

# **Integration policies and disadvantage in receipt of non-contributory benefits among immigrants in Europe**

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## **Introduction**

This study focuses on which features of the institutional context contribute to explain migrant disadvantage in welfare benefit receipt in Europe. Earlier literature has pointed out that welfare state characteristics alone cannot account for the variation between countries in benefit receipt and poverty (see, for instance, Morissens and Sainsbury, 2005; Sainsbury, 2012). This literature has set the scene for future studies by arguing that welfare policies have to be considered in combination with migrant integration policies when explaining between-country differences in migrant outcomes. Later literature on these issues (Corrigan, 2014; Hooijer and Picot, 2015; Kesler, 2015; Eugster, 2018) has provided detailed analysis on how the effect of welfare generosity on poverty or deprivation outcomes, in the case of migrants is moderated by integration policies (e.g., inclusiveness of social rights) and other factors.

Our study presents new results to this literature in several aspects. In contrast to the literature that looks at institutional determinants of poverty or deprivation outcomes among migrants, we focus on disadvantages of migrants in the sole dimension of benefit receipt. We also restrict our analysis to non-contributory benefits, as these are identified by the literature as most accessed by migrants (Zimmerman et al., 2012; Ruhs, 2015). As non-contributory benefits are not conditioned on labour market integration, Vintila and Lafleur (2020) expect more frequent direct exclusion in case of these benefits. We selected family benefits, minimum income protection and housing benefits to study migrant disadvantage, since non-contributory benefits can be expected to be more often subject to direct exclusion. Allegations of the so-called ‘benefit tourism’ animated a strong political debate, pushing several national leaders to ask for revising the related EU rules (May et al., 2013) and accounting among the main reasons for Brexit. Therefore, assessing the migrants’ use of non-contributory benefits addresses a salient political other than academic debate.

In addition, we do not assume homogeneity of the migrant population, thus we differentiate migrants both according to origin (EU or extra EU) and along 5-years bands since arrival. On the one hand, we expect that the rights attached to EU citizenship provide to EU migrants an advantage in benefits receipt as compared to extra EU migrants. On the other hand, the time dimension is relevant because the newcomers to a host country are in fundamentally different position in respect to benefits accessibility than those who have resided for longer. In particular, after 5 or 10 years most EU member states offer migrants the possibility to obtain permanent residency or citizenship.

Our research aims to address how migrant disadvantage in benefit receipt changes with the time spent in the host country, and what are the features of the institutional context (both national and at EU level) that explain between-country differences in disadvantage among the different categories of migrants. Moreover, our approach differentiates between multiple aspects of integration policies which are expected to affect certain group of migrants in different ways.

## Hypotheses

Differences in benefit receipt among migrants compared to locals (in similar socio-economic situation) might arise if there are differences in eligibility to benefits and/or if take-up behaviour is different between locals and migrants. Many countries apply certain restrictions in the access to benefits for migrants, mainly based on the length of legal residence and/or the residence permit. A full access to welfare in some cases is granted only once that migrants obtain the permanent residence permit or even the citizenship status (Corrigan, 2014). Benefits receipt might be different for migrants also if there are differences in take-up behaviour. The take up of benefits might be lower among migrants because of lack of information, linguistic and cultural distance (Eugster, 2018; Morissens and Sainsbury, 2005).

However, it is very likely that migrant disadvantage compared to natives in accessing welfare benefit tends to decline as migrants spend more time in the host country. There are several reasons why we can expect a gradual increase in the access to benefits of migrants, starting with low or no access to full access after a while. First, migrants generally obtain full eligibility for welfare benefits when they become long-term residents or citizens. In addition, as time passes by, other related disadvantages of migrants are expected to decline: linguistic barriers diminish, migrants become more informed about the available benefits, non-take up behaviour decline, etc. Finally, a selection effect might also be present: migrants who are not successful in integrating the labour market or claiming benefits in a host country could leave the country. Thus overall, we expect that: *the disadvantage in benefit receipt for migrants as compared to locals (in similar socio-economic conditions) is expected to decline along the years spent in the host country (Hypothesis 1).*

We intend to explain between country differences in migrant disadvantage with features of the institutional context. Earlier literature has pointed out that countries belonging to the same welfare state regime can have different outcomes for migrants, thus welfare state characteristics alone cannot account for the variation in benefit receipt among migrants and migrant poverty (see, for instance, Morissens and Sainsbury, 2005; Sainsbury, 2012). This literature argues that welfare policies have to be considered in combination with migrant integration policies when explaining between-country differences in migrant outcomes.

