

Selectivity Patterns of Israeli Immigrants in OECD countries

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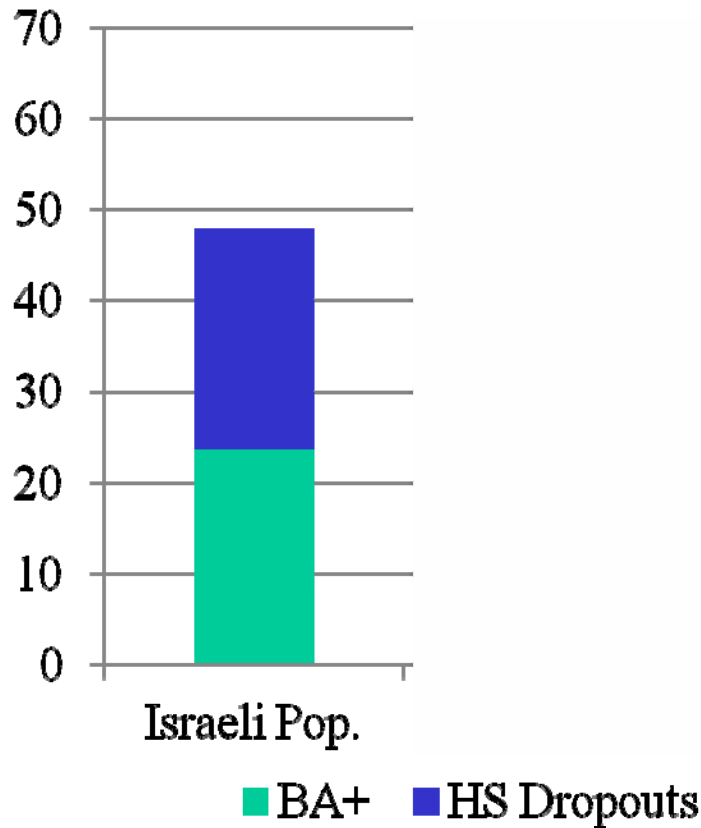
A. Immigrants' Selectivity: theory

- Skilled immigrants prefer countries where the returns to skills are higher than in their own country.
- The greater the gap in returns to skills (destination to origin), the more intense is the positive selectivity of immigrants.

Implications for Israeli emigrants

1. Selectivity should be most positive to countries where the returns to skills are the highest.
2. Positive selectivity should intensify as the gap in returns to skills (destination-Israel) increases.

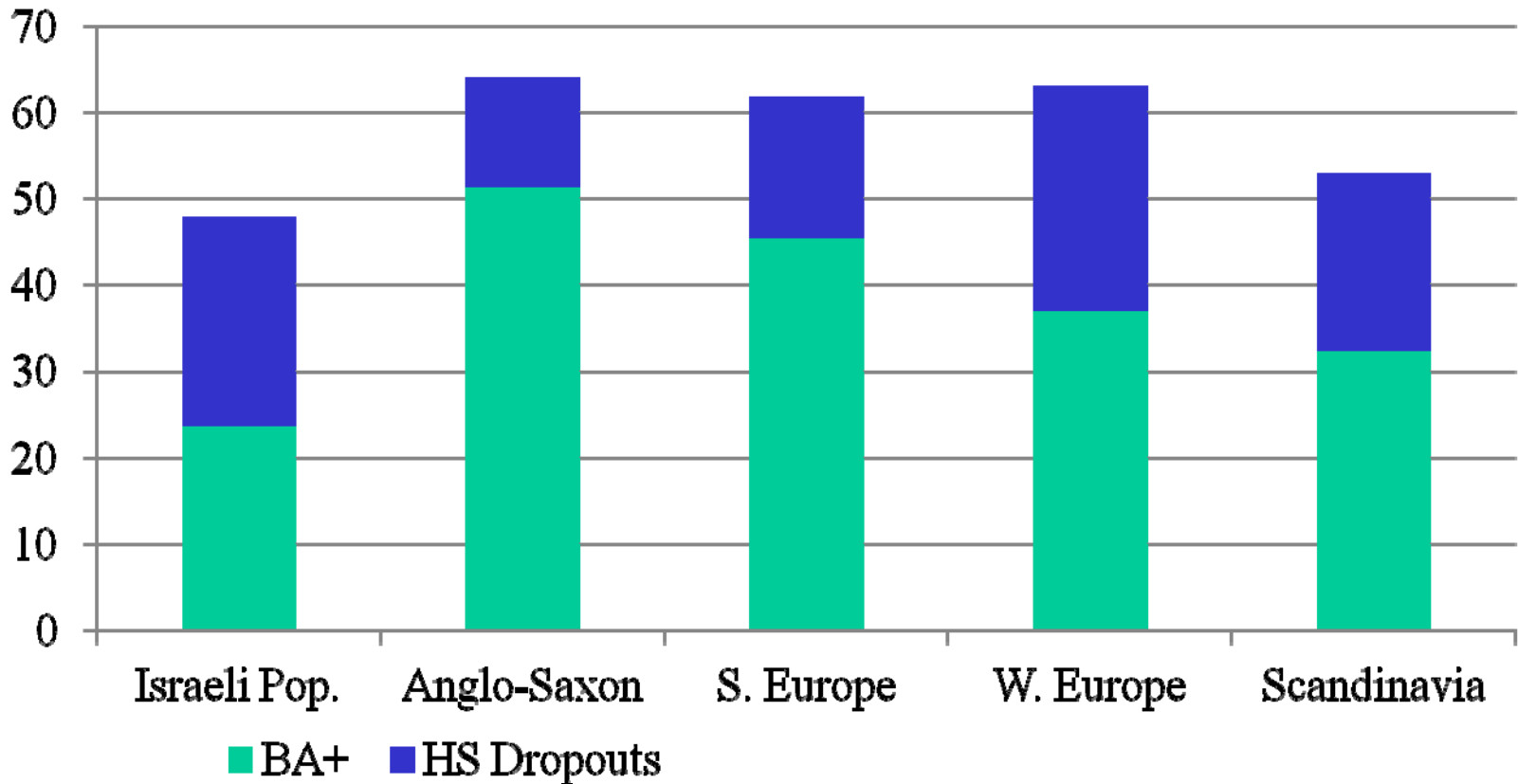
% with at least BA degree and High School Dropouts:
the Israeli native population, 25-54 years old, 2000.



