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Language Skills and Social Integration: Ethnic Disparities in Bilingual Economy

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Language skills and social integration: Ethnic disparities in bilingual economy

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No gain from official language?

Is the majority language completely useless for minority workers?

Minority males in Estonian private sector:

Log wage regression estimates

Estonian skills		
	estimate	std error
writing	0.005	0.020
speaking	-0.009	0.018

Compare with English:

English skills		
	estimate	std error
writing	0.126***	0.025
speaking	0.094***	0.022

Motivation

Immigrants' labor market outcomes worse than those of natives

- Language, local education matters (Chiswick & Miller, 2002; Leslie & Lindley, 2001)
 - for income, employment
 - The effect is large
 - fluency in local language may increase salary by 30%
 - effect small where minority large (Hwang, Xi, Cao, 2010)
 - causality ambiguous (Bleakley & Chin, 2004; Hwang, Xi & Cao, 2010)
- Hostility, discrimination, entry barriers
 - Discrimination is widespread (Bertrand & Mullainathan, 2004; Carlsson & Rooth, 2006).
- Low motivation (life is good on welfare: Bratsberg et al, 2008)
- Hard to disentangle between willingness and opportunities

What we do:

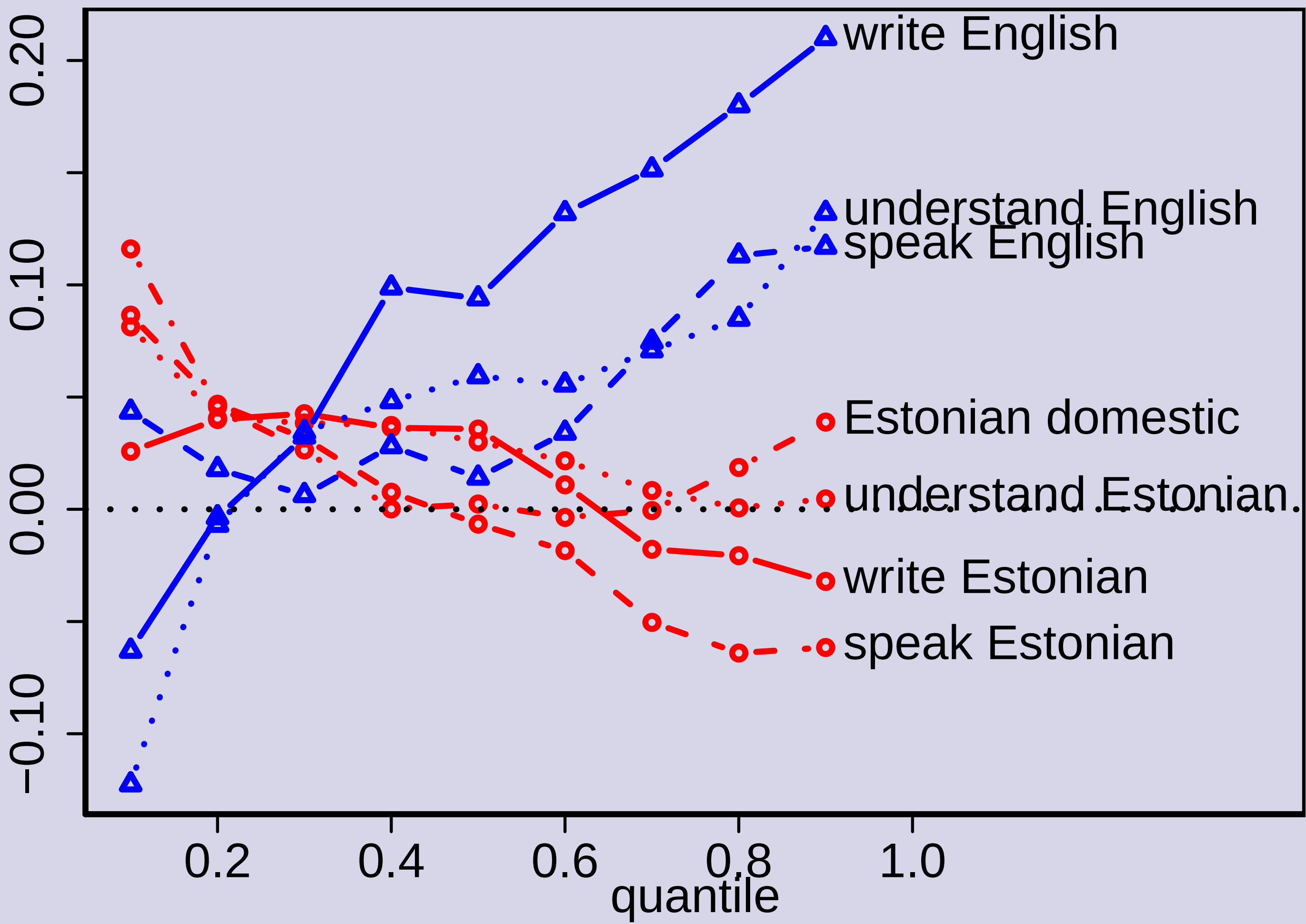
- We look at return to official language skills
 - How much more salary (percentage) you get if speaking the language
 - Use OLS and quantile regression
- In a largely bilingual economy (Estonia)
- Use Labor Force Survey 2000-2009
 - Look only at males

