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# **Migration, welfare states and the incorporation of migrants in different welfare regimes**

Ann Morissens  
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## **1. Introduction**

Migration remains a much discussed and often contested topic, not only in Europe but also in the US, even if the nature of the discussion is different as a consequence of a different historical background and the policy choices with regard to migration. Europe is confronted with an ageing society, which is in some countries exacerbated by very low fertility rates. These demographic changes are a challenge for the existing social provisions, not in the least public spending for pensions and health care. In recent years, good economic results have contributed to lower unemployment rates in most of Europe. This combined with an ageing population, resulted in labour shortages in certain sectors. In their attempts to deal with these challenges, policy makers placed new forms of migration back on the political agenda. Whereas after the stop for labour migration in the 70s, most emphasis was on immigration policies and ways to halter flows of (unwanted) migrants, the debate has recently changed and several European countries are considering new (selective) economic migration to deal with labour shortages in certain segments of their labour markets. The demand for new migration is therefore an ambivalent choice seen the often negative (public) attitude toward migration and migrants that occurred in several European countries and the attempts to halter migration. Another point for reflection is the weak socio-economic position of many migrant groups. It seems that most countries were not successful in integrating guestworkers and their families in their societies. Most countries also realised that a laissez-faire approach does not facilitate integration or that integration comes spontaneously. This is reflected in the integration programmes that were set up in many countries. It remains to be seen whether they are helpful to close the gap between migrants and non-migrants in the labour market, educational systems, etc. This paper will address the socio-economic outcomes of both migrants and natives.

In a first part, the paper will examine the interplay between ethnic diversity and types of welfare states by initially considering the impact of ethnic diversity on welfare states and subsequently analyzing how ethnic minorities fare in welfare states representing different regime types. The selected countries are Belgium, France, Spain, Sweden, Switzerland and the U.S.

The paper consists of three parts. In considering the impact of ethnic diversity on welfare states, the first part of the paper will look at two distinct but nevertheless interrelated issues. The first issue is the influence of ethnic diversity on the development of welfare states. Already in the mid-1970s Harold Wilensky (1976) posited that ethnic heterogeneity slowed the growth of the welfare state. The second issue is whether ethnic diversity erodes welfare states. Both issues have received scholarly attention over the years and for both issues I will critically evaluate the evidence substantiating and refuting the hypotheses in the academic literature.

In a second part, the principal features of the migrant population and migrant policies in the selected countries will be briefly addressed and a clustering will be suggested based on findings from the welfare state and migration literature.

The third part of the paper will provide a comparative analysis looking at poverty among migrants and also examining to what extent ethnic minorities are incorporated into the systems of social provision in different regime types. For this exercise, data from the Luxembourg Income Study (LIS) is used. In this empirical analysis, it is not possible to devote much attention to spatial inequalities due to data availability, the sample of migrants in the dataset is for most of the selected countries too small to analyse at a regional level. Even this would be a superficial exercise since it cannot detect patterns of neighbourhood segregation. Nor will the analysis deal at any length with multiculturalism versus a color-blind orientation. The relationship between the welfare state, migration multiculturalism policies is discussed in the first part of the paper, whereas the third part deals with actual outcomes for migrants in different migration and welfare regimes.

## **2. Migration, ethnicity and the welfare state: the debate**

The relationship between the welfare state and migration is a relationship that is often named but rarely examined or discussed in much detail. Somewhat surprisingly, the relationship did not occupy a central place in the welfare state development strand either. It is also a very complex relationship and different aspects of this relationship can be discussed and analysed. Nevertheless, the increasing interest for the impact of migration on the welfare state and its consequences, have recently triggered scholarly

and political attention (Banting and Kymlicka 2006; Myles and St-Arnaud 2006; Taylor-Gooby 2005; Van Oorschot 2008). The next section offers an overview of this debate and its main hypotheses.

## **2.1 Growing diversity and the welfare state**

One issue that has received attention among both academic scholars and politicians is the influence of ethnic diversity, caused by increased migration, on the welfare state. Gary Freeman who was one of the scholars, to take up this topic, was rather skeptical about the outcomes for the welfare state; “from the perspective of the welfare state, there can be no doubt that migration has been little short of a disaster” (Freeman 1986: 61). Freeman’s main fear was that the introduction of a foreign workforce would cause a division between migrant and native workers and that this division would impose a threat to the solidarity within the working-class. This division could then affect the public support for the welfare state, which is generally seen as one of the prerequisites for its existence. If the public support for the welfare state should decrease, this would lead to a dismantling of the different welfare schemes and would result in what Freeman (1986: 61) calls “an Americanization of European social policies” Freeman’s hypothesis is very much inspired by the power resources strand, which considers a strong working-class united in unions as one of the main actors and driving forces behind the development, but also the conservation of the welfare state. Migration, as a result of the recruitment of foreign labour is seen as a factor that may break up solidarity and cohesion amongst the working class, which in turn may weaken public support for the welfare state and in the worst-case scenario, result in the dismantlement of the welfare state.

In recent years, Freeman’s assumption from 1986 became influential again. This is not surprising since migrants often face difficulties in the labour market, display low levels of educational achievement and are more likely to be dependent on transfer payments. The assumption that migration is a threat to the welfare state is also reflected in the arguments right-wing parties, that in order to safeguard the welfare state, migration should be limited and welfare provisions should preferably be reserved to natives. Media stories that portray migrants as welfare scroungers have to some extent contributed to the electoral successes of right-wing parties and affected public opinion in several European countries. But the negative discourse about the harmful influence of

migration on the welfare state and the welfare dependence of migrants has also entered the discourse of more moderate parties.

One only has to look at European countries' migration policies to see that they have become more and more restrictive in most countries. One indicator for this increasing restrictiveness is the more stringent eligibility criteria for naturalisation. Whereas, a decade ago some countries still offered the possibility to obtain citizenship in a relatively easy manner, access to citizenship is nowadays much more contested and more difficult to obtain. The applicant does not only have to fulfil the residence requirements, most countries also demand sufficient language skills, knowledge of the country's history and society and non-use of public benefits in the years prior to the demand. To halter family reunification, that still constitutes a very important channel of migration; criteria for reunification have become more stringent as well and the most extreme example in this regard is probably found in Denmark, where the attachment to the country 'tilknytningskrav' makes it sometimes even hard for Danish natives to bring a foreign spouse or to return to Denmark after a period abroad. The tilknytningskrav is a criterion for reunification; this means that a person or a couple who wants to reunify with family members or a foreign spouse has to demonstrate that their links to Denmark are stronger than those to another country<sup>1</sup>. These examples of more stringent migration policies illustrate that migration and the permanent settlement of migrants have become more and more contested in recent years.

Most countries have realised that the laissez-faire approach both in terms of migration and migrant policies also contributed to the worrisome socio economic situation of many migrants. In many countries, one can hear a plea for more selective migration and most countries have also implemented integration programmes for newly arriving migrants. With these measures they hope to facilitate the integration of migrants. New migration flows are considered to be necessary to address the demographic challenges that many European countries face.

In the next section I will discuss in more detail the assumptions about the influence of ethnic diversity on the welfare state and whether there is hard evidence that supports the fear of the sceptical scholars.

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<sup>1</sup> The attachment (tilknytning) requirement has put Danes who are married to foreigners and have been living abroad for many years in a vulnerable position as well and they have often found themselves in a situation of being unable to return to Denmark.

### **2.1. 1 Impact of migration/ethnic diversity on the welfare state**

Even if the assumption that ethnic diversity is a threat for the welfare state became more influential in recent years, (hard) empirical evidence that supports this assumption is scarce and even when a positive correlation is found, it is seldom convincing enough.

Keith Banting (2000) is one of the scholars who explored the question whether or not ethnic heterogeneity, which is increased by the process of immigration, is real threat for the welfare state. Unlike the above mentioned pessimistic warning from Freeman, Banting is more optimistic and does not predict a gloom-and-doom scenario leading to the eradication of the welfare state.

According to him, political institutions and their functioning are a more determinant factor for the development and survival of the welfare state than ethnic homogeneity. Reviewing previous research on the topic, he only found little evidence for a possible negative impact of ethnic heterogeneity on the welfare state. John Stephens, among the first to explore the topic (1979), did indeed find a negative correlation between ethnic and linguistic diversity and the strength of labour unions in countries that are characterized by ethnic heterogeneity. As a consequence of the weak(ened) unions, it may be more difficult to establish a welfare state. The negative correlation is an indirect correlation between ethnicity and the welfare state, since labour union power is one of the explanatory variables that influences welfare state development. However, Banting counter-argues this evidence referring to Belgium and Canada. These are countries in which ethnic and linguistic heterogeneity has not prevented the prevalence of an extensive welfare state<sup>2</sup>.

On the other hand, the Scandinavian countries, famous for their welfare generosity and universalism were (still) countries with a very homogeneous population and culture at the time their welfare states matured. This may be seen as an argument that homogeneity has a beneficial influence on welfare state development but of course it does not entirely proof that the presence of heterogeneity is a threat to the welfare state or that homogeneity is a necessary condition for welfare states to develop.

In later work, Kymlicka and Banting (2006) surveyed the literature, looking for evidence to support the assumption that ethnic diversity is an inevitable threat for the

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<sup>2</sup> One has nevertheless to bear in mind that the (linguistic) heterogeneity in Belgium and Canada is different from heterogeneity caused by migration and that a comparison with countries that display a high level of heterogeneity caused by a high share of foreign born among their population is not entirely valid.

welfare state. They distinguish two hypotheses about the linkage between ethnic diversity and the welfare state. A first assumption is the heterogeneity/ redistribution trade-off. This hypothesis suggests that ethnic diversity is likely to have an eroding effect on public spending and consequently may have a dismantling effect on the welfare state. Put differently: Countries with a high proportion of foreign born among their population will have difficulties to build or sustain an extensive welfare state.