Source:

Israeli labor force survey, 2000.

% with at least BA degree and High School Dropouts:
Israeli Immigrants and the Israeli native population, 25-
54 years old, 2000.



Source:

Destination countries: Data Base on Immigrants in OECD Countries (DIOC)

Israel: Israeli labor force survey, 2000.

B . Has the brain drain from Israel to the US intensified?

- Due to the sharp rise in earnings inequality in the US (relative to Israel), incentives for skilled immigrants from Israel to US have increased in the past 20 years.
- This should result in the intensification of the brain drain from Israel to the US.
- Are recent cohorts of Israeli immigrants in the US more skilled than their predecessors?

Data

Immigrants

Recent Israeli-born Jewish immigrant men in USA, 25-54 years old
5% PUMS 1990 (N=303), 2000 (N=278); 4% ACS 2005/6/7/8 (N=289)

- *Recent* immigrants are those arriving in the US during the 5-year period prior to the survey year.
- Characteristics of recent immigrants reflect the skills with which they had left Israel, before any meaningful assimilation had occurred.

Benchmark groups

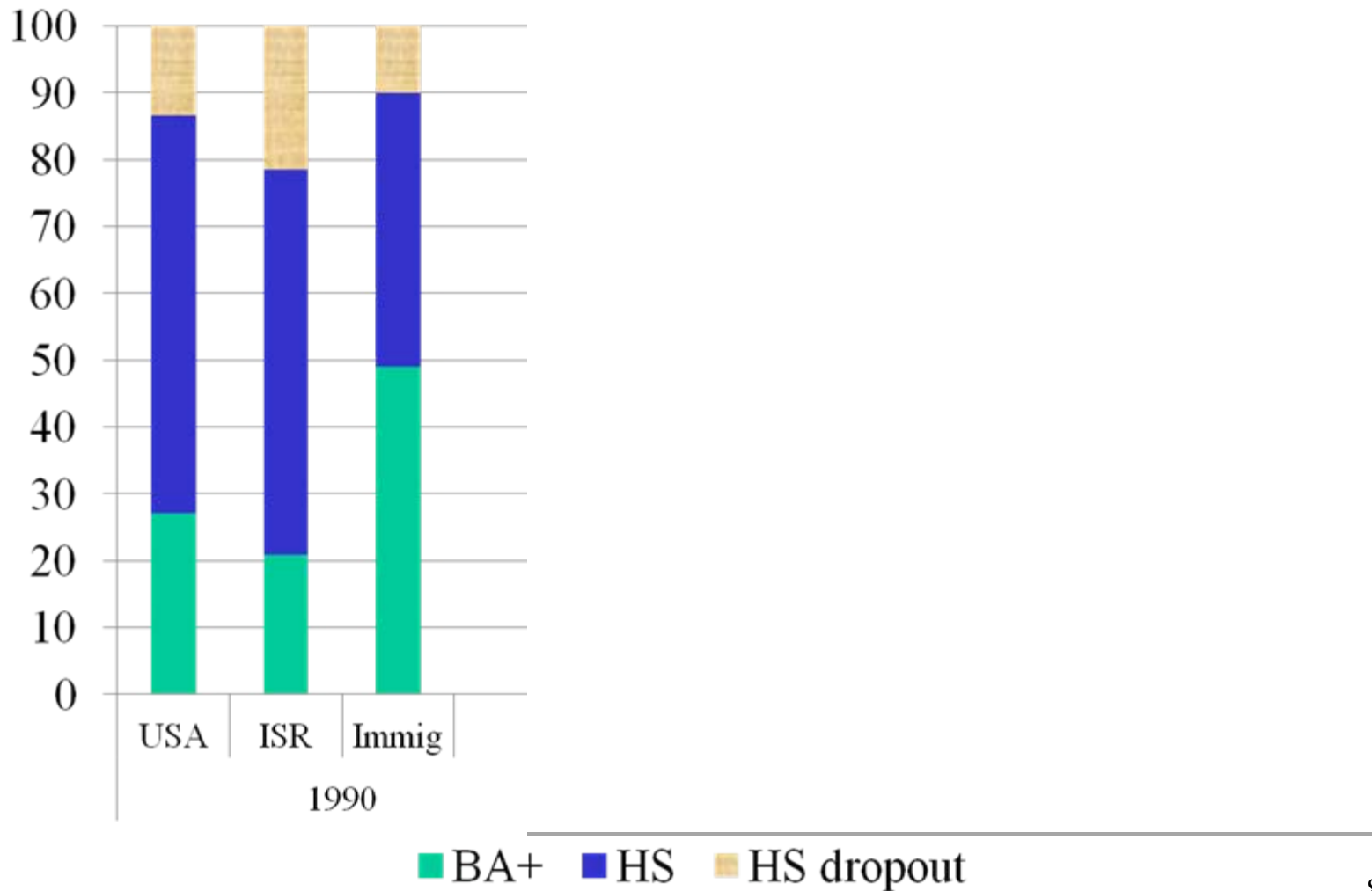
Israel

Israeli-born Jewish men, 25-54 (1988, 1998, 2007) (N>1000)

