

Welfare migration: facts, myths and the role of policy

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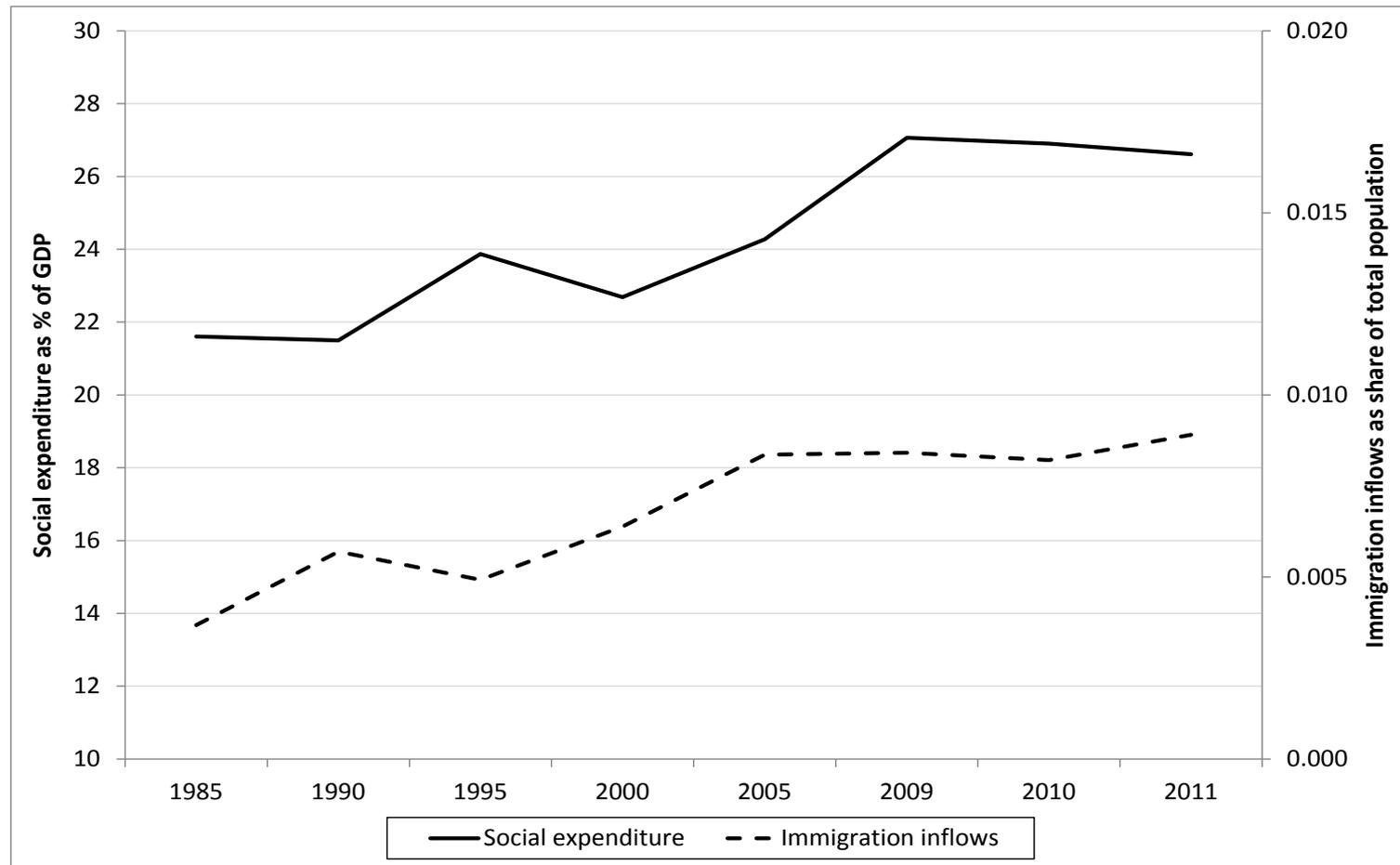
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Rising immigration has sparked a debate that revolves around two arguments:

- whether immigrants might be moving to countries with more generous welfare systems (the welfare magnet hypothesis)
- whether immigrants excessively take up or abuse social benefits (welfare dependency)

DO IMMIGRANTS MOVE BECAUSE OF GENEROUS WELFARE?