If this assumption is correct, countries that experience a growth of their foreign born population should or will at some point be confronted with an eradication of their welfare states.

Turning to the countries that figure in this paper , most of them already have a significant share of foreign-born population (see table 1) and this number is still increasing as a consequence of family reunion and migrants' higher fertility rates. If the heterogeneity/redistribution claim is correct, the welfare state in these countries may be at serious risk.

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**Table 1: Share of foreign born population in selected countries (%)**

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Belgium	12.1
France	8.1
Spain	5.1
Switzerland	23.8
Sweden	12.4
United States	12.9

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Source: OECD (2007), International Migration Outlook

The second assumption is the recognition –redistribution trade off. Here, Kymlicka and Banting (2006) go a step further and refer to the critique that consider multiculturalism policies (MCPs) as a threat to the welfare state. MCPs are closely linked to migrant policies, these are policies directed toward migrants living in the country. Through multiculturalism policies, policy makers recognise the existence of heterogeneity in their society, this is often done through offering migrants special provisions or rights (for example: mother tongue classes at school, support for migrant organisations). Some argue that the introduction of these policies may also involve a threat to the welfare state. Banting et al. (2006) were among the first to look for empirical evidence for this hypothesis. I will return to their findings in the next section.



For now, I remain with the first assumption: Evidence for the heterogeneity-redistribution trade off strongly focuses on the relationship between ethnic diversity and the level of social spending. I have already mentioned some of the research findings that point to a negative impact of ethnic diversity on social spending. Banting and Kymlicka (2006)<sup>3</sup> are among the scholars who decided to look for more hard empirical evidence. They refer for evidence to the findings of development economists (Easterley and Levine 1997) who examined the impact of ethnic diversity on economic growth. These development economists found a negative impact of heterogeneity on the provision of public goods in sub-Saharan Africa. Other evidence for the negative influence of ethnic diversity that is mentioned is the poorly developed welfare state in the United States. This is also what Freeman (1986) referred to with his assumption that migration would lead to an “Americanization of European social policies”. One could question whether a negative correlation between heterogeneity and provision of public goods in Africa is a sufficient indicator to conclude that heterogeneity is bad for the development of the welfare state. Kymlicka and Banting (2006: 287)

The comparison with the US can also be criticized since the circumstances in which the welfare state developed in Europe and the US are very different. Besides ethnic diversity, other factors than homogeneity (level of unionism, strength of left parties, different political systems) have contributed to the birth of the European welfare state.

From a historical point of view, race has undoubtedly played an important role for the development of social policies in the United States. Scholars interested in the development of social policies in the US clearly point to the race question as a crucial factor that has strongly influenced the development of welfare programmes (Quadagno, 1996; Skopcol, 1992). But it is likely that other factors were absent in the United States as well and that ‘race’ alone was not sufficient to hamper the development of extensive social policies in the United States.

Nevertheless, most studies using statistical modelling find evidence that racial diversity is a significant part of the explanation why a European style welfare state did not come about in the United States. Race is the explaining factor for the difference in welfare activity in the US and Europe. Applied to the European context, scholars who follow

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<sup>3</sup> See also Kymlicka and Banting (2006) for a slightly different version of the introductory chapter that they present in the edited volume ‘Multiculturalism and the Welfare state’ (Banting and Kymlicka, 2006)

this line of thought thus argue that the growing diversity as a consequence of migration in Europe, inevitable will result in an eradication of the European welfare state as we know it and that Europe will become more like the United States.

In a recent article, Peter Taylor-Gooby (2005) critically examined the evidence from Alesina and Glaeser's (2004) work. In their attempt to explain the differences between Europe and the US they have used statistical modelling to test which factors explain these observed differences. Their results point to an important impact of racial/ethnic diversity on social spending. Countries with a high degree of diversity display lower levels of social spending, which is considered to be an indicator for a declining welfare state. Peter Taylor-Gooby is nonetheless less pessimistic about the future of European welfare states based on Alesina and Glaeser's results. He argues that the statistical model that they used does not take into account the influence of left-wing parties and their politics. Traditionally, these parties are considered to be supportive of the welfare state and its redistributive policies. Taylor-Gooby replicated the statistical model used by Alesina and Glaeser, but also added an indicator for the strength of left politics<sup>4</sup>. His results still show an impact of diversity on social spending but it is much weaker than what Alesina and Glaeser (2004) found. Besides the strength of left politics he also uses an independent variable that refers to the share of the population older than 65. The larger the share of this age cohort in the population, the more heavy the burden on public spending, especially on pensions and health care. Consequently, a high share of elderly is likely to trigger an increase in social spending. Taylor-Gooby (2005) calculated correlations between social spending, diversity and other relevant explanatory variables. In the model in which the US is included, he observes a significant difference in the coefficients, except for the left politics variable. When the US is excluded from the analysis, diversity has a much weaker impact on social spending.

Therefore, Taylor-Gooby concludes that the situation in Europe is different than in the US. Alesina and Glaeser's (2004) model confirms the hypothesis that diversity has obstructed the growth of the welfare state in the US. However, they overlook the presence of left politics and the impact of political institutions on welfare spending in Europe. The latter prevent an erosion of the European welfare states as a consequence

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<sup>4</sup> In line with the work of other welfare scholars (Huber and Stephens, 2001) he uses the proportion of cabinet seats held by left parties as an indicator for the strength of left politics.

of an increasing diversity caused by migration. Consequently, Taylor-Gooby argues that Alesina and Glaeser's findings cannot be generalised to Europe. A fairer conclusion is that increased diversity may have a slowing effect on social spending.

Another topic that is dealt with in the welfare state literature is the public support for the welfare state. Welfare states are to a certain extent dependent upon the public opinion of its inhabitants but at the same time the type of welfare regime is also likely to influence public opinion. If a welfare state is set up in such a way that most people benefit from it, for instance through universal benefits and services without means-testing, it is more likely that broader segments of the population will support it and not contest that persons belonging to a different ethnic group also have access and make use of it. The opposite is also possible, in welfare states characterised by means-tested benefits targeted at the most needy groups, it is more likely that the native population will be more reluctant to support social policies. If in such a regime type, most of the welfare state beneficiaries belong to another ethnic group, or a small group which is considered as non-deserving it is more likely that a backlash against the welfare state takes place or that there is insufficient leverage for the welfare state to come about.

Taking the Scandinavian countries once more as an example, one could then wonder whether it is the ethnic homogeneity that has allowed the welfare state to develop or the fact that most of the population benefits from the welfare state and therefore also strongly supports it. These are difficult questions that once more illustrate that there are many determinants that need to be taken into account to get a full picture of what exactly influences the welfare state and in which direction this influence is headed.

In a recent article, Van Oorschot (2008) examined the informal solidarity toward migrants in European welfare states using the European Values Survey.

His focus is not so much on the influence of migration on the welfare state but whether there are different degrees of informal solidarity<sup>5</sup> toward migrants compared to other groups (the elderly, the sick and disabled and the unemployed) and what the consequences of these differences may be. If there is little support for migrants' use of benefits and if they are considered to be 'undeserving' recipients of welfare, it is more likely that a backlash against the welfare state will occur in the long run.

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<sup>5</sup> Informal solidarity is defined as the expressed concern with the living conditions of groups (Van Oorschot 2008:3)

His article adds a new element to the welfare state-migration debate. If his assumption, that informal solidarity toward migrants is weaker compared to the more traditional groups of welfare beneficiaries (elderly, unemployed), is supported by his findings; there may indeed be important political consequences and implications for the welfare states in the long run. Both the Freeman's (1986) or Alesina and Glaeser (2004) scenario may turn out to be true after all. A second question that he attempts to answer is whether the levels of solidarity toward migrants differ across welfare regimes.

As for the level of informal solidarity toward migrants, the hypothesis was confirmed; in most countries solidarity is larger for elderly, sick and disabled and the unemployed than for migrants.

At country level, public opinion in continental Europe seems to be more favourable toward migrants than is the case for Anglo-Saxon countries. This is also confirmed in the analysis using the welfare regime typology, but at the same time there are strong intra-regime differences, especially within the southern European countries. However, the observed differences in solidarity between the different welfare regimes are small and there is no proof that high levels of spending affect informal solidarity toward migrants negatively. The size of the proportion foreign-born did not affect solidarity negatively either. These are hopeful findings for the future of the welfare state, at least in a European perspective.

These different findings show that it is maybe important to make a distinction between the impact of race and ethnicity on a developing welfare state and a welfare state that is already in place and well established. Most European countries experienced the largest influx of migrants after their welfare states were already developed and had experienced their golden age. One could argue that existing institutions only change very slowly and that it may take years before the influence of migration and increased heterogeneity becomes visible. This is also what Taylor-Gooby suggested "when a left wing influence is established and has influenced political institutions, as is the case in Europe but not in the US, different patterns of development and of path-dependency are set in train."(Taylor-Gooby, 2005:671).

## **2.2 Policies of multiculturalism and the welfare state**

In this section of the paper, I turn to what Banting and Kymlicka (2006) call the recognition/redistribution trade off. Taking the analysis a step further, Banting et al. (2006) explored whether there is sufficiently hard evidence for the assumption that multiculturalism policies <sup>6</sup>(MCPs) endanger the existence of the welfare state. Banting et al. 2006 were the first to test the hypothesis in an empirical way. Opponents of multicultural policies have argued that these policies would trigger politics that weaken redistribution and consequently would be a threat for the welfare state as well.

Looking for empirical evidence, they took off by developing a ranking of countries based on the strength of multiculturalism policies in different countries. They distinguish between countries with weak, modest and strong developed multiculturalism policies (MCPs)<sup>7</sup>.

