiving country; and have already formed prior to migration.

### Migrants in Germany and the Ethnosizer

Among immigrants to Germany, those who arrived in the sixties during the guestworker era are of particular interest, especially those from the main recruitment countries Turkey, the former Yugoslavia, Greece, Italy and Spain. Immigrants from these countries are also prominently represented in the Socio-Economic Panel (SOEP) of the German Institute for Economic Research (DIW Berlin). We concentrate on these immigrant groups. A wealth of questions in the 2001 wave of the SOEP allows us to measure the ethnic identity of migrants. These data are still relevant, as changes in identity only occur at a very slow rate.

Table 1 shows that the observed ethnic groups comprise a good 50% of the immigrants in Germany. Turkish immigrants were by far the most predominant group with 25% and 1.7 million people at the end of 2007; followed by the people from the former Yugoslavia (14%), Italy (8%), Greece (4%) and Spain (2%). These proportions have hardly changed in comparison with the 2001 statistics. Note that the SOEP has a different weighting system, which leads to a larger and, therefore, better group-specific sample survey. Furthermore, we have concentrated only on the first-generation migrants, so data used in this essay deviate from the official statistics. (See last Column in Table 1.)

**Table 1:** Immigrants in Germany

Country of Nationality	Federal Statistical Office		SOEP <sup>1)</sup>		
	2007	2001	2001	2001	2001
	Total Number	Percentage	Total Number	Percentage	Percentage
Turkey	1 713 551	25.41	1 947 938	26.62	34.80
Ex-Yugoslavia	937 762	13.90	1 085 765	14.84	18.20
Greece	294 891	4.37	362 708	4.96	8.50
Italy	528 318	7.83	616 282	8.42	15.30
Spain	106 301	1.58	128 713	1.76	3.60
Other	3 164 056	46.91	3 177 222	43.41	19.60
<b>Total</b>	<b>6 744 879</b>	<b>100.00</b>	<b>7 318 628</b>	<b>100.00</b>	<b>100.00</b>

Source: Federal Statistical Office and Social-Economic Panel (SOEP) of the German Institute for Economic Research (DIW Berlin)

<sup>1)</sup> Only First Generation Immigrants

Following the measuring concept of the ethnosizer, comprised of five elements, we extract these elements for each individual. In the two-dimensional ethnosizer, naturally, each element contains information on both the host and the home country. These elements are:

1. *Language* - self-assessment of spoken and written German and of the spoken and written native language;
2. *Culture* - use of media from Germany and the country of origin;
3. *Social Interaction and Ethnic Networks* - close relationship with co-ethnic friends and family;
4. *Migration History* - intention of returning home or applying for German citizenship;
5. *Self-Identification* – self-revealed identification with Germany and with the original culture and origin.

The next step is to associate these five two-dimensional elements with the four regimes or states of the two-dimensional ethnosizer. Accordingly, for each element each individual is assigned to one of the four identity regimes: assimilation, integration, marginalization and separation. On the basis of the five elements, each of the four regimes can have a value between zero and five. Table 2 presents the distribution of the four regimes for the entire dataset. It reveals a weak correlation between the regimes and the individuals. It is therefore all the more problematic to rely on only one element or indicator (for example self-identification), as it has been done in the literature previously. Table 2 is interpreted as follows: for the first row of the integration state, about 35% of immigrants are integrated only in the first element, which is language; about 23% of immigrants are integrated in the second element, which is culture; etc.

Typically, the migration literature suggests that the states of integration and assimilation should become stronger, and in our case of assigning numbers they should increase numerically with longer periods of residence in the host country; contrarily, the states of separation and marginalization should peter out. In our two-dimensional ethnosizer, this principle applies to the states of assimilation and separation because they have significantly different than zero coefficients on additional years of residence in Germany. Additional years of residence in Germany, however, are not significantly different than zero for the states of integration and marginalization.

