

# Russian Migrants to Russia

Migrants chose the region in Russia where their skills were most in demand

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The collapse of the Soviet Union gave rise to massive population movements among the newly independent states. Ethnicity was a major determinant of migration among the former Soviet Union (fSU) countries. The biggest of these movements was migration of ethnic Russians and Russian-speaking people from the former Soviet republics back to Russia. According to a census, 5.2 million residents of Russia, or 3.6% of its population, said in 2002 they had lived outside the country in 1989. Almost all of them moved to Russia in the early and mid-1990s. The majority of migrants arrived from Kazakhstan (1.4 mln), Ukraine (0.8 mln), and Uzbekistan (0.6 mln).

Compared to typical international migrants, Russian immigrants to Russia had fewer assimilation problems, as they were either of Russian nationality or spoke Russian as a native language. Moreover, they had received a comparable education (as educational standards were uniform across the Soviet Union) and had a similar cultural background. They also faced smaller informational barriers as they could acquire information about their destination more easily.

While the decision to leave was in a sense forced upon migrants by political changes, they still had a choice of where to settle in Russia. Russia's more than 80 regions vary dramatically on many economic and social characteristics, including labor market conditions. Regional distortions in supply and demand for various skills have persisted over time due to high interregional barriers to movement of labor and capital.

Using Russian Longitudinal Monitoring Survey data from 2004-2005 (which allow us to identify immigrants), I test whether migrants sorted themselves across regions according to the relative demand for their skills on the regional labor market, i.e. where they could expect to get the highest payoff for their skills. If this was the case, we would expect migrants to compete for jobs with fellow immigrants rather than with locals. Hence, their labor market outcomes should be affected by the number of other immigrants in the location.

The data show that almost all Russian regions received some immigrants from the fSU. A relatively high number settled near the Russian border with other former Soviet republics. This is not surprising, given smaller distance and information-related costs and higher cross-border commerce opportunities. One of the highest concentrations of migrants is observed in the oil-rich Tumen region, which offered many job opportunities in the thriving energy industry. Moscow and St. Petersburg received a relatively small number of migrants due to restrictive local migration policies.

So what affects the share of migrants in the region? My analysis suggests that a higher share of Russian immigrants in 2002 is found in regions that had:

- low unemployment rate in the mid-1990s;
- better regional infrastructure, in particular, greater availability of housing;
- smaller distance to other fSU republics (bordering regions).

## Brighter Prospects in Small Immigrant Communities

How then does the size of immigrant population in the region affect the labor market position of immigrants relative to local population? It should be noted that according to the data Russian migrants are on average slightly younger than the local population, but hardly differ in terms of education, skill level and other individual characteristics.

The regression results show that when there are few migrants in the region they are more likely to be employed compared to locals. Specifically, in the regions with few migrants their employment probability is over 99% while the employment probability for a local resident of similar age, schooling, and labor market experience is around 95%.

This effect gradually declines with the growing share of migrants in a region and eventually becomes negative. In the regions with the highest shares of migrants the immigrants' predicted unemployment rate is over 12%, which is three

times higher than the unemployment rate for local workers with similar education and experience. It should be noted that employment probability for local residents does not depend on the size of the migrant population in the region.

## Wages Higher for Migrant Skilled Workers

When considering four broad skill categories: manager, professional, skilled and unskilled worker, I find that:

- migrant skilled workers on average earn more than local skilled workers with a similar level of education and experience;
- migrant managers earn less compared to local managers, which may indicate migrants' lack of sector-specific or location-specific knowledge that may be important for a manager;
- wage premiums for migrant workers mainly exist within sectors.

Thus, the evidence indeed suggests that migrants chose the location where their skills were most in demand and where they had little competition with locals for available jobs. In other words, they filled some regional labor market niches left vacant by the local population. With the arrival of more migrants with similar skills, however, the competition among migrants intensified and their employment probability declined.

In the presence of barriers to interregional migration in Russia, the inflow of Russian migrants has probably had some equilibrating effect on regional labor markets. At the same time, better employment opportunities for migrants in the regions with smaller migrant communities and persisting wage premiums for some skill groups among migrants indicate that there still exist substantial barriers to migration among the regions, and this preserves large regional disparities and results in an inefficient labor market structure in Russia.

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