- Weak:** Switzerland, France, Spain
- Modest:** Belgium, United States, and Sweden
- Strong:** Australia, Canada<sup>8</sup>

In a second step, they introduce the relationship between multiculturalism policies, social spending and the redistributive effects of the welfare state. This is necessary to test the assumption whether strong multicultural policies negatively affect social spending and thus threaten the welfare state. If there is evidence of a weakened welfare state (as seen in a decrease in social spending) in countries with strong multiculturalism policies, the critics' argument that MCPs erode the welfare state becomes more plausible.

The table below summarizes the results for the countries included in this paper and for the group of migrants<sup>9</sup>.

**Table 2: Changes in indicators in the period 1980-2000**

Social spending	Redistribution	Social Outcomes

<sup>6</sup> These can be referred to as immigrant policies, since they are put in place by governments for the immigrants that are already living in the country to facilitate their incorporation.

<sup>7</sup> For more information about the definition of multiculturalism policies and the ranking of countries see Banting, et al. (2006: 51-58)

<sup>8</sup> These countries are not part of this study, but serve as a reference, they also need to be included in the analysis to determine whether the assumption about the relationship between MCPs and social spending is true, this cannot be done when countries with strong MCPs are not included.

<sup>9</sup> They also do the exercise for national minorities and indigenous people.

	Proportion of GDP	Reduction in poverty	Reduction in inequality	Child poverty	Inequality
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—					
<b>Strong MCPS</b>					
(Average is given)	42.8	10.5	11.8	1.1	8.5
<b>Modest MCPs</b>					
Belgium	10.8	-5.9	-8.4	2.7	22
United States	6.8	5.5	-4.4	-3.1	9.9
Sweden	-0.7	-3.5	-16.3	-0.6	27.9
<b>Weak MCPs</b>					
France	34.1	4.9	11.2	1.0	0.0
Spain	25.1	na	na	3.4	6.9
Switzerland <sup>10</sup>					

Source: adapted from Banting et al. (2006) table 2.1 p.67)

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Despite the discourse of reform and retrenchment of the welfare state during the 90s, the table shows that social spending continued to rise, with the exception of Sweden. The increase in social spending is highest in countries with strong and weak MCPs. Another characteristic attributed to the welfare state is its redistributive role. Banting et al. 2006 use the reduction of poverty and inequality as indicators for redistribution. Since these indicators were not available for all countries, they also added two social outcomes indicators, the level of child poverty and the level of inequality. For these indicators as well, no systematic pattern is found that countries with strong MCPs perform worse than those with modest or weak MCPs. What is more, sometimes the opposite effect is found.

Looking at the outcomes of their cross-national comparison, there is no convincing proof that there is a systematic relation between multiculturalism policies and the different indicators that are used to gauge the strength and redistributive role of the welfare state. Countries with strong MCPs experienced a stronger increase in social spending than countries with modest or weak MCPs. Countries with strong MCPs

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<sup>10</sup> Switzerland is not included in the study of Banting et al. 2006.

display no significant lower levels of spending or higher scores for inequality compared with countries that adopted modest or weak MCPs. Based on these results, the assumption that MCPs are a threat for the welfare state cannot be affirmed and the authors are also fairly confident that the critics are unfounded.

The results of this exercise are not controlled for other factors that are known for having a strong impact on social spending (for example the share of elderly in the population).

To control for the factors that influence social spending, Banting et al. 2006 repeated the analysis but using a multivariate analysis. The dependent variable remains social spending. The advantage of this approach is that it is possible to find out whether once other factors are controlled for, the relationship between multiculturalism policies and social spending may turn out to be a negative one. The descriptive analysis did not point into that direction but the relationship may have been blurred by other important factors. Another possibility offered by a multivariate analysis is to see whether the suggestive evidence that strong MCPs may even have a beneficial effect on social spending can be confirmed.

Banting et al. (2006:73) designed a model that besides MCPs also includes the different driving forces behind social spending. Since they are interested in changes in social spending over time, and a growth of social spending was observed in all countries, the central issue is the relative rate of growth. The results confirm what has been suggested in welfare state literature, namely that the proportion of persons aged 64 and above, female labour market participation and the share of left parties in government have an important impact on social spending. The effects of MCPs and the share of foreign population are weaker than the above mentioned factors.

They regress the change in social spending over the average level of the immigrant minority in the period 1980-2000. They do not find an effect of the size of the minority population; the MCPs or the interaction between the two on social spending. This means that there is no hard empirical evidence to support the ethnicity/redistribution and recognition/redistribution trade off. The size of the proportion migrants does not matter, but the growth in this proportion on the other hand seems to matter. The greater the growth of the proportion foreign born, the slower the growth in social spending. For MCPs, no significant effects on social spending were found in this model either.

To sum up, there is no hard empirical evidence to assume that MCPs are a threat for the welfare state, ethnic diversity only seems to have an effect on social spending when there is a considerable growth of the proportion foreign born, the size of the proportion foreign-born in a country's population as such has no negative impact on social spending .

### **3. Migrants' social rights in different welfare regimes**

*“The welfare states have been a force for the inclusion for immigrants, providing surprisingly open access to for migrants in benefit programmes, but whether some welfare states are more successful than others in incorporating migrants is more difficult to tell” Freeman (2003: 14)*

The approach in the second part of this paper will focus on outcomes for immigrants in different welfare regimes, and is therefore different from what we discussed previously. In line with previous welfare state research, I assume that the type of welfare state in which one lives has an impact on outcomes and that these outcomes will therefore vary across welfare states. Outcomes are also related with social rights. Despite the threat that Freeman (1986) described, most countries with strong welfare states have experienced immigration and have moreover given immigrants social rights. These social rights give them access to existing welfare provision and this even while immigrants do not have full citizenship in political terms. Scholars who focused on immigrants' social rights and how these have evolved (Soysal, 1994; Joppke, 1998; Roberts and Bolderson, 1999; Guiraudon, 2000) found that most countries have given migrants similar formal social rights as their natives, a finding that is surprising in light of Marshall's (1950) theory of social citizenship. Marshall introduced the concept of social rights in social science and ever since his citizenship theory has been widely used but also criticized amongst sociologists and political scientists. He distinguishes between three types of rights: civil, political and social rights. His theory includes an evolutionary element because he claims that civil rights are attributed first followed thereafter by political rights. Social rights are the last rights to be attributed and are according to Marshall, a typical characteristic of modern times. Scholars who analysed immigrants' rights observed a clear deviation from Marshall's evolutionary pattern, since immigrants are in most countries entitled to social rights even when they do not



have political rights. Political rights, such as the right to vote, the right to run for election or to be member of local councils etc. are rights that in most countries are uniquely reserved to natives<sup>11</sup>. The reservation of political rights to those with citizenship implies that non-naturalized immigrants are excluded from political participation. Only few countries allow non-native immigrants to participate in local elections. In all European countries voting in national elections is exclusively reserved to natives (Castles and Miller, 1998; Soysal, 1994; Entzinger, 2000). The more difficult it is to obtain citizenship, the less likely it is that immigrants have political rights that they can exercise. According to Brubaker (1992), political rights are also important for immigrants' social rights in the sense that they are a tool with which immigrants can make their voices heard, also with regard to their socio-economic situation, which is very much influenced by their social rights, but political rights matter as well (Brubaker 1992). Tomas Hammar (1990) introduced the term 'denizens' for immigrants who are entitled to civil and social rights but still lack political rights, as long they do not have legal citizenship. This denizenship status gives them similar civil and social rights as natives.

However, until now, very little welfare research has examined immigrants' actual outcomes in a comparative way across welfare regimes. Consequently, we know only little about similarities or differences across welfare states along the immigrant dimension (Morissens and Sainsbury, 2005; Sainsbury, 2006).

Nevertheless, here as well, scholars have speculated about migrants' opportunities to become incorporated in a country's social programmes and whether or not this is influenced by the type of welfare state. Keith Banting is among the scholars who attribute an important role to the type of welfare state for the inclusion of migrants in social policies. One would expect that countries with generous benefits and a homogeneous population would be more reluctant to give immigrants access to benefits and transfers<sup>12</sup> and reserve them for their own nationals. Banting's argument however suggests the opposite. Countries with extensive welfare provisions are also those who have less difficulty in integrating immigrants in the welfare system and where a backlash against the welfare state is less likely to occur. Again according to Banting, countries where the social security system is dominated by means-tested benefits are

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<sup>11</sup> With the exception of EU natives who are entitled to participate in local or European elections in the country of residence.

<sup>12</sup> This point and observation is made by Andrew Geddes (2003: 22) who observes a trend toward welfare chauvinism in the Scandinavian countries. His observation goes against Banting's hypothesis, which ascribes the experience of welfare chauvinism to liberal welfare regimes (with the exception of Canada).

less likely to give immigrants access to their benefit system. It is also in these countries that 'welfare chauvinism' is most likely to occur. Since means-tested benefits have need and not contributions as eligibility criterion, they are generally easier to access, which can negatively influence the public opinion. Immigrants who enter the country can receive benefits relatively easy and fast whereas in a country where eligibility depends on contributions, a certain period of contribution is required before one can apply for benefits. This would exclude many immigrants from access to social benefits and services. However, even in countries where contributions are required for benefits' entitlement, social assistance still remains the residual safety net and several studies have highlighted a high level of dependence upon social assistance among migrants.

The trend toward making access to social assistance benefits more difficult for newly arriving immigrants, or to replace them by vouchers or in-kind benefits (food, housing, pocket money, etc.) can be seen as a response from the policy makers to appease public opinion

Faist (1996) also argues that the integration of immigrants depends to a certain extent on the type of welfare state. Welfare states with extensive social rights and generous benefits have more incentive to integrate immigrants in a fast manner since a failing integration of this group in the labour market would come at a high cost. This is especially true when benefits are financed by taxes. It also explains why the use of tax-financed benefits amongst immigrants has become much more contested and why these benefits were those that have been subject of reforms and cutbacks in many countries in recent years.