**Table 2:** Distribution of Immigrants According to the Four Regimes of the Ethnosizer and its Five Elements (in %)

Four Regimes of the Two-Dimensional Ethnic Identity	Not in a Regime	Five Elements of the Ethnosizer				
		0	1	2	3	4
Assimilation	34.86	32.79	17.21	8.43	2.14	0.50
Integration	27.36	34.79	23.14	9.43	1.21	-
Marginalization	39.57	36.00	15.21	4.64	0.50	-
Separation	19.14	22.64	22.29	17.71	11.57	2.57

Source: Socio-Economic Panel (SOEP) of the German Institute for Economic Research (DIW Berlin)

Note: 34.79% of the immigrants in the integration state are only integrated according to one of the five elements

Table 3 illustrates the results from a simple regression analysis. Clearly, each additional year of residence in Germany increases the assimilation of immigrants at a non-linear rate.<sup>6</sup> Additional years of residence in Germany also determine the magnitude of the separation state. Figure 1 illustrates this relationship. The blue line shows how the assimilation of immigrants changes with additional years of residence in Germany; it hovers around one, a quite low assimilation rate, for almost the first forty years since arrival. The rate of change of assimilation through time or the first derivative (red line) is superimposed on top of this figure and measured on the right axis. It shows that assimilation definitely increases with additional years of stay in Germany.

**Table 3:** Duration of Stay and Ethnic Identity

	Assimilation	Integration	Marginalization	Separation
Constant	0.8 (4.5)*	1.04 (6.1)*	0.67 (4.4)*	2.48 (10.5)*
Duration	0.06 (2.0)*	0.01 (0.5)	0.03 (1.2)	-0.11 (-2.6)*
Duration Squared	$-3 \cdot 10^{-3}$ (-2.0)*	$-2 \cdot 10^{-4}$ (-0.1)	$-2 \cdot 10^{-3}$ (-1.3)	$5 \cdot 10^{-3}$ (2.5)*
Duration Cubed	$4 \cdot 10^{-5}$ (1.8)*	$-4 \cdot 10^{-6}$ (-0.2)	$3 \cdot 10^{-5}$ (1.5)	$-7 \cdot 10^{-5}$ (-2.2)*

Source: Socio-Economic Panel (SOEP)

<sup>1)</sup> Regression analysis. Duration is measured as years of residence in Germany after immigration, t-values in parentheses next to the coefficients.

A \* corresponds to a significance level of at least 5%.



Table 3 also documents that additional years of stay in Germany affect the separation state and in a negative way. That is, separation from the German society decreases as immigrants stay longer in Germany. Figure 1 depicts how separation changes with additional years in Germany. Overall, separation is a decreasing function of years since arrival. Naturally, first arrivals score high in separation (2.5), which starts dropping at a fast rate during the first ten years in Germany. Afterwards, and for a good 30 years, separation oscillates around 1.8. It drops precipitously later in life and with 40 years of residence in Germany. The red line shows a declining rate of separation as years of residence increase.

