

Immigrants Who Naturalize Outearn their Peers

- Dominik Hangartner, *ETH Zurich, Switzerland*
on *naturalization as a catalyst for improving immigrants' integration*

The moment when an immigrant becomes a citizen of their adopted country looks remarkably similar in ceremonies around the world: a hand raised, an oath taken, a flag waved, and a celebration with family and friends. However, the path leading to that moment varies significantly from one country to another. Some are long and steep and others more walkable, depending on the country's policies. Behind this divergence is a kind of chicken-and-egg problem. Is citizenship a prize, something to be won only after considerable striving? Then it should be surrounded by hurdles, like requirements of language proficiency, extended residency, and a certain level of economic prosperity. Alternatively, is citizenship an invitation to build a future in the new homeland, a tool that helps immigrants succeed? In the latter case, the path to citizenship should be less restrictive.

Which side has the better of the argument? A study from the Immigration Policy Lab (IPL) at ETH Zurich and Stanford University sheds light on the importance of citizenship in immigrants' life trajectories. Looking at more than thirty years of data on thousands of immigrants in Switzerland, IPL researchers found that those who had naturalized earned more money each year than those who had not – and the boost in income was largest for people facing the greatest disadvantages in the labor market.

A puzzle for researchers

Considering the benefits usually reserved for citizens, it is easy to imagine how naturalizing early on could equip immigrants to prosper: access to advantageous jobs, reduction in discrimination, and the assurance that they can stay in the country indefinitely and invest in their future. Yet, it is hard to prove that citizenship actually delivers on this promise, because those who get citizenship and those who do not are not similar enough to allow for meaningful comparison. People who jump the hurdles to apply for citizenship differ in many ways from those who hold back, and successful applicants differ from unsuccessful ones. If naturalized immigrants do better in the long run, this could be due to any number of factors, such as work ethic, available resources, motivation to integrate, all of which also influence their ability to successfully navigate the citizenship application process.

Proving that citizenship enhances integration is a challenge, as those who naturalize and those who do not exhibit significant differences that hinder meaningful comparisons



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“To accurately assess the benefits of citizenship it is essential to compare naturalized and non-naturalized immigrants that are similar in all characteristics but for their passport,” said Dalston Ward, a research affiliate of IPL.

This is where Switzerland is a boon to social scientists. Between 1970 and 2003, some Swiss towns put citizenship applications to a popular vote. To become a Swiss citizen, an immigrant would have to receive more “yes” than “no” votes. For applicants who won or lost by only a handful of votes, the decision may as well have been pure chance, enabling an apples-to-apples comparison. Combine that with decades of records from the Swiss pension system showing annual earnings, and you have a trustworthy way to determine whether or not citizenship actually improves immigrants’ fortunes.

Long-term benefits

After identifying those who narrowly won or lost their bid for citizenship, the researchers looked back at the five years leading up to the vote that would divide them. There, they had similar incomes. But after the vote, the new citizens went on to earn more money than those who remained in permanent residency status, and the earnings gap increased as time went on.

Figure 1 illustrates the impact of citizenship on earnings comparing immigrants who either succeeded or failed in their referendum (applicants falling within the 40 to 60% yes-vote range, totaling 10,731 observations). Using two different methodologies (i.e., differences in differences, DiD, and a regression discontinuity design, RD), the figure reveals a growing earnings gap between immigrants who marginally obtained citizenship and those who did not. During the first five years, immigrants

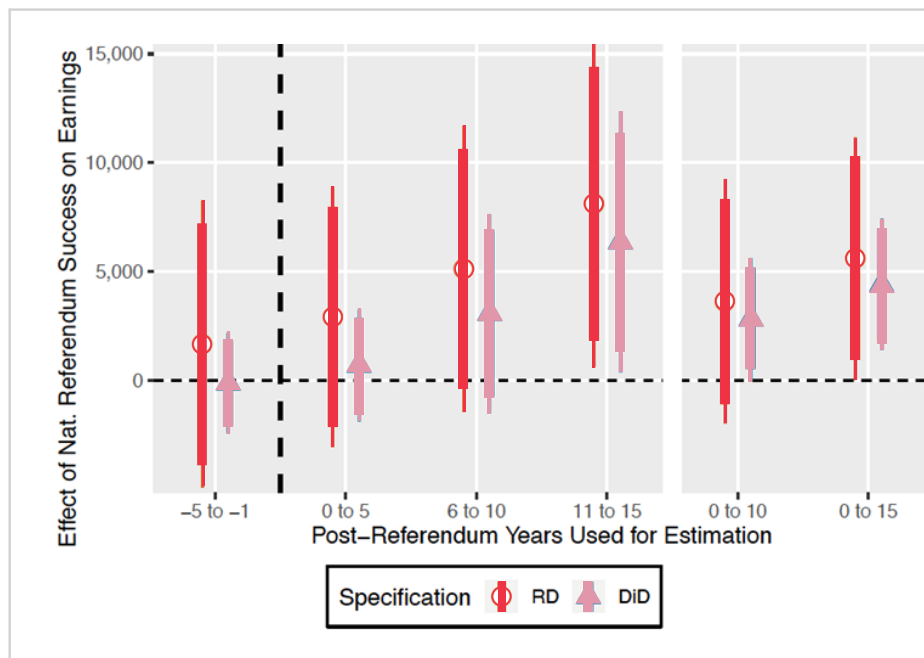
who naturalized earned on average about 3,000 Swiss Francs more, one decade later, this difference increased to nearly 8,000 Swiss Francs. Over a period of 15 years, these immigrants earned an average of 5,637 per year more than their non-naturalized peers.