Another point that is interesting in Banting's observations is the relationship between the in-or exclusion of immigrants in the welfare state and the immigration policies of these countries. Countries that have an important immigrant population and that were dependent on immigration for their development as states generally have liberal immigration policies; which do not offer much room for entry restrictions. The only possibility that these countries have to limit immigrants' access to social programmes is to explicitly exclude immigrants from these. It is also in the United States that the most restrictive measures toward immigrants' access to welfare benefits have been introduced; the introduction of the Welfare Reform Act in 1996 was a clear illustration of this<sup>13</sup>. This example illustrates also the point made by Banting (2000) that

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<sup>13</sup> For an analysis of the consequences of the 1996 Welfare Reform Act see: Espenshade et al. 1997; Fix and Passel 1999.

in countries where the welfare state has a weak base, negative reactions and attitudes toward inclusion of immigrants in welfare programs is more likely to occur.

Nonetheless, in recent years, negative reactions toward immigrants and their use of benefits have been common everywhere in Europe, independent of the type of welfare regime (Geddes, 2003).

James Hollifield (2000) shares Banting's views and sees the social democratic tradition in European countries as an important force for the preservation of immigrants' social rights. He observes that in social democratic welfare regimes, a tight labour market regulation is a crucial tool for internal control (Hollifield, 2000: 110). A strong welfare state is a double-edged sword. On the one hand it may facilitate incorporation of immigrants but on the other hand it can also function as an efficient mechanism for immigration control (Hollifield 2000: 110).

In countries where the labour market is very much driven by the market, (i.e. liberal welfare regimes), curtailment of immigrants' rights is often the only option for internal control, also because these countries have very little external control. The latter is mostly related to these countries' immigration history and the liberal ideology upon this was based. Brubaker (1992) has ascribed more civil, political and social rights to immigrants in the United-Kingdom because of the absence of a strong nation state identity.

Most countries in Western Europe (and most of the EU countries in this paper) limit the possibilities to enter their territory by means of stringent immigration policies and control rather than by restricting social rights of those immigrants already in the country. By making access to the country difficult, access to the welfare state with its provisions is simultaneously prevented<sup>14</sup> but once they are allowed to reside in the country, they do in most cases benefit from the same social rights as nationals.

In recent years, we have seen an upsurge of more restrictive immigration policies that have as principal goal to prevent that new immigrants come in. In most EU countries, conditions for entering and/or for family reunification have become tighter and requirements that need to be fulfilled for obtaining a permanent residence permit or naturalization have become more demanding. This can be seen as a political preference to focus on those already in the country and to increase the effort for their

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<sup>14</sup> An often-heard argument in favor of tighter immigration policies is that it is impossible for the welfare state to survive in financial terms if immigration increases. Right-wing parties but also others use this as the ultimate argument to implement restrictive immigration policies.

integration/incorporation chances while at the same time restricting access' possibilities for newly arriving immigrants.

Nevertheless there have also been attempts to curtail immigrants' social rights, which were successful in some cases<sup>15</sup>. The observation of tighter immigration policies and the attempts to cut back on immigrants' or future immigrants' rights can be seen as a sign that immigrants' 'denizenship' status (Hammar, 1990) has become more vulnerable in recent years. Faist (1996: 240) distinguishes therefore a third category of legal status besides citizenship and denizenship, namely: alienship. This category consists of asylum seekers, de facto refugees, migrants with temporary residence permits and illegal immigrants.

With regard to welfare reforms and retrenchment, it is likely that in terms of outcomes, immigrants together with other vulnerable groups are more likely to bear a bigger burden of the losses that these changes involve (Palme et al., 2002). If immigrants' socio-economic outcomes are already significantly worse when they were entitled to the same social rights as natives, it is very likely that their outcomes will further deteriorate when their rights are curtailed.

In the previous section I have discussed some of the literature that has taken up the incorporation/integration possibilities for immigrants in different welfare states. With incorporation/integration possibilities, I refer to both access to social rights and consequently entitlements to benefits. Immigrants' formal social rights and with that the possibility to use the benefits that are in place are only one side of the story. The question that remains is whether similar social rights as natives are sufficient to protect immigrants' against income poverty or offer them better chances for incorporation. At first sight one would expect so, but there are different and complex factors at play. Despite similar social rights and a similar treatment by the system, social security systems may still function in such a way that immigrants and ethnic minorities are disadvantaged (Berthoud 1997: 153) This can be related to benefit requirements that are more difficult to achieve for immigrants, but also the lack of information in the own language (Bloch, 1993) can result in a situation that immigrants fail to claim some of the benefits they are entitled to.

According to Banting (2000), countries with well developed social systems will integrate migrants more easily in their social systems. This implies that they will give

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<sup>15</sup> See Hollifield (2000) for a comparative overview of the evolution of immigrants' civil, political and social rights.

similar social rights to their foreign born population as to their native natives. If we bring in the welfare typology into this picture, the social democratic regime is among the most developed and universal systems of social provisions.

Following Banting's hypothesis we would therefore expect that migrants have the most social rights in this regime type. For the countries selected in this paper, we expect migrants in Sweden to have the most extensive social rights. Banting expects that in countries where means-tested benefits dominate the social system, there will be much more reluctance to give migrants' access to provisions.

There are two aspects that lay behind his assumption and influence the decision whether or not to integrate migrants in the system of social provision: public support for the welfare state and the eligibility criteria. In countries where means-tested benefits are the dominant form of provisions, a backlash against welfare policies is more likely to occur. Need is the principal criterion to be eligible for benefits, consequently the access to this type of benefits is easier for migrants compared to access to benefits that require contribution periods. The latter benefits are a characteristic of the conservative welfare state, whereas means-tested benefits prevail in the liberal welfare state. According to him a backlash against the welfare state is more likely to occur in liberal states, which are more vulnerable toward welfare chauvinism. The backlash discussion can be linked to the discussion in the previous section. Not everyone agrees with Banting's hypotheses, Andrew Geddes (2003) for instance, believes that countries with generous benefits will be very protective toward their system and prevent migrants to use the benefits; benefits will be mainly reserved for their natives.

In recent years, we have witnessed a growing scepticism toward migrants and their use of benefits, and this irrespective of the type of welfare state; countries have attempted to limit access to benefits for newly arrived migrants or migrants in general. Geddes (2003) formulated it in the following way :“(...) European welfare states have become an ‘internal’ method for the regulation of migration. By providing access to, or exclusion from welfare support, European states have sought to welcome some forms of migration while deterring others.”

Besides the more restrictive immigration policies, a restriction or erosion of migrants' social rights serves as an (additional) instrument to discourage future migration. Social policy has become a means to influence migration and thus has become an integral part of migration policies.

#### **4. Outcomes for migrants in different welfare regimes**

The emphasis in the empirical part of this paper is on the impact of the welfare state on immigrants' daily lives rather than on the impact of migration on the welfare state, the economy, public finances, wage levels or employment of natives in the receiving country<sup>16</sup>. I propose to analyse the performance of different regimes in reducing income inequalities and poverty among migrants and by looking at the participation rates of migrants in different social programmes. The main focus will be on differences in outcomes between natives and migrants and to a lesser extent between countries/regimes. In what country do we find the largest differences between natives and migrants? Are there intra-regime differences? These are the two principal questions that are addressed in this part of the paper<sup>17</sup>.

**Table 2: Migration and welfare regimes**

	Migration regime	Welfare regime	
Belgium	guestworker	corporatist	
France	colonial	corporatist	
Spain	new guestworker	latin-rim	
Switzerland	guestworker	liberal	
Sweden	guestworker	social democrat	
United States	permanent migration	liberal	exclusive

\_-Sources: Castles and Miller (1998), Esping-Andersen (1990), Ferrera (1996)

#### 4.1 Migrants and policies directed towards them in selected countries

In this paragraph, I will present the main features of the migrant population in the selected countries. Based on the migration literature, it is possible to distinguish between different migration regimes. One cluster consists of countries that are categorized as 'guestworker regimes' (Belgium, Sweden and Switzerland) (Castles and Miller, 1998). As is always the case with categorisations, they refer to ideal types and in reality the distinction between the different countries is more blurred. Moreover, most countries underwent changes, not only in terms of composition of their migrant population but also in terms of their migration and migrant policies, with migration policies I refer to the set of policies that regulate the entrance to a country and conditions to settle (temporarily or permanently). Migrant policies refer to the policies

<sup>16</sup> For research references see chapter 1.

<sup>17</sup> This section builds further on the authors' earlier article with Diane Sainsbury, Morissens and Sainsbury (2005)

that are targeted toward the migrant population already residing in the country. The latter may include: language courses, access to mother tongue classes, or other specific measures aimed at the integration of migrants.

#### **4.1.1 Guestworker regimes: Belgium, Switzerland, Sweden**

These three countries are classified by Castles and Miller (1998) as belonging to the guestworker regime.

##### **Belgium**

During the 50s and 60s Belgium recruited foreign work for both economic and demographic causes. It was not reluctant to offer family reunification for guestworkers. It is worth to note that Belgium besides guestworkers also received migrants from its former colony Congo. Together with Moroccans, and Turks, they make for the principal non-EU countries of origin. Despite the considerable share of migrants in Belgium (12.1% of its population has a foreign background), most of them (66%) have an EU nationality. Italians are the largest EU group, followed by French and Dutch migrants. Italians have the longest history since many of them were recruited to work in the mining industry. In line with other guestworker regimes, Belgium abandoned its recruitment of foreign labour after the oil-shock of 1973. Nevertheless, the share of its foreign population continued to grow as a consequence of family reunification and the entry of asylum seekers.

As a consequence of the easier access to Belgian citizenship since 2000, the number of persons with a non-Belgian nationality has been decreasing. The total number of naturalised migrants is around 700.000. In 2007, following the federal elections, this Law was adapted and conditions to obtain Belgian citizenship became again more stringent. Migrants who have been residing in Belgium have the right to vote in municipal elections.