Figure 1 : Assimilation and Separation as a Function of Years in Germany

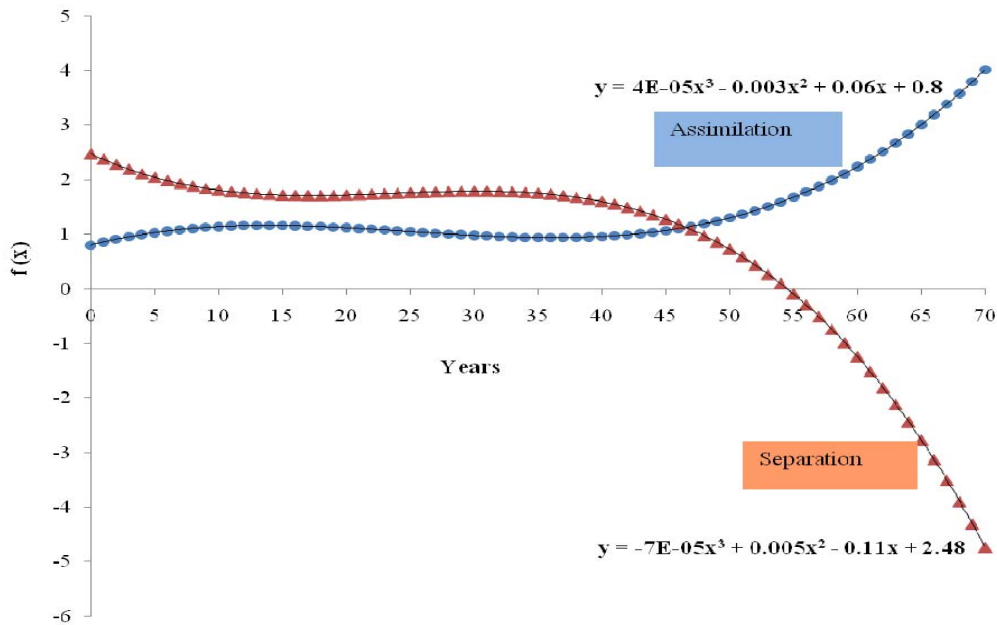


Table 4 presents the mean and standard deviation of the four states or regimes of the two-dimensional ethnosizer by sex, nationality and religion. Recall that each state or regime takes values from one to five because of the addition of the five elements. For example, a higher number in the integration state denotes integration in more elements. If one scores five on the integration state, this means that this immigrant is integrated in all five elements and therefore this immigrant is comparatively more integrated than others who score a lower number. Comparing women to men, Table 4 shows that they are less integrated and assimilated and more separated and marginalized than men. Of all the nationalities, Turkish immigrants exhibit the strongest identification with the culture from the country of origin and the weakest affinity to Germany. In contrast, Spanish immigrants have the greatest identification with the German culture. They rank the highest among all the groups in integration and assimilation and lowest in separation and marginalization. The category “other ethnic groups” is positioned somewhere in between. It appears that Muslims exhibit a similar pattern to Turks and Catholics to Spaniards. This is hardly surprising due to a



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large overlap between these two groups. Thus, Muslims are just as strongly separated as Turks, but a little more strongly assimilated and much less integrated. Catholics are more strongly integrated and assimilated, but also less separated than Muslims.

**Table 4:** Summary Statistics of the Four Regimes of the Ethno by Sex, Country of Origin and Religion<sup>1)</sup>

	Assimilation	Integration	Marginalization	Separation
<b>All</b>	1.080 (0.030)	1.191 (0.027)	0.859 (0.024)	1.871 (0.038)
<b>Sex</b>				
Women	1.030 (0.041)	1.151 (0.040)	0.901 (0.036)	1.918 (0.055)
Men	1.127 (0.042)	1.229 (0.038)	0.818 (0.033)	1.827 (0.053)
<b>Country of Origin</b>				
Turkey	0.779 (0.045)	1.032 (0.046)	0.896 (0.043)	2.293 (0.063)
Former Yugoslavia	1.107 (0.065)	1.219 (0.062)	0.917 (0.059)	1.756 (0.083)
Greece	0.897 (0.083)	1.121 (0.095)	0.914 (0.083)	2.069 (0.132)
Italy	1.077 (0.080)	1.163 (0.064)	0.865 (0.064)	1.894 (0.095)
Spain	1.122 (0.145)	1.388 (0.162)	0.714 (0.109)	1.776 (0.213)
Other	1.681 (0.069)	1.471 (0.062)	0.732 (0.049)	1.117 (0.070)
<b>Religion</b>				
Catholic	1.295 (0.058)	1.245 (0.046)	0.826 (0.043)	1.634 (0.067)
Other Christian	1.119 (0.067)	1.255 (0.066)	0.864 (0.054)	1.761 (0.087)
Muslim	0.862 (0.047)	0.929 (0.044)	0.946 (0.043)	2.262 (0.064)
Other Religion	1.138 (0.081)	1.538 (0.084)	0.788 (0.068)	1.538 (0.098)
Non-religious	1.169 (0.072)	1.585 (0.078)	0.728 (0.062)	1.518 (0.092)

Source: Constant, Gataullina and Zimmermann (2008)

<sup>1)</sup> Standard Errors in parentheses

In Tables 5 and 6 we illustrate the correlation between the ethnosizer and earned income and labor force participation respectively. These Tables also show the breakdown of the ethnosizer by sex, nationality and religion. Overall, Table 5 shows that incomes are higher among those in the integration and assimilation states than among those in the separation and marginalization states. However, income differences at this aggregation level are not very great.

**Table 5:** Ethnic Identity and Earnings (in Euros) by Sex, Country of Origin and Religion

	<b>Assimilation</b>	<b>Integration</b>	<b>Marginalization</b>	<b>Separation</b>	<b>Total</b>
<b>All</b>	2095	2092	2014	1921	2027
<b>Sex</b>					
Women	1347	1447	1373	1231	1351
Men	2539	2518	2421	2327	2454
<b>Country of Nationality</b>					
Turkey	2162	2051	1931	1887	1991
Ex-Yugoslavia	1948	1951	1966	1874	1968
Greece	2409	2254	2361	2056	2213
Italy	2229	2142	1914	1874	2037
Spain	2013	2038	1900	1865	1980
Other	1967	2175	2120	2056	2054
<b>Religion</b>					
Catholic	2046	1942	1871	1811	1941
Other Christian	2119	2131	2067	2066	2083
Muslim	2060	2047	1935	1891	1970
Other Religion	2120	2150	2163	1962	2100
Non-religious	2245	2425	2433	2094	2284