IMMIGRATION AND SOCIAL EXPENDITURE TRENDS (EU15)

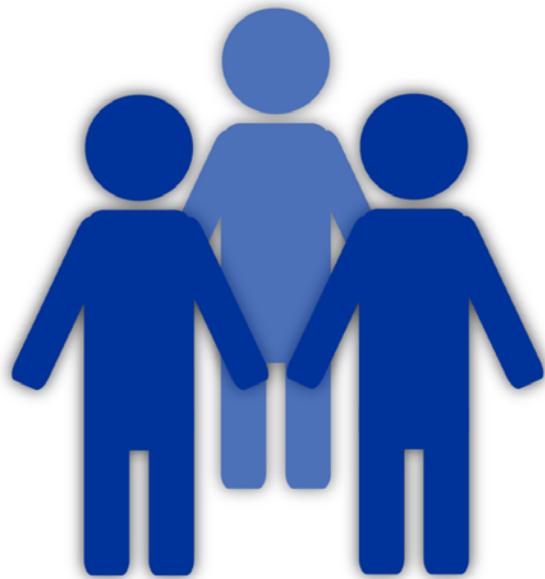


Source: Giulietti and Kahanec (2013)

WELFARE MIGRATION: EMPIRICAL EVIDENCE

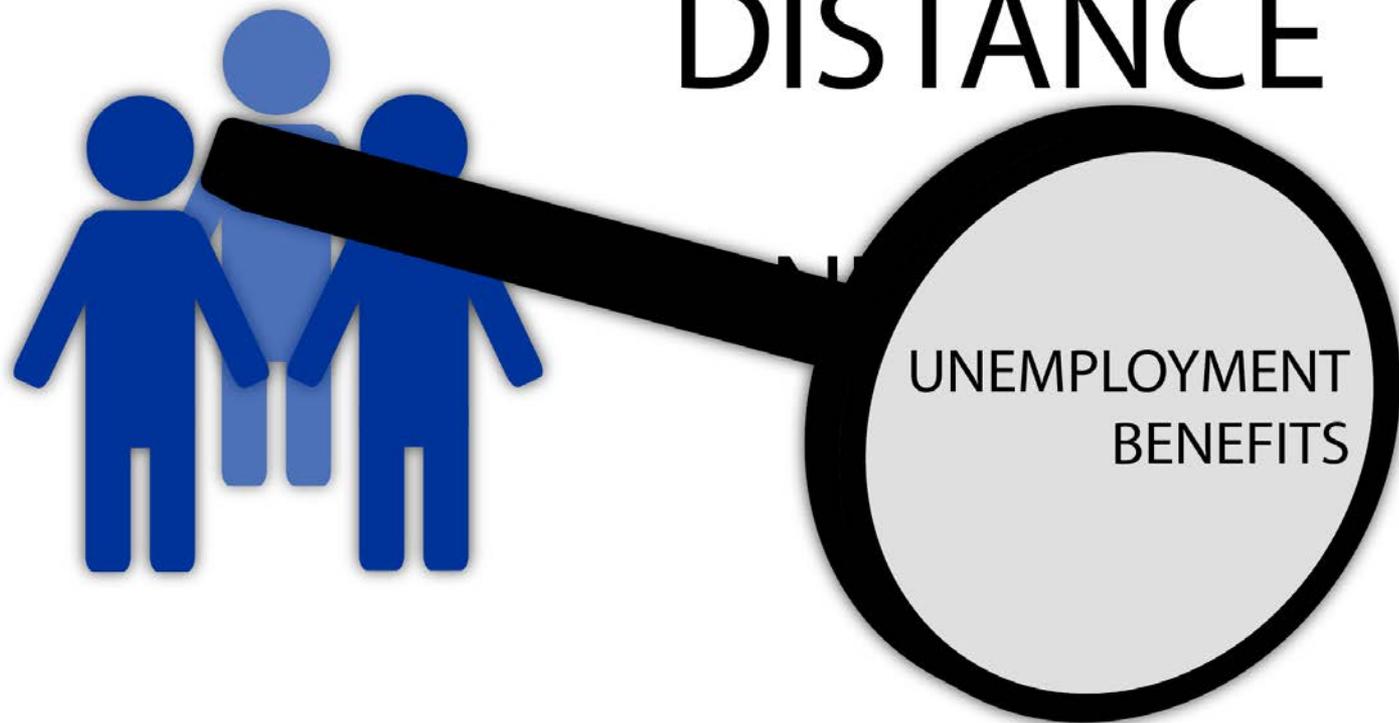
- Giuliatti, Guzi, Kahanec and Zimmermann (2013) analyse if immigration relates to unemployment benefits spending
- Data from 19 EU countries for the period 1998–2008
- Find a small positive raw association for immigrants from non-EU
- Effect is essentially zero after taking into account that immigration itself affects the level of public expenditure
- Factors such as income, unemployment rates, and networks are instead the major determinants of immigration flows
- Compatible with evidence from Pedersen, Pytlikova and Smith (2008) and De Giorgi and Pellizzari (2009)