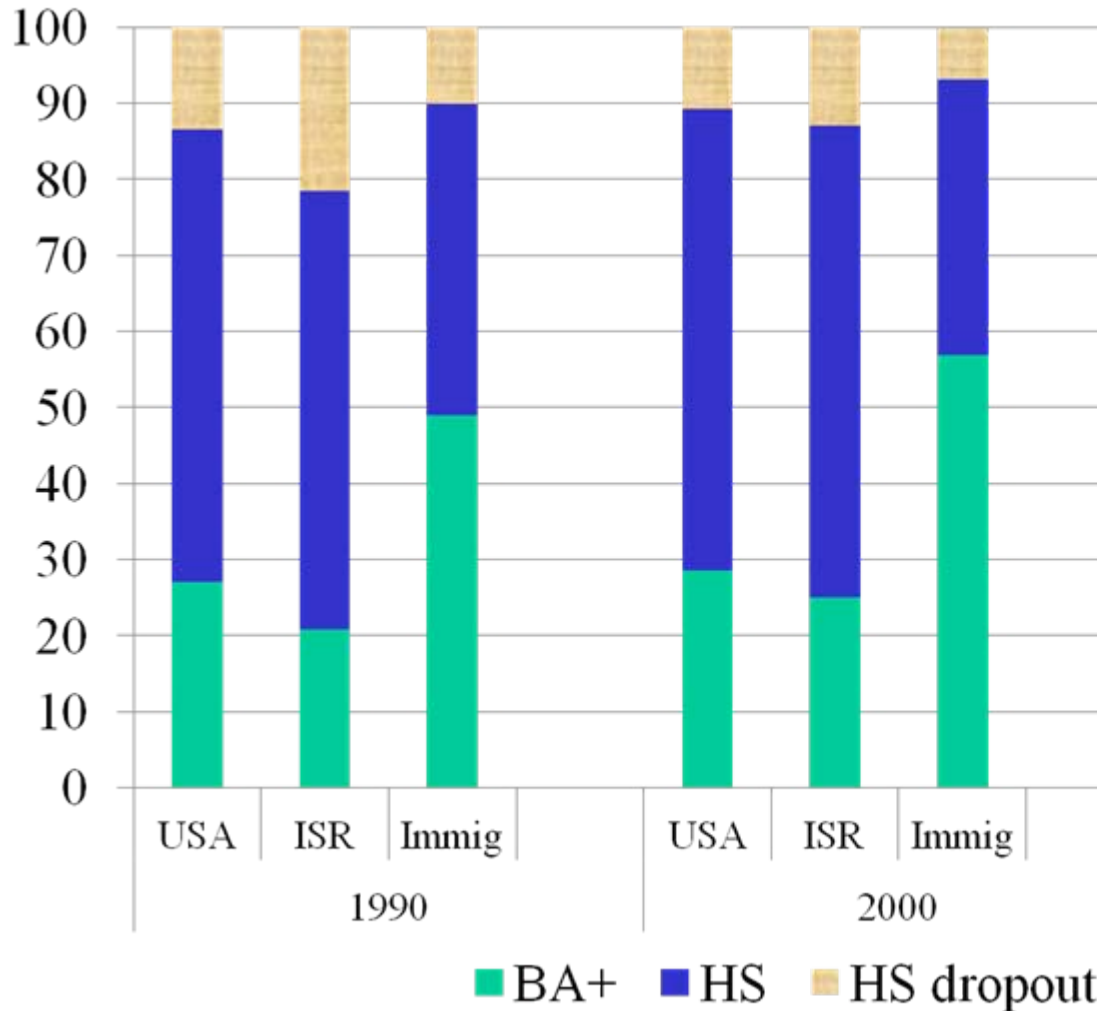
USA

US-born White non-Hispanic men (1990, 2000, 2005/6/7/8) (N>15,000)

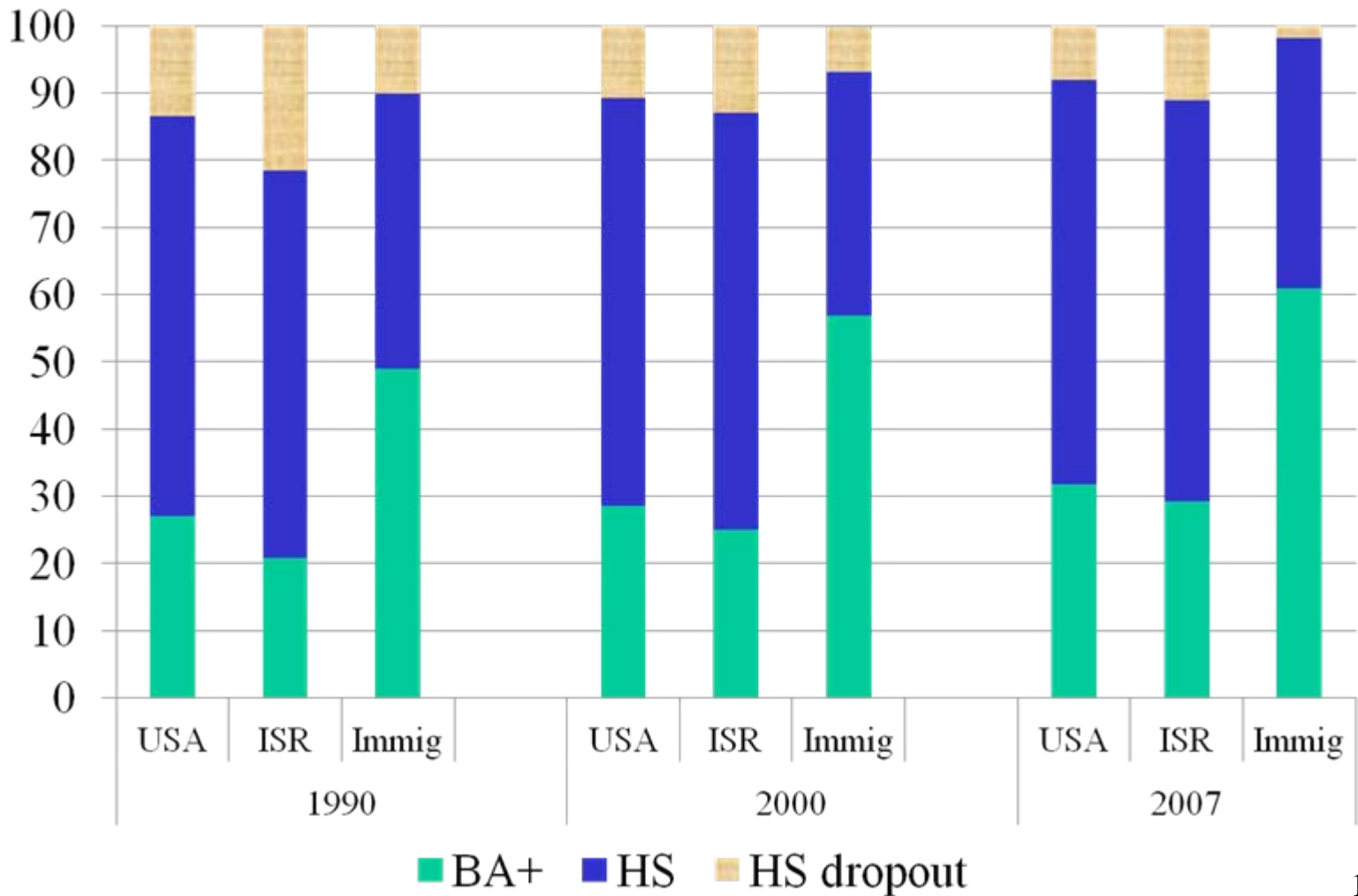
Educational levels of recent Israeli-born Jewish immigrants in the US, native Israeli Jews in Israel, and native non-hispanic whites in the US: men, 25-54 years old.