Whereas immigration policies are a federal competence, for migrant policies, the regional entities have their own competences. In order to improve the integration chances of migrants, the Flemish community introduced the 'Integration decree'<sup>18</sup>. It would lead us too far to discuss the content of this decree in detail, but the integration programme for newly arrived immigrants includes language training and careers guidance. The goal of this programme is to facilitate the integration of newly arrived migrants. The Walloon region has also taken measures to integrate migrants. Based on a decree from 1996, seven integration centers were set up where newly arrived

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<sup>18</sup> Inburgeringsdecreet

immigrants receive information about different aspects of life in Belgium as well as career guidance.

Besides the migrants identified in the official statistics, there is also a heterogeneous group of illegal migrants. Some of them applied for a residence permit but did not obtain it. They were supposed to leave the country but still remain on Belgian territory. Others have entered the country illegally whereas a third group initially had a working permit but overstayed it. The number of illegal immigrants residing in Belgium was estimated at 87.000 in 2000 (FOD 2006), the highest concentrations are found in the largest Belgian cities: Brussels and Antwerp. These migrants are in an extremely vulnerable situation and often victim of bogus employers or landlords. The only entitlement to services they have is the right to urgent medical aid.

As many former guestworker regimes, Belgium is still struggling with the integration of migrants, including the second and third generation. Poverty in migrant households is much higher than among natives (Van Robbaeys and Perrin 2006), educational achievement among second and third generation children lags behind and unemployment among migrants is higher compared to natives. The good economic situation in Flanders, combined with a strong emphasis on activation seems to have a positive influence on migrants' labour market outcomes but a disadvantage remains. Recently, the issue of selective economic migration is high on the political agenda. So far, it is still unclear whether Belgium will introduce this more selective system of migration.

## **Sweden**

Until World War II, Sweden's population was very homogeneous and immigration to Sweden was very much an exception. This situation has changed significantly and today, an important share of Sweden's population has a foreign background. In 2005, 12.4% of its population had a foreign background, which is among the highest in Europe. In 1950 the foreign population only counted for 1.8%. Intra-Scandinavian migration has been an important source of migration, not in the least because of the possibility for citizens of Finland, Norway, Denmark and Iceland to settle and work in the Common Nordic Labour Market according to the 1954 agreement. Most of the migration that takes place according to this scheme is temporary. These Nordic migrants are well integrated in the labour market as well. During the 60s and 70s, Sweden also recruited foreign workers to fill labour shortages in the labour market. After the oil



crisis, ways of entering Sweden for work purposes for non-Nordic citizens became much more limited.

During the 80s and 90s, asylum seekers and their families were responsible for a growth in the foreign population. Whereas the 80s witnessed an inflow of asylum seekers fleeing the war in Iraq and Iran, during the 90s, Sweden received many asylum seekers from Somalia and former-Yugoslavia.

Sweden has one of the most liberal immigration policies, access to Swedish citizenship is available after 5 years of permanent residence for non-Nordic citizens and non-refugees. For refugees, only 4 years are required and Nordic citizens can already apply for Swedish citizenship after 2 years of residence. Sweden also allows dual citizenship, so migrants who opt to obtain Swedish citizenship have not to renounce their former citizenship. One of the thriving principles of the Swedish welfare state is equality and this principle has also been dominant in Swedish migrant policies. According to this principle, migrants residing permanently in Sweden have similar rights and access to the welfare system. Sweden did not pursue assimilationist policy but left freedom of choice. This has among others resulted in mother tongue classes for migrant children. To stimulate integration and partnership, migrants have the right to vote in municipal and county elections.

Despite the efforts made by the Swedish policy makers, the socio-economic situation of migrants is weaker, especially among those who have arrived to Sweden recently.

## **Switzerland**

After the Second World War, Switzerland recruited foreign labour from Italy and Spain, and implemented a rotational system that had to prevent the permanent settlement of these guest workers. Therefore, conditions to obtain a permanent residence permit were also very stringent and required 10 years of residence. During the 70s, the rotational system was abandoned and family reunification facilitated offering guestworker more rights. However, following the oil crisis, many guest workers had to leave the country because they did not have unemployment insurance. Until 2002; seasonal work permits were an important gateway to a permanent residence permit. These seasonal workers had the same rights as guestworkers and were an important source of labour for the Swiss economy. In line with many European countries, the 90s were characterised by an increase of asylum applications. Since this occurred in a period of slow economic growth and increasing unemployment rates, public opinion reacted negatively to these

demands. Public opinion still remains very reluctant and attempts to make access to citizenship easier for children of migrants were until now rejected in referenda. Switzerland has very stringent conditions for naturalisation, 12 year of residence is required and the Cantons and Municipalities can determine additional naturalisation criteria. Besides the 12 year of residence<sup>19</sup>, familiarity with Swiss customs and traditions, integration in Swiss law, compliance with the Swiss rule of Law and not imposing a danger to Switzerland's internal and external security are the principal federal criteria.

If these conditions are satisfied, the applicant will receive a federal naturalisation permit.

Switzerland adapted a laissez-faire policy in terms of providing policies to facilitate migrants' integration. For a long time, it was believed that both the labour market and the educational system would automatically integrate migrants. However, recent studies pointed at worse educational outcomes among migrant children compared to their native peers as well as segregation and discrimination in the labour market. Confronted with the failure of the market to integrate migrants and their children, Switzerland has opted for a more pro-active approach. Migrant children have the possibility to follow classes in their mother tongue.

#### **4.1.2 Colonial migration countries: France**

The reasons for colonial migration are to a great extent similar to those of guestworker regimes, namely economic. One difference is that countries with a colonial past considered migration as a way to maintain privileged relations with their former colonies. Therefore, inhabitants of former colonies often received a preferential treatment in terms of residence or access to citizenship. This preferential treatment was politically inspired. Many colonial workers used the preferential treatment to look for better opportunities in the former colonizing country and left their countries with the intention to stay permanently. The difference in motivation is also likely to have influenced the competences and skills of the migrant population. Unlike guestworkers, who were explicitly recruited to fill labour shortages, colonial workers were often familiar with the language, which could have had a positive influence on their integration. However, history has showed that their preferential treatment only lasted for a short while and that colonial worker, like guestworkers were overrepresented in low-skilled jobs.

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<sup>19</sup> years between the age of 10 and 20 are counted double.

France received many colonial workers from North Africa. Its confidence in the republican model resulted in relatively easy access to citizenship. In return for French citizenship, migrants were expected to assimilate to the French culture and political practices. The republican migration model does not believe in multiculturalism policies but expected assimilation.

The failure of the French integration policies was reflected in the riots in the urban suburbs of many French cities in 2005. Immigration has remained high on the political agenda since and France has been exploring economic migration for high skilled workers. In 1998, a programme was set up for ICT workers and after the election of president Sarkozy, in 2007; he made a plea for a system of more selective migration.

#### **4.1.3 New migration countries; Spain**

Throughout its history, Spain has been a country of emigration. Many Spanish left their country to start a new life in the Americas and more Northern located EU countries. Only recently, Spain has become a country of migration and as a consequence of that, migration became a politically highly debated topic. In 2005, there were more than 2.7 million foreigners in Spain; only 1.9 million of them hold a residence permit. Many of them came from North Africa, but they have been outnumbered by Ecuadorians recently. After the EU enlargement, many East-Europeans left for Spain as well. This figure does not include those residing illegally in the country.

Since migration was a new phenomenon for Spain, it treated it as a temporary phenomenon, as many guestworker countries did in the past as well. Also in line with guestworker countries, migrants' rights were very much oriented toward their employment status. Since migration was seen as a temporary phenomenon, family reunification was not an option and migrants' rights were limited. Only in 1996, migrants obtained a better legal status offering migrants access to education, entitlement to a translator when dealing with authorities. In the 1996 amendment, permanent residence and family reunification became a possibility, marking a shift from treating migration as a temporary phenomenon toward accepting the reality of it. In 2000, a new Law on the Rights and Freedoms of Foreigners in Spain and their Social Integration gave Spain a more structured framework for Spanish migration policies and integration of migrants became a topic to which attention was paid. Seen the stringent criteria in the 1980s many of the migrants were living illegally in Spain. In order to change this situation, Spain had several regularization programmes, the last one in 2005, for which 700.000 applications were received but illegal migrants are still a major challenge for

Spanish policymakers as well as the problem of boat migrants who attempt to reach Spain, often through the Canary Islands. Spain is thus confronted with a double challenge: fighting illegal work among those already in the country and preventing new migrants to come in. Despite the quotas for permanent and temporary workers, migration flows continue to exceed these quotas. As a consequence of the welfare state model, that provides little help for mothers to combine work and family life, domestic care work is an important area of employment for many (illegal) female migrants. In terms of multiculturalism policies, the issue of culture has only become a political issue during the 90s and onwards. Some minor adaptations to the school curricula and in education have been made. Despite the efforts made to combat illegal employment, many migrants are still working in the informal circuit and these migrants are not in the position to renew their residence permit. It leaves this group in a vulnerable position since they can lose the status they obtained through the regularization process if they do not have a formal labour contract.

#### **4.1.4 Permanent migration countries: The United States**

Of the six countries included in this paper, the United States is probably the only one country where permanent settlement of migrants is considered as beneficial for the economy and the development of the nation. Unlike most immigration policies in EU countries, the United States has very liberal migration policies. Access to citizenship is relatively easy and the 'jus soli' principle offers American citizenship to children born on US territory. This implies that second generation children are automatically American citizens, regardless whether their parents reside legally or illegally in the country. Unlike access to citizenship, access to benefits for migrants is much more contested. As already noted in the first part of this paper, migrants' access to welfare has been restricted. The US welfare system mainly consists of means-tested benefits and private welfare arrangements (i.e. health insurance), and unlike in other countries access to these is not universal. Need itself is not a sufficient criterion, one also has to be considered deserving, which implies that most of the means-tested benefits are reserved to the old, disabled and children living in households without a male breadwinner. Sainsbury (2006) noted that refugees also have immediate access to these benefit and therefore make a distinct category of deserving poor.