INCOME DISTANCE NETWORKS



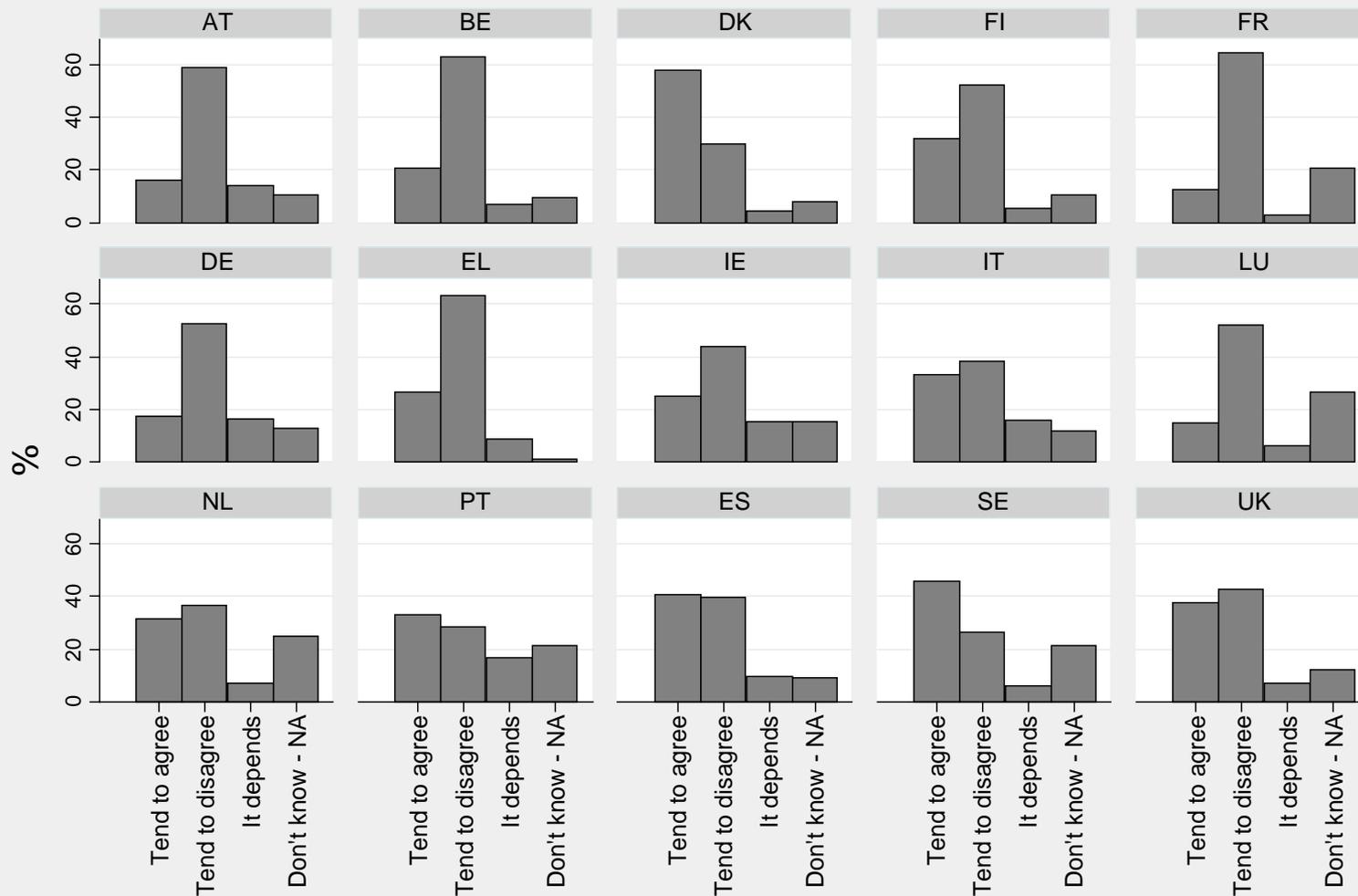
UNEMPLOYMENT
BENEFITS