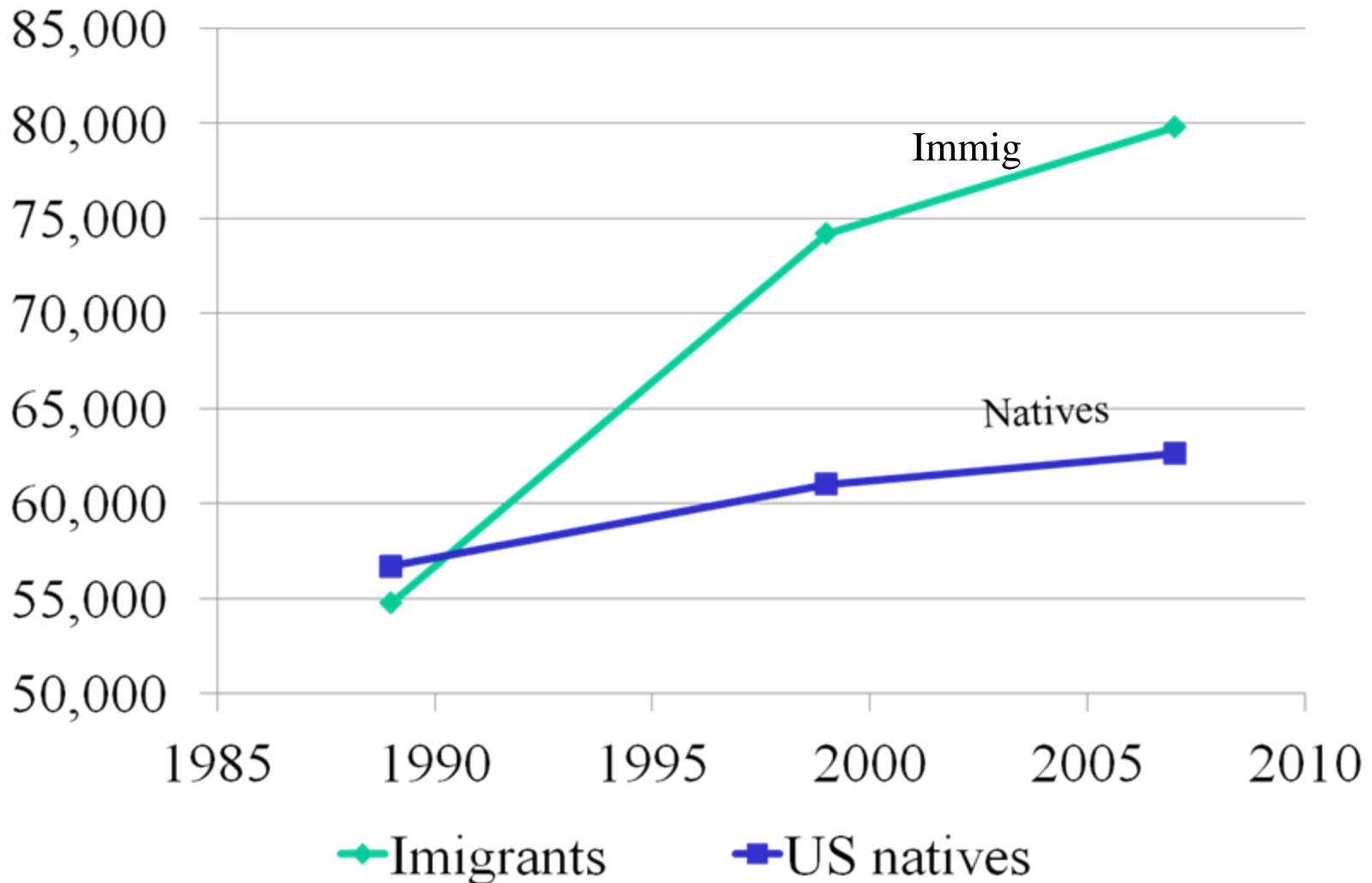
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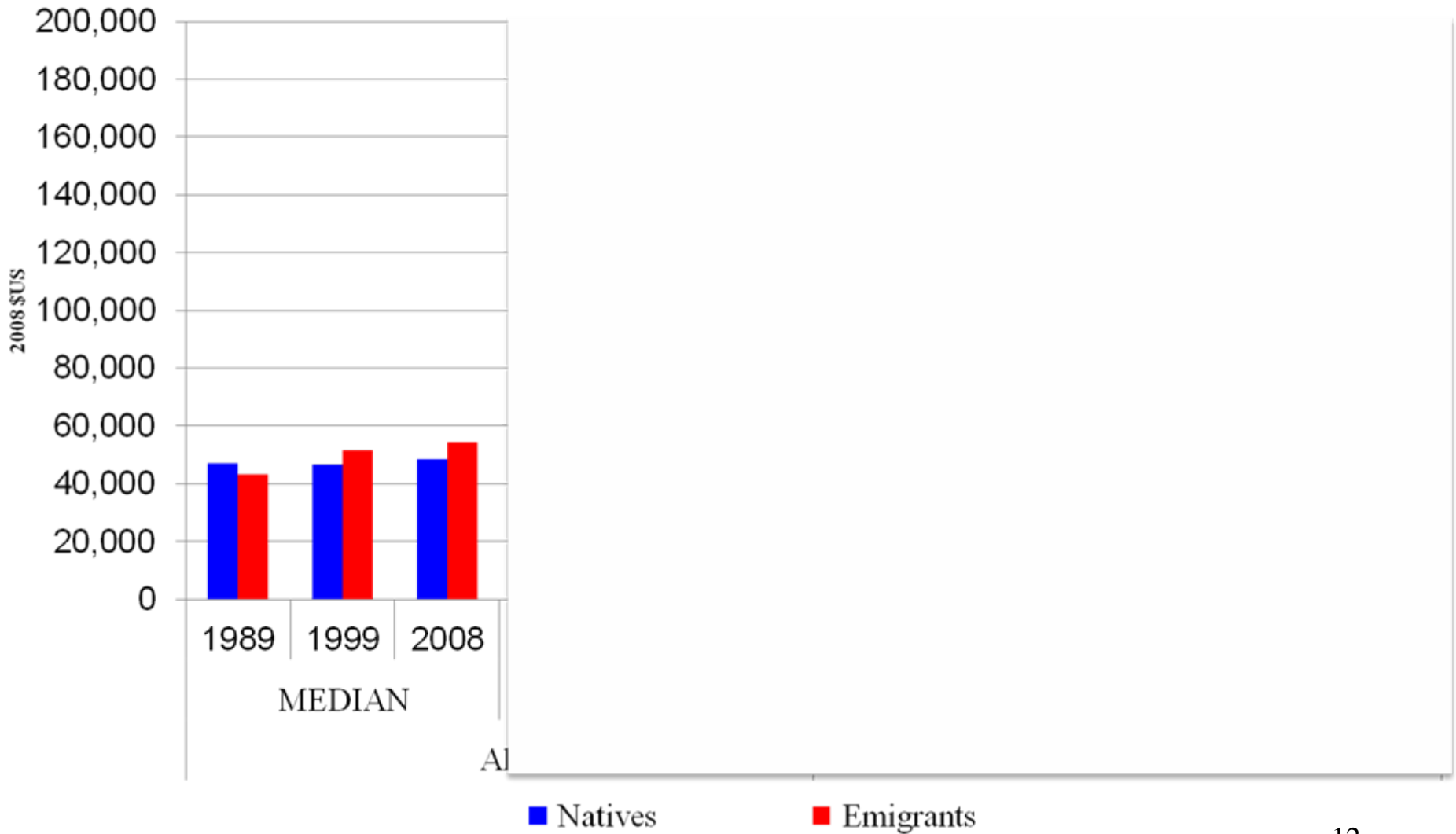