#### **4.2 Data**

The results presented in this paper are based on data from the Luxembourg Income Study (LIS)<sup>20</sup>. Data from wave 4 (around 2000) are used, for the US, data for 2004 (wave 5) are used since they were already available. The Luxembourg Income Study (LIS) contains cross-sectional data with rich information about different sources of household income from more than 30 countries. An advantage of the LIS data is the harmonization of a range of income variables. This is particularly helpful for comparative studies. The LIS data also allow analysing who is receiving specific benefits and thus say something about substantive social rights.

To identify the migrant population in the different data sets, the 'pethnat' variable was used. The content of this variable is country specific but it was possible to define a common denominator across the datasets: country of birth. Migrants are defined as persons born abroad regardless of their citizenship status. As a consequence, naturalised migrants are not included in the group of natives but are regarded as migrants. Due to the small samples of migrants in many of the datasets, it was not possible to limit the analysis to non-EU citizens only. It is likely that the inclusion of EU migrants in the analysis overestimates the socio-economic position of migrants, since this group generally has better outcomes in the labour market compared to their non-EU counterparts.

#### **4.3 Migrants' outcomes in different welfare regimes**

This part of the paper takes Esping-Andersen's influential typology of welfare regimes as a starting point. This typology is based on four dimensions of variation. One dimension of variation is decommodification. This refers to a person's ability to achieve a socially accepted standard living independently from market participation (Esping-Andersen, 1990:37). A second dimension is the stratifying effect of social policies. The role of the market, state, and family in the provision of social services is a third dimension of variation among regimes. The relationship between the welfare state and the employment structure is the fourth dimension. Based on these four dimensions, he distinguishes between the social democratic, the conservative-corporatist and liberal welfare regimes. Some scholars have argued that there is a distinct Latin-rim welfare regime (Ferrera, 1996).

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<sup>20</sup> For more information about the project and its available data, see [www.lisproject.org](http://www.lisproject.org)

#### **4.3.1 Poverty among migrants and natives**

Esping-Andersen's decommodification concept is operationalised in this paper through the head count poverty rate. In the analysis, a socially accepted standard of living is defined as having a disposable income that does not fall below the poverty line. The poverty line is set at 60% of the median disposable income adjusted for family size. The square root of family size is employed as an equivalence scale to adjust for family size. I have chosen to include all households in the analysis and thus not to limit the analysis to the working-age population. This implies that the analysis also comprises pensioners, which allows to fully capturing the poverty reduction effectiveness of the welfare state. Pensioners can be seen as being living independently of the market and face an increased risk for poverty in many countries. Even if the migrant population is generally younger than the native population, the guestworker generation of the 50s and 60s is now reaching retirement age. Consequently, it is useful to include this age cohort in the analysis to see whether the welfare state is successful in preventing poverty among this group.

In this section, two indicators for decommodification will be examined for native and migrant households. A first one is the incidence of households having a socially acceptable standard of living: that is the proportion for households above the poverty line. A second indicator that I use is the poverty reduction effectiveness score. This score allows gauging the role of social policies in reducing poverty, or put differently, the role played by social policies in maintaining an acceptable standard of living. Poverty outcomes are a result of market income and social transfers. The poverty reduction effectiveness scores tell us more about the role of the latter. In order to examine the role played by the market, a third section will discuss the incidence of poverty among no-earner, one-earner and two earner households.

Before discussing the results of the poverty reduction effectiveness, the table below displays the share of native and migrant households that have a disposable income above the poverty line (A) and below the poverty line.

**Table 4: Households above the poverty line (A) and households below the poverty line (B)**

	All households	Native households	Migrant households	Difference
<b>A</b>				
United States	76.4	77.8	66.0	13.8
Switzerland	85.9	87.2	81.8	5.4
Spain	80.4	81.0	67.4	14.4
France	86.3	88.3	73.3	15
Belgium	86.1	87.2	70.3	16.9
Sweden	89.1	89.8	75.2	14.6
<b>B</b>				
	All households	Native households	Migrant households	
United States	23.6	22.2	34.0	11.8
Switzerland	14.1	12.8	18.2	5.4
Spain	19.6	19.0	32.6	13.6
France	13.7	11.7	26.7	15
Belgium	13.9	12.8	29.7	16.9
Sweden	10.9	10.2	24.8	14.6

Source: LIS, author's calculations

Looking at the first two tables that display the proportion of all and native households with a socially acceptable standard of living, the observed result is in line with the theoretical assumptions about the performance of the welfare state. The highest proportion of households above the poverty threshold is found in Sweden, which is indeed an example of a social democratic welfare regime. Decommodification is highest in this regime type. It is followed by France and Belgium, two conservative welfare states. Switzerland occupies a middle position between these two countries and is followed by Spain and the United States. The latter has the lowest share of households with a socially accepted standard of living. This finding is also in line with the expectations about the performance of a liberal welfare regime.

Turning to migrant households, there is a considerable drop in the proportions of households that have an acceptable standard of living. The gap between migrant and native households is largest in Belgium. Whereas Belgium is among the better performers in offering natives an acceptable standard of living, it is not successful in doing so for the migrant population. Only 70.3% of the migrant households achieve a socially acceptable standard of living. A similar but less outspoken trend is observed for France and Sweden. Switzerland displays the best result, the difference between natives and migrants amounts for 5.4 percentage points. Conservative-corporatist regimes link

most of their benefits to a person's previous employment status. This involves a disadvantage for those with a weak labour market attachment. They do not fulfill the contribution requirements which offer access to benefits. Seen the weaker labour market attachment of migrants, they will have less access compared to natives and more often have to rely on social assistance, which is less generous.

#### **4.3.2 The role of benefits in combating poverty**

In this section, I turn to the role of benefits in reducing poverty. As said previously, the relative poverty reduction effectiveness scores allow gauging the decommodifying effect of social policies in general and benefits in particular.

This score reveals how many households that are poor prior to the receipt of benefits are lifted out of poverty; the poverty alleviating effect can thus be attributed to the benefits.

The poverty reduction effectiveness score is calculated using the following formula:

$$\frac{(\text{Poverty rate based on factor income} - \text{poverty rate based on disposable income})}{\text{Poverty rate based on factor income}} * 100 \text{ (Mitchell, 1991:65)}$$

The poverty rate based on factor income serves as an indicator for the income situation prior to the receipt of benefits. Factor income includes salaries and earnings, income from self employment and returns on capital income. The poverty rate based on the disposable income serves as the indicator for the income situation after the receipt of benefits. This refers to the income that remains after having paid taxes and after having received transfers.

A high poverty reduction effectiveness score means that benefits are successful in lifting households above the poverty threshold. These households would have remained poor if they only had market income at their disposal. Low poverty reduction scores, on the contrary indicate that fewer households are lifted above the poverty threshold; this is also considered to be an indication of a less generous welfare state. It's therefore likely that countries with extensive social programmes and services will display higher scores on this indicator.

By comparing the reduction scores of migrant and non-migrant households, it is possible to detect whether there are differences in the impact of these transfers on the financial situation of the two groups.



If there is strong variation, it means that the welfare state has different decommodifying effects for migrants and natives. Stringent eligibility criteria may make it more difficult to access benefits and may have a negative effect on their poverty reduction effectiveness scores. The generosity of benefits will also have an impact. Since there is variation across welfare regimes in terms of eligibility and generosity, I also expect variation in outcome across regimes.

Table 5 displays the relative poverty reduction effectiveness scores in the six countries for both migrants' and natives' households.

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**Table 5. Poverty reduction effectiveness scores (%)**

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	Overall	Natives	Migrants
United States '04	27.8	30.6	10.0
Switzerland'02	45.9	53.5	14.5
Spain'00	35.9	41.8	8.9
France '00	59.4	66.4	45.2
Belgium'00	58.7	72.9	41.5
Sweden'00	68.1	69.5	50.1

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Source: LIS, author's calculations

Across countries, the overall decommodifying effects of social policies range from a mere 27.8% in the United States to 68.1% in Sweden. This finding is in line with the hypothesis that social democratic regimes would perform better than liberal regimes in reducing poverty through benefits. Compared to Sweden, benefits are only able to lift 27.8% of the households that are poor above the poverty threshold in the US compared to 68.1% in Sweden. Belgium and France make for a corporatist conservative cluster with reduction scores around 60%. Switzerland and Spain follow with 45.9% and 35.9% respectively.

This overall picture conforms to the expectations based on the welfare regime literature. However, the comparison between natives and migrants reveals large discrepancies between the two groups, illustrating that the decommodifying effects for migrants are weaker compared to the effects of natives. For natives, they range from 72.9% in Belgium to 30.6% in the United States. For migrants however, the results are considerably lower and do not exceed 50.1%. This is the result found in Sweden,

despite offering the best decommodifying results for migrants, the difference between migrants and natives remains almost 20%. The weakest poverty reducing effect for migrants is found in Spain. Switzerland and the United States also perform rather poorly with 14.5 % and 10%. In Switzerland the difference between natives and migrants is almost 40%.

Adding these results to the findings about the incidence of poverty, one has to conclude that migrants not only run a much higher risk to be poor but what is more, migrants are also less likely than natives to be lifted out of poverty through benefits. There seems to be a strong stratification effect between the two groups and migrants often end up in the weakest league.

#### **4.3.3 Work rich versus work poor households**

Since decommodification in its broadest definition refers to the ability to enjoy an acceptable standard of living, independent of market participation, it is interesting to see whether or not welfare states provide persons outside the labour market the possibility to achieve a socially accepted standard of living. For many migrants, entrance to the labour market is hampered by several barriers (language proficiency, culture, discrimination, not recognition of degrees, etc.) This is reflected in lower labour market participation rates among migrants (Morissens 2006; ). One of the consequences of their weak labour market position is an increased risk of poverty and a stronger dependence on transfers to make ends meet. As discussed in the previous section, the latter are less effective in reducing poverty among migrant households compared to native households. In this section I address the role of the market, which is besides the state and family, the third actor in the provision of welfare.

