

The economic effect of naturalizations in Germany

One of the main issues in the public discussion about the integration of immigrants in the host country are regulatory frameworks. The paper analyses to what extent the acquisition of citizenship affects the labour market integration of immigrants in Germany. The used data is from the actual version of the IAB employment sample, which covers 2% of all employees liable to social security during the period 1975 to 2001. The empirical part starts with a description of the socio-demographic structure of naturalized employees giving first insights about processes of self-selection within the group of immigrants. In the following, a longitudinal analysis is conducted in order to estimate the effect of naturalization on wage growth. The panel structure of the data allows to control for unobserved productivity characteristic and therefore to disentangle selectivity from the causal effect of citizenship acquisition.