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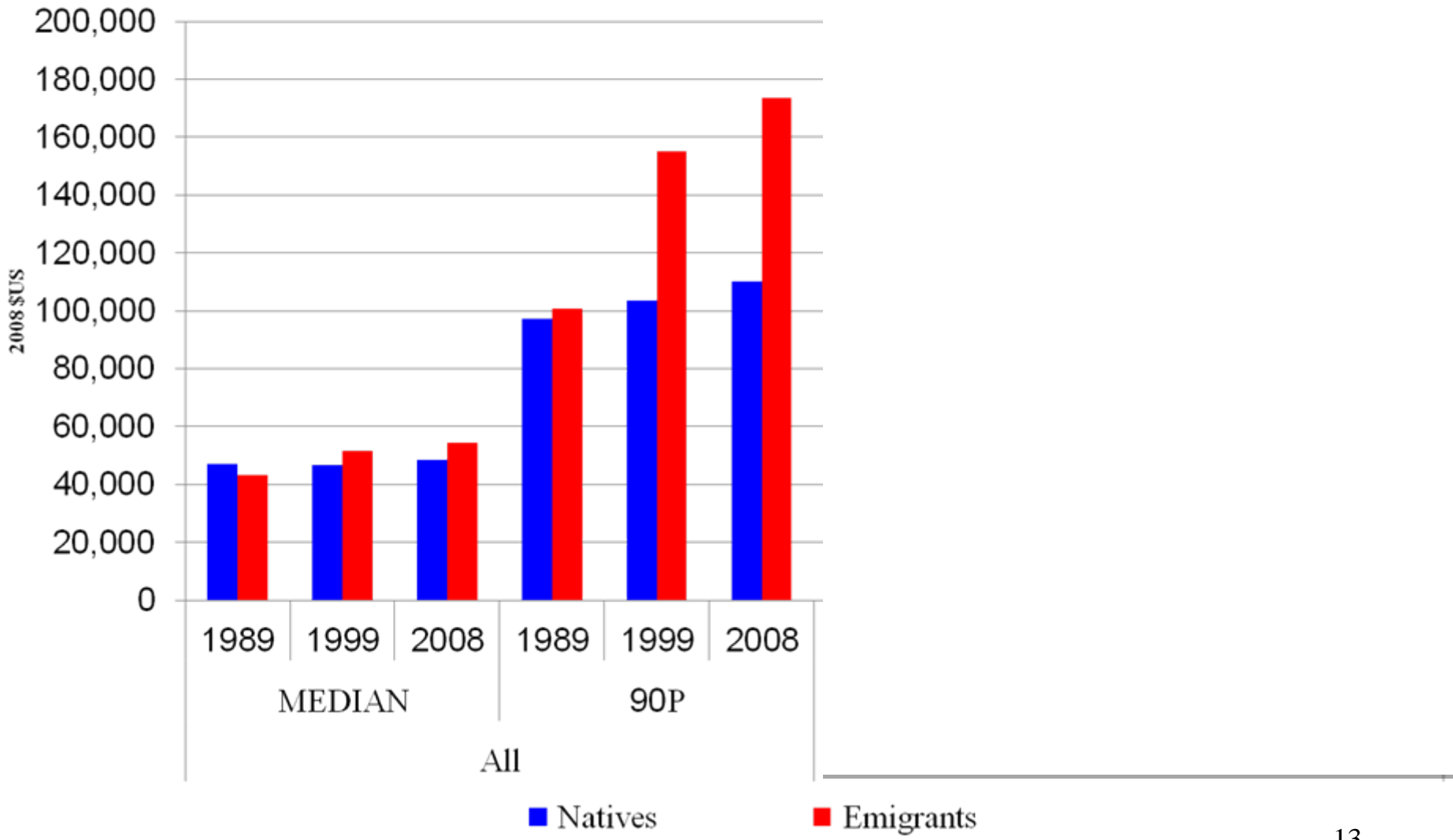
Mean Annual earnings in USA, 1989-2008: Recent Israeli-born Jewish immigrant men and native-born non hispanic whites (wage and salary workers, 25-54 old)