Source: Socio-Economic Panel (SOEP) of the German Institute for Economic Research (DIW Berlin), 2001

It is striking that there are no fundamental differences between integration and assimilation and separation and marginalization. This also appears in the labor force participation statistics (Table 6), only here the differences are monumental between integration and assimilation on the one side and separation and marginalization on the other. Those who are integrated or assimilated have considerably higher labor force participation rates (far in excess of 60%) than those who are separated or marginalized (far below 50%).

**Table 6:** Ethnic Identity and Labor Force Participation (in %) by Sex, Country of Origin and Religion

	<b>Assimilation</b>	<b>Integration</b>	<b>Marginalization</b>	<b>Separation</b>	<b>Total</b>
<b>All</b>	63.38	64.79	47.53	48.23	55.32
<b>Sex</b>					
Women	50.52	54.37	35.98	35.63	43.07
Men	74.64	74.14	59.71	60.89	67.06
<b>Country of Nationality</b>					
Turkey	64.03	62.55	41.47	38.06	47.77
Ex-Yugoslavia	57.84	66.44	48.65	53.18	56.61
Greece	74.04	73.08	52.83	48.75	59.48
Italy	66.52	66.12	46.67	58.88	60.10
Spain	70.91	75.00	60.00	67.82	69.39
Other	61.11	60.85	55.32	58.19	59.53
<b>Religion</b>					
Catholic	65.79	65.76	49.56	59.41	61.02
Other Christian	67.65	71.15	54.76	55.84	62.14
Muslim	60.60	61.57	40.46	38.31	46.88
Other Religion	56.04	63.42	53.18	48.78	55.63
Non-religious	57.46	60.84	54.23	50.34	55.90

Source: Socio-Economic Panel (SOEP) of the German Institute for Economic Research (DIW Berlin)

We also find interesting gender differences in the labor market: women participate less in the labor force than men (43% versus 67%), and earn less (1,351 Euros per month compared to 2,454 Euros per month for men). Although there are no fundamental differences between integration and assimilation and separation and marginalization as regards labor participation, integrated women earn considerably more than marginalized women and separated men earn less than marginalized men. Marginalized women are just as well off as assimilated women. Thus, in contrast to assimilation, integration is rewarded in monetary terms for women, while not affecting men.

Spanish immigrants have the highest labor force participation at 69%, and Turkish immigrants the lowest at 48%. Both Turks and Spaniards have the lowest income, while those from Greece have the highest. For all ethnic groups, labor force participation is high when immigrants are integrated or assimilated and low when separated or marginalized. In fact, only immigrants from Spain and the former Yugoslavia have noticeably higher labor force participation when integrated than when assimilated. Among those who are separated or marginalized, the separated have greater labor force participation than others of their

nationality who are marginalized; only in the case of Turks and Greeks is the opposite true. Separation in all ethnic groups leads to lower income than with marginalization. Economically speaking, assimilation is always better than marginalization, but only in the case of Italian, Greek and Turkish immigrants is it also better than integration.

With regards to religion, Tables 5 and 6 show that non-religious migrants earn the most; Catholics, like Muslims, earn the least. Marginalization is more beneficial than separation among the religious migrant groups. However, only Muslims, other religions and especially the non-religious clearly fare better. Catholics, other Christians and Muslims are better off under assimilation than marginalization; with other religions and the non-religious it is the opposite. Integration only pays off for the non-religious, but it does not harm the other groups in comparison to assimilation. The integrated non-religious are nearly as well off as the marginalized.

### **Ethnic Identity Affects Labor Market Success**

According to our analysis, the degree of success in the labor market depends largely on the scope of culture-specific human capital and the ethnic identity of immigrants.<sup>7</sup> Assimilated immigrants, meaning immigrants who resemble native Germans in all five elements of the two-dimensional ethnosizer, have especially good chances in the host labor market. However, they now compete directly with the natives, as they can be substitutes; they no longer have any culture-specific human capital as an additional qualification to differentiate them from natives. Integrated immigrants, on the other hand, can be complements or substitutes to the native workforce. At the same time, they have access to “ethnic” markets. Integration gives them better chances in the labor markets than if they were only assimilated. Separated immigrants are confined in ethnic enclaves with low prospects of being incorporated in the host country and being successful. They can also perpetuate and inflate negative stereotypes about enclaves. This is why the success of immigrants on the host labor market may very well depend on which regime an individual’s ethnic identity lies.