By comparing natives' and migrants' households with no-earner, one-earner or two-earners, the effect of the disadvantageous labour market position of migrants, which is likely to affect the poverty scores is to some extent controlled for since I compare work poor migrants' households with work poor natives' households, one-earner migrants' households with one-earner natives' households etc.

Besides the decommodifying effect of welfare states, this exercise allows to see to what extent (paid) work is sufficient to prevent households from falling below the poverty threshold. The activation policies that were introduced in most of the European countries in recent years and the welfare to work strategy in the US had as principal aim

to reduce reliance on benefits. Work is more and more seen as the best way out of dependence upon benefits and the fastest road to integration by many policy makers. Moreover, work is also considered to be the best protection against poverty. This is only true when the wages are sufficiently high; if not there will be a serious risk to be working poor.

A first section describes the incidence of work poor and dual earner households in 5 countries. Unfortunately, the number of earners in the household variable was not available for Switzerland. Consequently, Switzerland is not included in this analysis. To avoid the effect of pensioner households on the number of no-earner households, the analysis is limited to the working age defined as 15-64. By looking at the incidence of no-earner or dual earner households among migrants and natives, it is possible to determine whether the trend toward a dual breadwinner society is taking place in all countries and whether there is a different pattern among migrant households.

In most countries, the dual breadwinner model has become the norm, although not all countries provide affordable daycare provisions to combine work and family life. This brings us to the triangle market-state-family and the division of labour that exists between these three actors. In welfare regimes where an important role is assigned to the family, conservative corporatist regimes, services for the care of elderly and children are less developed, which is also reflected in lower labour market participation rate among women since they often take up the role of main caregivers. Countries where this view is challenged by the growing importance of a dual breadwinner may well be confronted with low fertility rates. A side effect of the more family oriented welfare regimes may be that they migrant families are favoured because of generous family benefits. The trend toward a dual breadwinner model on the contrary may stimulate the services sector or domestic care work, which often offer employment opportunities for migrants.

Due to cultural differences, I expect that dual breadwinner households are still not the norm among non-Western migrants. This is likely to have an impact on their income situation as well. As a result of a weaker labour market position on the one hand and cultural differences on the other hand, I assume that the incidence of work poor households will be higher among migrants.

Looking at the share of no-earner households among the migrant population in the different countries, both assumptions are confirmed. In all countries, with the exception of the United States, migrant households are more likely to have no-earner, whereas the dual-earner model is more widespread among non-migrant households.

There is not much variation between the countries, but the United States is an outlier with a very low proportion of no-earner households among its migrant population. For dual-earner migrant families, there is slightly more variation between countries, with the United States and Sweden displaying the best results. It does not come as a surprise that Sweden scores well. The country is known for its high female labour market participation rate and the continuous efforts to reconcile work and family life through the provision of generous parental leave schemes and extensive daycare provision. Despite the limited provisions in the United States, dual-earner families are widespread as well and this is also the case for migrants.

Belgium, France and Spain make for a separate cluster; around 40% of the migrant households have two earners. These same three countries differ most from Sweden when looking at single earner households. The one-earner household is much more widespread in France and Belgium, which is not that surprising. Both countries belong to the conservative corporatist regime cluster. In Spain, where traditionally an important role is reserved for the family in terms of care giving, there are also more one-earner non-migrants. For France and Belgium, non-migrant households do not differ much from Sweden. It seems that the dual-breadwinner model has become the norm as well in these countries. Nevertheless, migrants seem not to have adapted to this yet. Despite the conservative regime label, both France and Belgium have publicly funded daycare and pre schools that allow women to combine work and family life more easily. It is also known that migrant families in Belgium make less use of daycare facilities and that despite free preschool from the age of 2.5 years onwards, migrant children make less use of this possibility.

Taking the number of earners in the households as an indicator for labour market attachment, these results point at a disadvantageous position in the labour market for migrants compared to their non-migrant counterparts.

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Table 6. Distribution of no-earner, one-earner, and two –earner households amongst migrants and non-migrants (working age 15-64)

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	Migrant households			Non-migrant household		
Number of earners	0	1	2	0	1	2
<hr/>						
Belgium 2000	17.8	43.6	38.6	12.2	30.2	57.6
France 2000	14.4	44.9	40.7	11.7	34.9	53.4
Spain 2000	13.1	47.6	39.3	8.7	43.3	48.0
Sweden 2000	17.8	33.9	48.2	6.3	29.5	64.1
United States 2004	4.4	42.2	53.4	7.2	35.7	57.1

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Source: LIS, author's calculations

In the next section, I turn to the consequences of a weak labour market attachment and the role that the state and market play in alleviating poverty. The poverty reduction effectiveness scores have already shed some light on the role of the state. By looking at the incidence of poverty among no-earner households, the capacity of the welfare state to offer those outside the labour market can be examined. Conversely, the poverty rates for two-earner households can inform us about the role of the market. If there are many working poor, the effectiveness of work in preventing poverty can be questioned. Here as well, a comparison between migrants and natives can reveal discrepancies in outcomes.

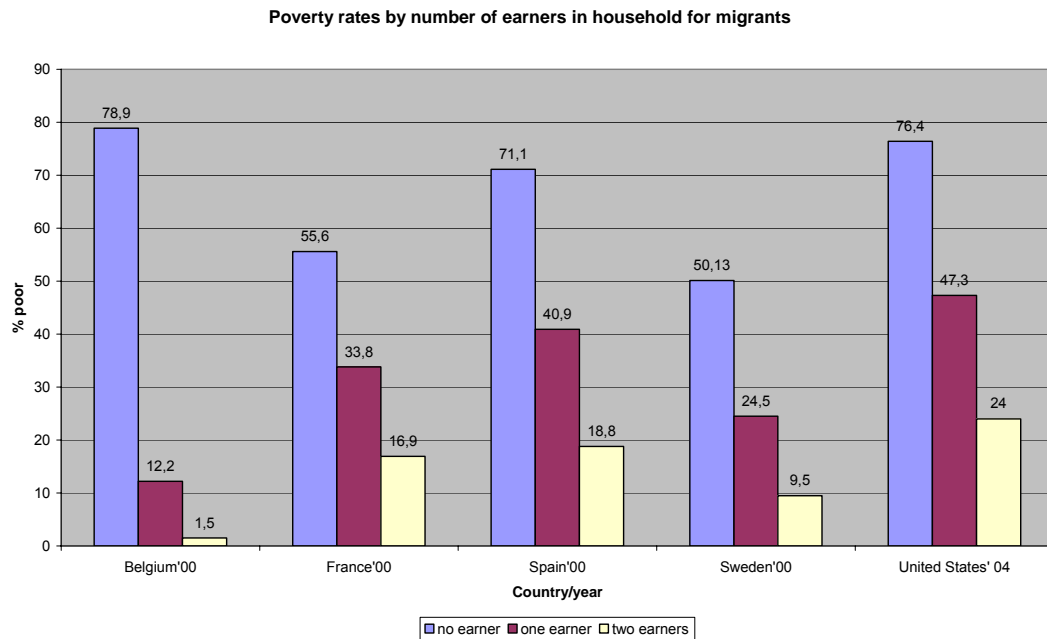


Figure 1

Looking at the poverty rates for migrant work poor households we see that there are important differences between countries. Belgium has the worst outcomes with a poverty rate of 78.9%, followed by the United States (76.4%) and Spain (71.1%). Sweden displays the best result with a poverty rate of 50% for work poor migrant households, whereas France has a poverty rate of 50% amongst this group.

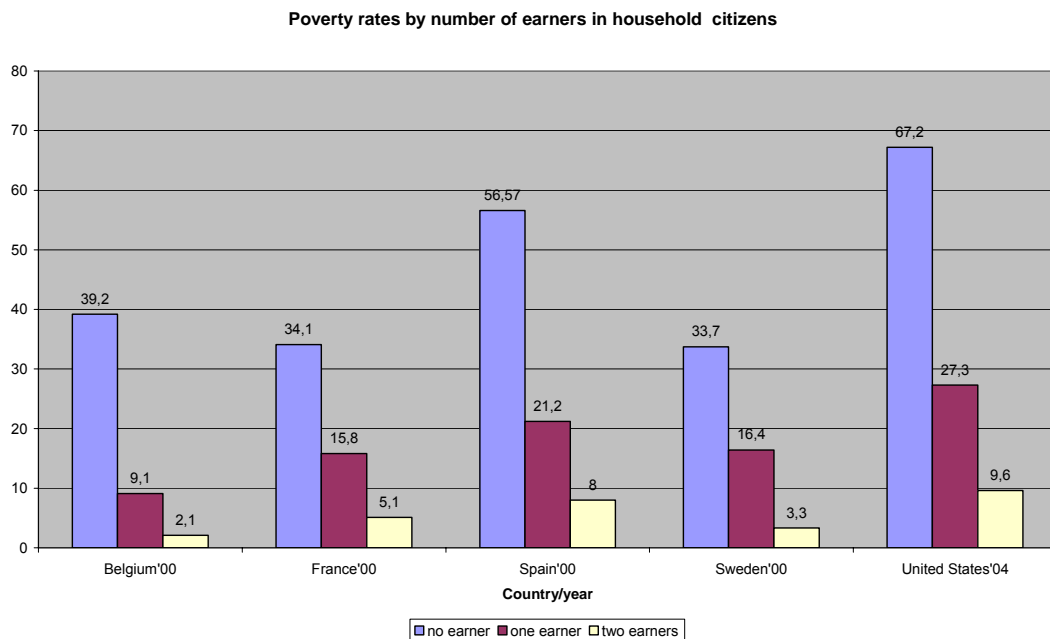


Figure 2

Looking at the poverty rates for migrant no-earner households, we see that there are important differences between countries. Belgium has the worst outcomes with a poverty rate of 78.9%, followed by the United States (76.4%) and Spain (71.1%). Sweden displays the best result with a poverty rate of 50% for work poor migrant households, whereas France has a poverty rate of 50% among this group.