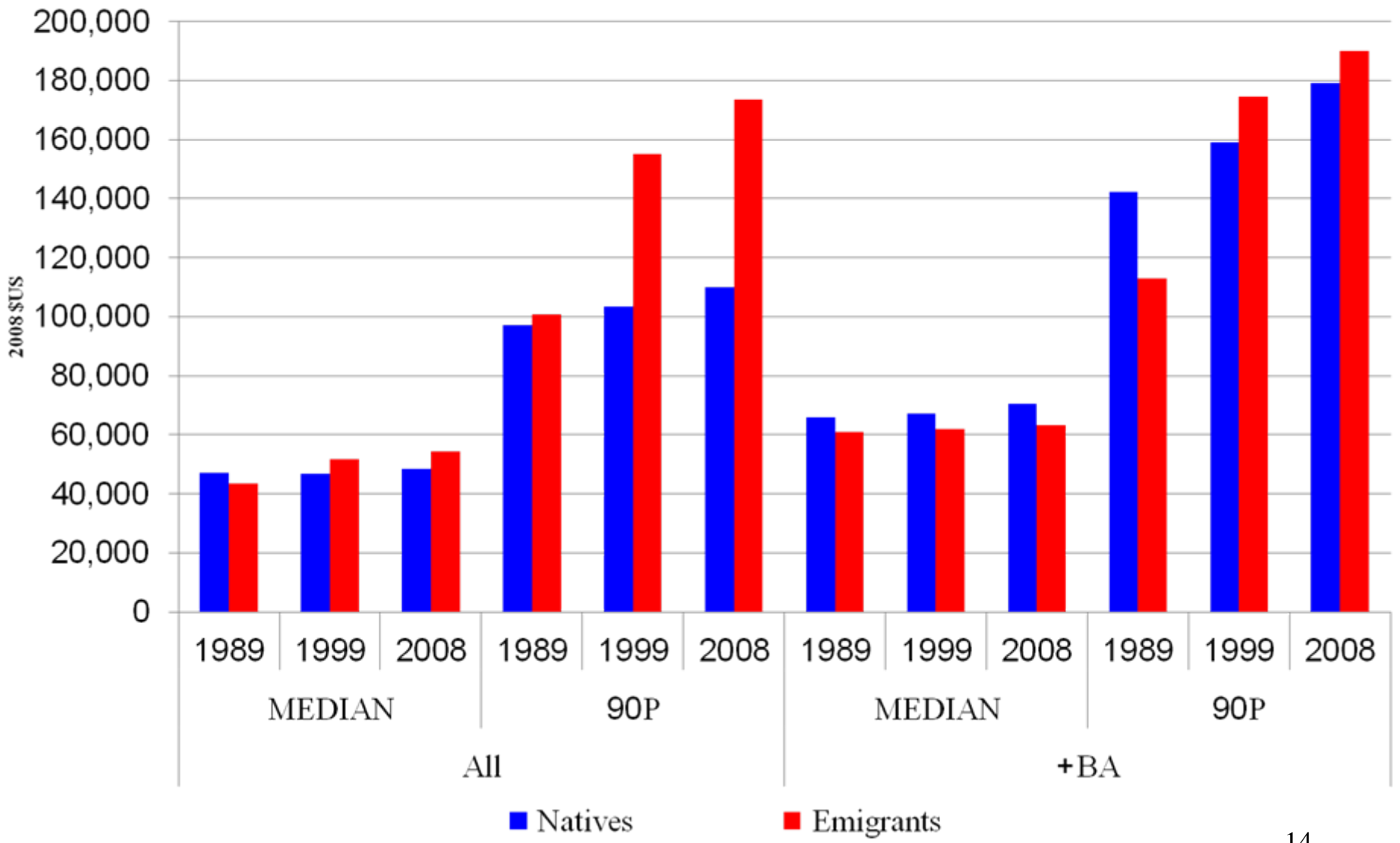
Annual earnings (2008 \$US): recent Israeli immigrants in the US and white non-Hispanic native men, 25-55 years old, US 1989, 1999 and 2005-2008



Annual earnings (2008 \$US): recent Israeli immigrants in the US and white non-Hispanic native men, 25-55 years old, US 1989, 1999 and 2005-2008



Annual earnings (2008 \$US): recent Israeli immigrants in the US and white non-Hispanic native men, 25-55 years old.



Quintile regression estimates^a of (*ln*) annual earnings of recent^b Israeli immigrants, 25-54

Year	Percentile			
	25th	50th	75th	90th
1989	-.023	-.013	.038	-.017
1999	-.047	.014	.174**	.235*
2005-8	.002	.097	.225**	.258**

* P < .05 ** P < .01

^a Regressions control for age, annual hours of work, HS dropouts, B.A., MA+, marital status, and currently student.

^b Arrived in the US 5 years prior to the survey year

Conclusions

- Cross section: The most skilled Israeli immigrants choose destinations where the returns to skills are the highest.
- Over time: recent cohorts of highly educated Israeli immigrants in the US are more selective on unobserved traits than the cohort of 1985-1989.
 - The reason: rising earnings at the top of the US earnings distribution in the 1990s.