Bacground: Estonia

- A tiny country in NE Europe
 - population 1.3 millions
 - Former USSR republic
- Two large population groups
 - 70% Estonian speaking (ethnic Estonians)
 - 30% mostly Russian speaking (mostly ethnic Russians)
- Tense relations in periods
 - different interpretation of WW2 events
 - riots in 2007
- Estonian the sole official language
 - required in civil service
- Russian language schools widespread

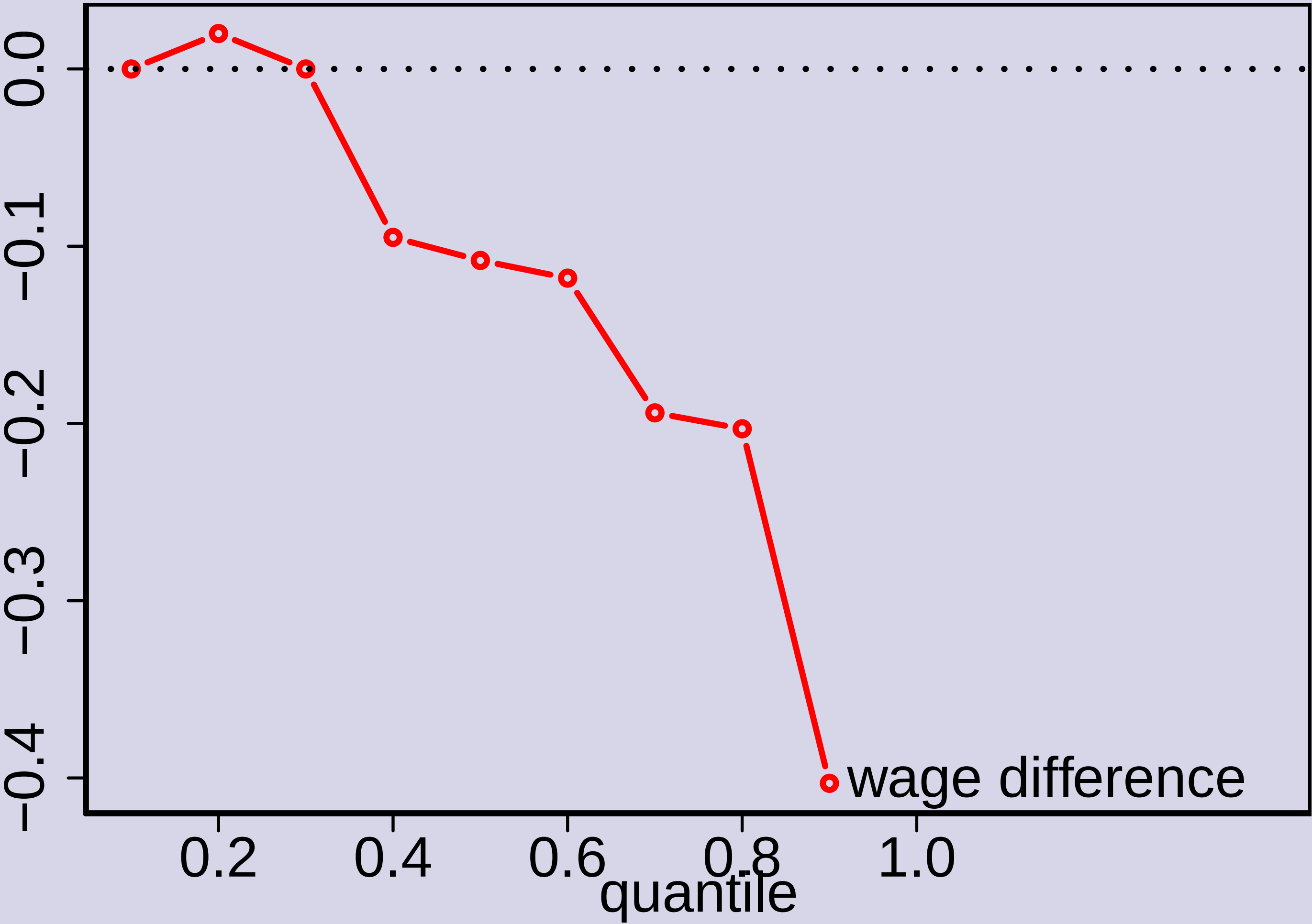
Returns to language skills: quantiles

impact on wage (pct*100)



Smart guys are doing worse

Unexplained wage difference (pct)



Negative numbers: Russians do worse

Pulling it together

- Language helps to get a job
 - But not a good job
- Largest gap for smart persons
 - Where language helps least
- Russian human capital **not “foreign”**
- Russians well integrated structurally but not socially ...**
- ... After working in Estonia for decades**
- ⇒ labor market not always sufficient to get integrated**

Explanations

- Co-worker discrimination
 - on promotion/upper end hiring
 - taste for ethnically homogenous workplace
- What is language?
 - A lot more than grammar + vocabulary?
 - Cultural background?
- Russians less productive at the high end?
 - ... but shouldn't see the returns to English either
- All this points to the lack of intergroup contact**
- Labor market integration not sufficient equality**