INCOME DISTANCE



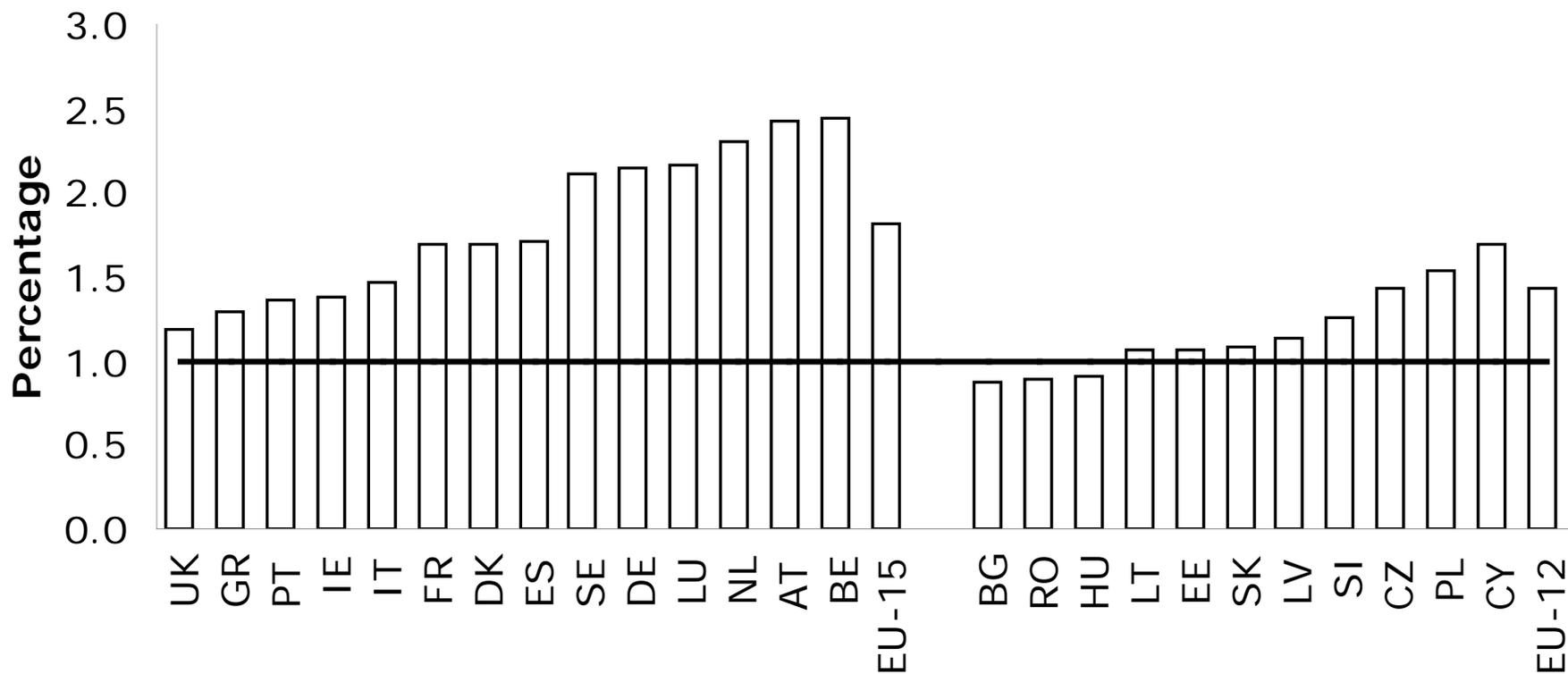
DO IMMIGRANTS TAKE UP EXCESSIVE WELFARE?

