

Naturalization and citizenship: Who benefits?

Liberalizing access to citizenship has labor market benefits for immigrants and can improve their assimilation

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ELEVATOR PITCH

Politicians, the media, and the public express concern that many immigrants fail to integrate economically. Research shows that the option to naturalize has considerable economic benefits for eligible immigrants, even in countries with a tradition of restrictive policies. First-generation immigrants who are naturalized have higher earnings and more stable jobs. The gains from citizenship are particularly apparent among immigrants from poorer countries. A key policy question is whether naturalization *causes* labor market success or is taken up by those immigrants who would anyway be most likely to succeed in the labor market.

KEY FINDINGS

Pros

- ⊕ Citizenship is associated with large and persistent wage gains in most countries.
- ⊕ The wage gains suggest that naturalized citizens “catch up” with earlier immigrants and ethnically similar natives.
- ⊕ Gains are higher for immigrants from poorer countries, who also “catch up” with immigrants from more developed countries over time.
- ⊕ In Germany, women gain more than men; and recent immigrants gain more from access to citizenship than traditional guest workers.

Wages rise when immigrants become eligible for German citizenship (after the 2000 reform)



Source: Based on Figure 1.

I Z A
World of Labor

Cons

- ⊖ Citizenship appears to have no effect on labor force participation in some countries.
- ⊖ Public transfers such as welfare or unemployment insurance benefits slightly increase following naturalization.
- ⊖ With the exception of Norway and Sweden, the propensity to naturalize is relatively low in European countries.
- ⊖ It is not clear if naturalization *causes* labor market success or is taken up by those immigrants most likely to succeed anyway.
- ⊖ There is a lack of research on how access to citizenship affects the social and political integration of immigrants.

AUTHOR'S MAIN MESSAGE

Existing evidence suggests that the benefits of naturalization for first-generation immigrants are significant. Citizenship results in higher wage growth, more stable employment relationships, and increases upward mobility into better-paid occupations and sectors. A better assimilation of immigrants in the labor market in turn also benefits destination countries through fiscal gains and better social cohesion. As such, liberalizing access to citizenship could be a key policy instrument toward improving the rate of economic integration of immigrants in the host country.