These results show that migrant households with no income from work are in an extremely vulnerable position. Work seems to have become a necessity to achieve a socially accepted standard of living. Based on the worrisome outcomes, it is not possible to conclude that the different regimes have a strong decommodifying effect on migrant households. On the contrary, it seems that commodification is a prerequisite to achieve a socially accepted standard of living. The situation improves when there is one earner present in the household; here Belgium has the best result with a poverty rate of 12.2% followed by Sweden (24.5%). It illustrates that in these two countries, work (combined with benefits) is an important tool to fight poverty. In France, poverty among migrant one- earner households exceeds 33%. Both Spain and the United States display poverty rates over 40%. The bad result for Spain is likely influenced by the widespread employment of migrants in the informal circuit, with little control over working conditions or the wage level.

Not surprisingly, poverty rates decrease even more when a second earner is present in the household. The poverty rates range from a mere 1.5%<sup>21</sup> in Belgium to 24.5% in the United States. The latter is not surprising since the problem of working poor is often associated with liberal welfare regimes; the results here confirm this assumption.

Turning to native households, the same pattern appears, poverty is highest among households in which there is no earner. Nevertheless, the rates are considerably lower compared to migrant households in the same situation. In the United States, the discrepancy between migrant and native households is the smallest (9.2%) whereas it is largest in Belgium (39.7%).

These findings suggest that welfare states are better in protecting natives with no earnings than migrants. In other words, there is a tendency toward a less favorable treatment of migrants by the existing social protection schemes. This is not surprising since not all benefits are available to migrants and if they are, eligibility criteria can result in lower benefits for migrants (for example when employment history and

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<sup>21</sup> small N so results should be treated with caution.

previous earnings are taken into account for unemployment benefits).Berthoud (1997) referred to this as institutional discrimination. It does not mean that the system is directly discriminating migrants but it is likely that certain rules make access to benefits harder for migrants compared to natives.

For one- and two-earner households, a similar decrease in poverty rates is observed for migrants, but once more, the discrepancy between the migrants and native group remains. With the exception of Belgian two-earner migrant households, migrants run a higher risk to be poor regardless of the fact whether income from earnings (market) or income from transfers (state) is the main source of income.

This observation indicates that the market is not able either to offer migrants an acceptable standard of living. It implies that activation strategies and other measures targeted at the supply side may not have the desired effect for migrants. If these activation policies fail, it is very likely that migrants will be receiving the ‘sticks’ rather than the carrots. Combined with the less effective role of the welfare states in pulling migrants out of poverty, the consequences for migrant households and their children may be severe. It also documents the need for sufficiently high wages, if this is not the case, work will maybe lower the dependence on benefits, but it won’t offer migrants (or natives) a life without poverty.

**4.4 Migrants’ participation in social programmes**

In the next section of the paper, I turn to the usage of benefits among migrants and address the following question: Are there differences in the level of participation among migrants and natives in different social programmes? The focus in this section is directed at comparisons between native and migrant households within countries. Since not all countries have exactly the same benefit schemes and define situations differently, one has to be cautious with intra-regime comparisons. This exercise offers information about migrants’ substantial rights. Table 7 shows the participation of migrant and non-migrant households in three social transfers programmes and reflects their utilisation rates.

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**Table 7: Participation in social programmes by natives and migrants**

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	Social Assistance	Family Benefits	Pensions
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	%households	% households with children	
<b>Belgium</b>			
Natives	10.5	91.3	83.8
Migrants	58.3	68.6	93.8
<b>France</b>			
Natives	17.6	65.2	94.1
Migrants	31.5	75.2	87.2
<b>Spain</b>			
Natives	12.3	5.2	77.2
Migrants	70.1	26.5	88.6
<b>Sweden</b>			
Natives	4.5	96.1	99.8
Migrants	28.5	97.1	75.5
<b>Switzerland</b>			
Natives	21.6	84.9	99.7
Migrants	18.3	86.1	97.8
<b>United States</b>			
Natives	59.2	na	87.8
Migrants	61.4	na	68.7

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Source: LIS: author's own calculations

Social assistance is in most countries the last safety net, also for migrants even if the use of social assistance has been made more restrictive in recent years and has been replaced by alternative benefit schemes. Since the data refer to the situation in 2000 or 2002, the effect of these measures cannot be gauged in this analysis and I assume that in most of the selected countries social assistance was still available for migrants. More recent longitudinal data can shed a better light on these evolutions.

An inspection of the social assistance benefits utilisation rates discloses that migrant households are overrepresented among the beneficiaries, with the exception of Switzerland. The discrepancy between migrants and non-migrants is smallest in the United States, but the utilisation rates among natives are also very high compared to other countries. Means-tested benefits based on need are a typical characteristic of the liberal welfare state, and are more accessible for migrants than social insurance benefits that require contributions. This easier access is offset by a large risk for stigma and low benefit levels. In countries where means-tested benefits occupy a less important role and serve as a last safety net, the discrepancy between natives and migrants is larger. Non-migrants have probably easier access to the regular social insurance benefits. For them,

social assistance is really the last safety net whereas for migrants, it is often the only benefit available.

For family benefits, there is much less variation in utilisation rates between migrant and non-migrant households. In Sweden and Switzerland, the difference is only minimal. In France and Spain, participation of non-migrant households is lower than non-migrant households. In France, this is due to the way family benefits are constructed. Benefits for the first child are income-tested, whereas the benefits for consecutive children benefit are higher and also favour large families. Also in Spain, family benefits are subject to a means-test and benefits are higher. Since migrant families have on average more children, and lower incomes, it explains their higher participation rates. The universal child benefits in Belgium seem not to have the same effect on migrant and non-migrant households with children. Unlike in the other countries, parity between the two groups is furthest away.

For pensions, the picture is rather mixed. In Belgium, migrants' access to pensions is higher than non-migrants. Switzerland comes close to parity and in the other countries; migrants have poorer access to pensions compared to non-migrants. This is not surprising, since access to pensions is related to employment spells over the life time and migrants have more difficulties building up these employment spells.

In sum, table 7 displays a stratified pattern of benefits' utilisation. Migrants participate more in social assistance programmes but for pensions the reverse was true. For family benefits, the pattern of stratification is weakest and parity between migrants and non-migrants comes within reach.

## **5. Concluding remarks**

The preceding analysis of indicators that inform us about socio-economic outcomes in different welfare regimes have revealed rather strong discrepancies between migrants and non-migrants. Compared to non-migrant households, migrant households face a higher risk of being poor. This is the result of both weak labour market attachment and a weaker performance of the welfare state in alleviating poverty among migrants. The expectations about the performance of welfare states based on welfare state theorising showed slight divergences when focusing on migrants separately. Nevertheless, the robustness of the welfare typology remained valid. Three or four clusters could be

distinguished, but results for migrants pointed at a differential treatment, resulting in worse outcomes for migrants. Nevertheless, there were no significant changes in the composition of the clusters. Only Switzerland moved from being the best pupil of the class in terms of offering migrants an acceptable standard of living to being among the weaker performers. Spain and Switzerland have not often figured in a comparative exercise of this type, in this regard, the outcomes for both migrants and non-migrants are interesting from a comparative point of view. Switzerland is a hybrid case, since it combines typical traits of a liberal welfare regime, with a strong reliance on the market for certain services (private health insurance), on the other hand it shares with the conservative corporatist countries a strong emphasis on the role of the family. Looking at some of the outcomes, Switzerland leaves not only the United States, but also Sweden behind. Switzerland has the lowest incidence of poverty among migrants and what is more, the divergence between outcome for migrants and non-migrants is limited. Despite the difficult access to citizenship, Switzerland is the most successful in offering migrants a socially accepted standard of living. However, the poverty reduction effectiveness score reveal that transfers only play a minor part, at least for migrants, for this indicator Switzerland displayed the largest discrepancy. It indicates that the private market solutions result in better outcomes for non- migrants. For this indicator, Switzerland joins in with the United States. Unfortunately, due to data limitations it was not possible to explore the role of work. Since benefits are only pulling a small portion of migrants out of poverty, I expect that the labour market is an important instrument for achieving low poverty among migrants. Despite similarities with the Anglo-Saxon labour market institutions, wage inequality is much lower in Switzerland, once more illustrating the hybrid character of the welfare state, which seems to combine the best of both worlds.

The case of Spain is interesting as well, since it turned from being a country of emigration into a country of immigration. As for the performance of its welfare state, it has difficulties in offering an acceptable standard of living and both for non-migrants and migrants; it achieves results similar to the US results. The same pattern is found for the poverty reduction effectiveness scores. In terms of labour market participation, Spain resembles more to the conservative corporatist countries (Belgium, France) than to the US. The United States displays higher proportions of dual-earner households than Spain, and Spain does not reach the level of dual-earners of Belgium and France either. The high poverty rates that were observed for workpoor households and workpoor migrant households in particular, indicate that the welfare state has only a limited

capacity to decommodify this group. Results for non-migrant workpoor are better, which is in line with the higher poverty reduction effectiveness score for non-migrants. Transfers are better in pulling non-migrants out of poverty than migrants. The distribution of no earner households points to a disadvantageous position of migrants in the labour market. The dual-earner model is not yet achieved for this group. Turning to the participation rates for social programmes, once more, strong divergences between migrants and natives were observed. Unsurprisingly, migrants are more likely to participate in social assistance schemes, and for this programme, participation rates for migrants and non-migrants diverged most. Migrants' weak labour market position contributes to their dependence on this type of benefit. The results for pensions and family benefits showed less divergence and it seems that migrants and non-migrants participate in these programmes more equally.

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