Legal immigrants contribute more in taxes than they benefit from health and welfare services



Source: Giulietti and Kahanec (2013)

UNEMPLOYMENT RATE OF FOREIGN-BORN RELATIVE TO NATIVES



Source: Zimmermann et al (2012)

RESIDUAL WELFARE DEPENDENCY: EMPIRICAL EVIDENCE

- Zimmermann et al (2012) explore residual welfare dependency on 19 EU countries
- Scant evidence of residual welfare dependency
- The proportion of non-EU immigrants who receive any type of welfare support was higher than natives in only a few countries, even after accounting for diverse characteristics of immigrants
- Take-up of unemployment benefits is higher for immigrants in many countries, however once the higher risk of unemployment is taken into account, immigrants are found to have lower take-up rates

ACTIVE INCLUSION OF MIGRANTS AND THE ROLE OF POLICY

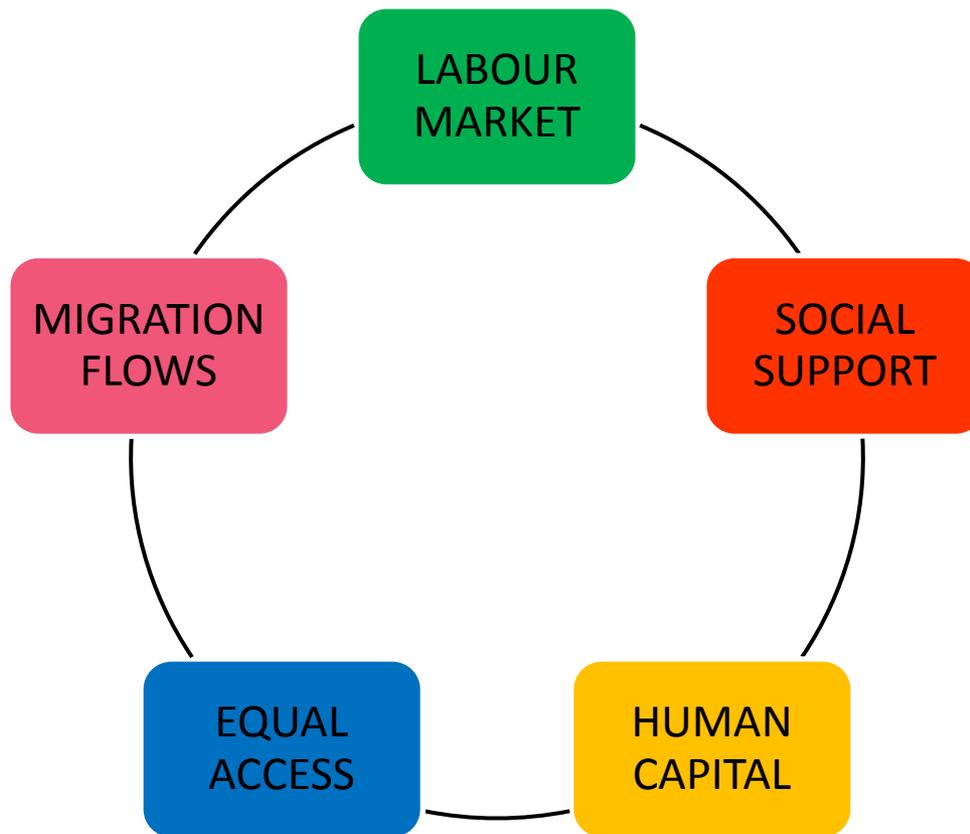
THE SITUATION OF IMMIGRANTS IN THE EU

- No residual welfare dependency and scarcer welfare use by immigrants clash with their current economic situation
- Many immigrants in the EU are skilled and mobile, but still experience higher risk of unemployment, segmentation and poverty
- Question on how to promote immigrants' social inclusion