Simulation calculations based on data from the SOEP-2001 elucidate this point. These calculations by ethnic identity show clear variations in income levels, likelihood of employment, as well as the likelihood of owning property. Integration and assimilation are prerequisites for permanent labor market success and economic well-being. As the degree of integration or assimilation increases, so does the rate of home ownership, the likelihood of being employed, and the monthly income; separation and marginalization

generate the opposite effect. The sex of the immigrant also plays a role here: male immigrants profit from assimilation as well as from integration, whereas women are only successful in the labor market if they are well integrated. Women appear to be more strongly bonded to their home countries' culture, which enables them to profit from the acquisition of culture-specific human capital from the receiving country. Further economic analysis of the correlation between ethnic identity and economic success of immigrants in the German labor market was able to establish a causal link: the particular characteristics of ethnic identity determine the degree of success in the labor market and not vice versa. Economically successful immigrants do not change their ethnic identity because of this success anymore than the absence of economic success provokes a modification of the ethnic identity.

### **Conclusions**

The research results show that a foresighted immigrant integration policy (applied to immigrants after they arrive in the host country) would do well to factor in the role of ethnic identity of the individual migrant. The idea of complete assimilation is not necessarily advantageous for immigrants or natives as it creates substitutes and friction. It is at the same denominator with complete prevention of separation and marginalization. What is desirable are strategies in which equitable integration and ethnic diversity are welcomed in society: promoting creativity and dynamism without encouraging separation.

Proactive policymakers will take this into account before migrants enter the country (applying migration policy on the flows). One should also bear in mind that many characteristics that determine ethnic identity essentially exist before migration. It may therefore make more sense to recruit young migrants who have completed their studies in Germany over those who have earned their qualifications in their countries of origin, as the latter group of people does not offer a "guarantee" for successful integration in the host labor market and society.

The integration prognosis should be incorporated from the outset with the long-overdue formulation of appropriate migrant criteria in view of a selection and quota system. Ethnic identity is important in the immigrant's journey. The ethnosizer as an index of ethnic identity has four regimes that immigrants identify with in the host country: assimilation, integration, marginalization and separation. The greater the probability of integration or assimilation, the greater the probability of finding a suitable job, earning a higher income, and contributing to social well-being in the host country. Future economic immigration policies must keep these interrelated factors clearly in mind.

**Endnotes:**

1. G.I.P. Ottaviano and G. Peri (2006). "The Economic Value of Cultural Diversity: Evidence from US Cities," *Journal of Economic Geography*, Vol. 6, No. 1, pp. 9-44.
2. EU (2007). Staff working paper, MEMO 07/180, [http://ec.europa.eu/culture/eac/index\\_en.html](http://ec.europa.eu/culture/eac/index_en.html)
3. C.U. Chiswick (2008). "The Economic Determinants of Ethnic Assimilation," IZA DP No. 2212, *Journal of Population Economics*, forthcoming.
4. Similarly, natives can also go through a process of new discovery of their own ethnic identity if they are confronted with other cultures both at home and abroad.
5. A.F. Constant, L. Gataullina and K.F. Zimmermann (2009). "Ethnosizing Immigrants," *Journal of Economic Behavior and Organization*, forthcoming.
6. In a polynomial, the highest power of the variable dominates as the variable becomes larger. Therefore, while the negative coefficient of the square term denotes a decreasing rate of assimilation, the positive coefficient of the cube term dominates and drives the assimilation state higher.
7. A.F. Constant, L. Gataullina and K.F. Zimmermann, "Ethnosizing Immigrants," *Journal of Economic Behavior and Organization*, forthcoming 2009; A.F. Constant and K.F. Zimmermann, "Measuring Ethnic Identity and Its Impact on Economic Behavior," *Journal of the European Economic Association*, (2008), Vol. 6, 424-433; A.F. Constant, R. Roberts and K.F. Zimmermann, "Ethnic Identity and Immigrant Homeownership," *Urban Studies*, 2008, Vol. 46, No. 11; K.F. Zimmermann, "Migrant Ethnic Identity: Concept and Policy Implications," *Ekonomia*, forthcoming 2008.
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