Gaining citizenship leads to a sizeable increase in immigrants’ earnings in Switzerland, especially among the most marginalized

In sum, “these findings provide causal evidence that citizenship is an important catalyst for economic integration, which benefits both immigrants and host communities,” said Jens Hainmueller, a professor of political science at Stanford University. If citizenship was the wedge between the two groups, how exactly did it lift one above the other? The most likely explanation, the researchers thought, was that it counteracted the discrimination that colors immigrants’ lives in the labor market. When immigrants apply for jobs in Switzerland, their citizenship status is almost as visible as hair color or height, and individual employers can use it to filter candidates. Immigrants who haven’t become citizens may be seen as less skilled or less likely to remain in the country. On the other hand, because it is relatively difficult to gain citizenship in Switzerland, it may act as a kind of credential.

Figure 1: Effect of pre- and post-naturalization referendum success on earnings

Notes: The 20-year earnings estimates spanning the time period before and after the naturalization referendum show an increasing earnings gap between immigrants who won or lost their referendum (applicants in 40 to 60% yes-vote range; $n = 10,731$). Point estimates for the regression discontinuity (RD) design and difference-in-difference (DiD) regressions along with 90% (thick line) and 95% (thin line) confidence intervals. Earnings are measured in consumer price index-adjusted Swiss Francs.



A closer look at the data bears this out. Citizenship made the greatest difference for immigrants facing the most obstacles—those likely to be discriminated against for their religion or country of origin, or those in low-wage occupations. When the researchers focused on immigrants from Turkey and the former Yugoslavia, who were often refugees and potentially targets of anti-Muslim sentiment, they found an average yearly earnings gain of 10,721—roughly double that of the new citizens as a whole. Comparing immigrants who barely won or lost their citizenship referendum at the 25th, 50th, and 75th earnings percentile, point estimates and 95% confidence intervals show that the relative and absolute effect of winning citizenship in the referendum is largest for immigrants with lower earnings to begin with (see Figure 2).

If obtaining citizenship counteracts discrimination and fosters integration, it benefits not only migrants but also society as a whole

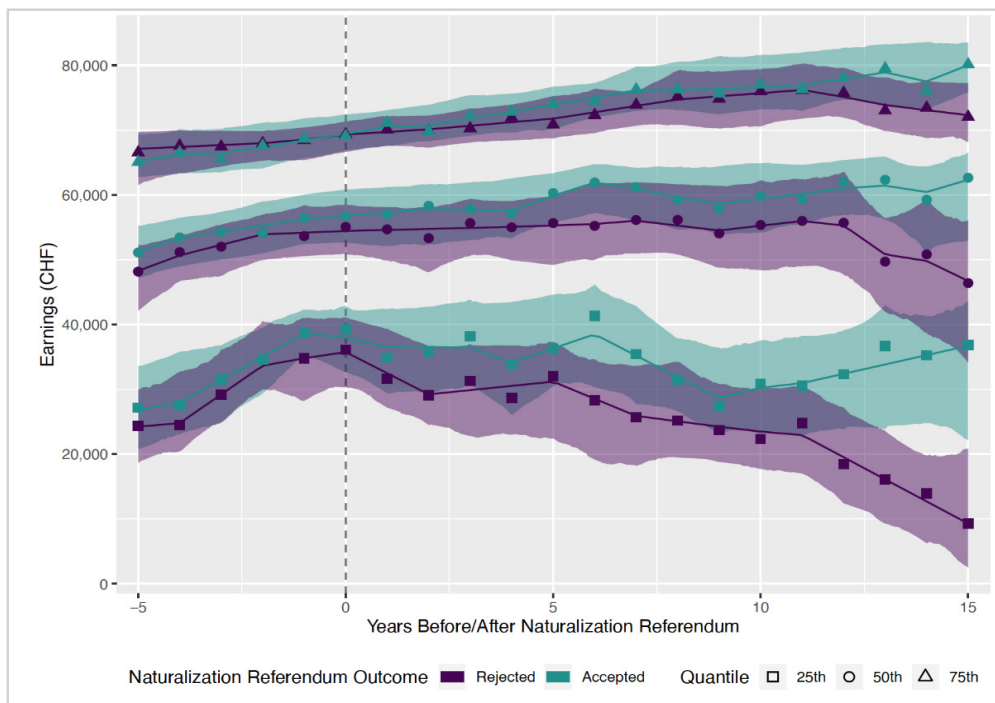


Figure 2: Effect of winning citizenship across earning quantiles

Notes: The figure shows the evolution of earnings for immigrants who barely won or lost their citizenship referendum at the 25th, 50th, and 75th earnings percentile. The point estimates and 95% confidence intervals show that the relative and absolute effect of winning citizenship in the referendum is largest for immigrants with lower earnings ($n = 10,731$).

According to Dominik Hangartner, a professor of public policy at ETH Zurich, “the finding that the benefits are disproportionately larger for poorer and more marginalized immigrants speaks to the important role that citizenship policies can play in facilitating more equal access to employment opportunities for immigrants.”

While income is only one facet of an immigrant’s life, the persistence of the earnings gap revealed in this study raises an important question about the public purpose of citizenship. We tend to think of citizenship as a personal matter, something with profound personal meaning for the immigrant but

not necessarily a concept in which society or the state should heavily invest. However, if citizenship can counteract discrimination, enhance social mobility, and serve as a pathway to deeper integration, its benefits reach beyond the immigrants themselves. This implies that we all have a stake in the debate over whether to obstruct or ease access to citizenship. At a time when cities, states, and countries around the world are reconsidering their approach to welcoming immigrants, it is all the more important to have solid evidence about the contributions newcomers can make, and the policies that are most conducive to their successful integration.

Based on

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