THE ACTIVE INCLUSION STRATEGY

- The open method of coordination on social protection and social inclusion calls for the **active social inclusion of all**, “to be ensured by promoting participation in the labour market and by fighting poverty and exclusion among the most marginalised people and groups.” (*Commission Recommendation of 3/10/2008*)
- “The persistence of poverty and joblessness [...] call for comprehensive, integrated policies.” (*ibidem*)
 - a) adequate income support:
 - b) inclusive labour markets
 - c) access to quality (social) services:

INTEGRATED POLICY



SUMMARY

- No or negligible welfare magnet effect in the EU
- In the majority of EU member states immigrants are less likely to take up welfare than natives
- By acting as “enabling services”, active inclusion policy are a desirable tool for promoting migrant integration and eventually lead to lower welfare claims

THANKS!!

Unemployment benefits and immigration: Evidence from the EU (C. Giulietti, M. Guzi, M. Kahanec and K.F. Zimmermann), International Journal of Manpower, 34(1), 24{38, 2013

Study on active inclusion of migrants (K.F. Zimmermann, M. Kahanec, A. Barrett, C. Giulietti, B. Maître, M. Guzi), report prepared for the European Commission, also available as IZA Research Report, n.43, 2012

Welfare Migration (C. Giulietti and J. Wahba), Constant and Zimmermann eds. International Handbook on the Economics of Migration, Edward Elgar Publishing Ltd, 489{504, 2013

The welfare magnet hypothesis and the welfare take-up of migrants (C. Giulietti), IZA World of Labor, 2014

Does Generous Welfare Attracts Immigrants? Towards Evidence-Based Policy Making", (C. Giulietti and M. Kahanec) in E. Guild, S. Carrera and K. Eisele eds, Social Benefits and Immigration, CEPS

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A) LABOUR MARKET

- **Employment and participation:** expand the role of labour agencies to support migrants in finding jobs. Labour agencies will facilitate employment for migrants and thus improve the prospects for a sustainable active inclusion
- **Unemployment insurance:** contribution periods should be kept to minimum, and the rights to unemployment benefits should be transferable internationally
- **Tackle discrimination:** Enforce and implement anti-discrimination laws. Increase dialogue among governments, civil society and social partners across all grounds and raise awareness about anti-discrimination laws and practices

B) SOCIAL SUPPORT

- **Infrastructure and housing:** e.g., foster infrastructure development necessary to facilitate access to labour market by also taking into account clustering of migrants in urban areas. Reduce waiting lists for obtaining housing support
- **Children and family:** migrant children should be eligible for daycare centres, nurseries, kindergartens and all types of schools similarly to natives. Equal eligibility between migrants and natives for child allowances should be ensured. Transition of newly arrived migrant children at schools should be facilitated

C) HUMAN CAPITAL

- **Foster schooling:** promote equal access to all types of schools, with a special focus on access to tertiary education, e.g., by means of stipend and loan programmes. Education is a key tool for inclusion of first and second generation migrants.
- **Encourage skill transferability:** Member States should increase the transferability of migrants' skills as this can be seen as a useful instrument to better tackle shortages of skilled workers.
- **Integration programmes:** e.g., implementation of language services for both migrants and their children ensures social inclusion and is a sustainable and long-term investment. Promote introduction programmes which include vocational training, civic education and basic information on the host country.

D) EQUAL ACCESS

- **Reduce informational barriers**, e.g. implementation of information centres in areas with larger proportions of migrants to disseminate information about major aspects of migrant life such as jobs, social assistance, social services, legislation, etc.. This service should be provided in major migrant languages by trained professionals.
- **Facilitate access to credit**, e.g., microcredit programmes should be considered for migrant communities, especially for to-be entrepreneurs who are important vehicle of economic participation and integration for migrants.

E) MIGRATION POLICIES

- **Selective migration policies:** Implement positive selection of migrants into the EU. This may involve, e.g. point-based systems to favour skilled individuals but also improving the attractiveness of the EU as a host region and providing for transparent, facile, and non-discretionary naturalization legislation.