The term integration policy refers to government efforts to integrate extra EU migrants into the society of the host country. Integration policy includes legislation in various policy areas such as labour market, education, political participation, access to nationality, family reunion, health, permanent residence, and anti-discrimination (see Huddleston et al., 2015). Our main interest is about characteristics of integration policy that: i) regulate access to non-contributory welfare benefits (such as family benefits, minimum income and housing benefits) of migrants, or ii) can influence the decisions of migrants regarding the take-up of these welfare benefits. When formulating our hypotheses, we take into account that different aspects of integration policy might be relevant for the newly arrived migrants and long-term migrants.

In case of integration to the welfare state of the host country, one important issue is which categories of migrants have equal access to welfare benefits with nationals? Different countries have different regulations for migrant access to welfare: some countries apply more restrictive approach towards of migrants' access to benefits (e.g., Cyprus and the Czech Republic), while other countries are more permissive (e.g., Germany, the Netherlands, Norway, Portugal, and Sweden) (Römer, 2017; Schmitt and Teney, 2018). Therefore, we expect that: *The disadvantage in benefit receipt for newly arrived migrants is expected to be smaller in countries with less restrictions on migrants' welfare rights (Hypothesis 2).*

The comparative welfare literature agrees that the relevant criterion to access social rights for migrants is permanent residency rather than citizenship (Römer, 2017; Corrigan, 2014). Thus,

the important issue for those migrants who have arrived in the host country earlier is whether the process to become permanent resident is relatively easy or it is more difficult. In some countries most residents living there for 5 years can apply for a permanent status and equal rights, but only if they prove that they can make their own way in society. Some other countries are more restrictive: most newcomers are kept ineligible to become permanent residents in Cyprus, while many may be unable to pass the restrictive and costly conditions in several countries (e.g., Austria, France, Greece, the Netherlands or the UK). Therefore, we expect that:

We expect that conditions applied at the acquisition of the permanent residency might have a negative effect on benefit receipt even among the newly arrived migrants. Indeed, in some European countries, the take-up of benefits might have negative consequences on the application or renewal of a residence permit, application for family reunification or citizenship application (Koopmans, 2010; Vintila and Lafleur, 2020). Therefore, newly arrived migrants might avoid applying for benefits if this can harm their interests to obtain the long-term residence permit or even the citizenship in the host country. As a consequence, we expect that: *The disadvantages in benefit receipt for newly arrived migrants is expected to be smaller in countries with easier access to permanent residency (Hypothesis 3).*

## Data and methods

Our case of study corresponds to the migrant population residing in several European countries, as compared to the local population. We analyse a total of 19 countries, selected according to the availability of migrants' data<sup>1</sup>. We rely on two data sources, that are the European-wide survey *EU Statistics on Income and Living Conditions* (EU-SILC), and the macro data on national policies coming from the project *Migrant Integration Policy Index* (MIPEX) by Huddleston and colleagues (2015)<sup>2</sup>. The analysis is reproduced for both years 2010, 2014 and 2019.

First, we study the disadvantage of migrants in the probability to access non-contributory benefits on a pooled sample with all the 19 countries. The main independent variable corresponds to the migrant status variable, which differentiates between local and migrant households, ordered according to the years since arrival. The model controls for age, education, employment status, experience of unemployment in the household, household structure, number of children, health and poverty based on market income.

The role of welfare and integration policies were investigated using multilevel logistic regressions with cross-level interactions focusing on the difference between local and newly arrived migrant households. To study the impact of the policy context on the disadvantage of migrants, we estimate models with the following structure:

$$Y_{i,c,t} = \alpha + \beta_1 \text{Migrant}_{i,c,t} + \beta_2 \text{Policy}_{c,t} + \beta_3 \text{Migrant}_{i,c,t} * \text{Policy}_{c,t} + \gamma N_{c,t} + \delta X_{i,c,t} + \lambda_Y D_Y + \mu_c + \varepsilon_{i,c,t}$$

Where subscript  $i,c,t$  stands for individual  $i$  in country  $c$  at time  $t$ .  $Y_{i,c,t}$  is binary variable of receipt of non-contributory benefits. The  $\text{Migrant}_{i,c,t}$  variable is our independent variable of interest, a binary variable which measures migration status based on country of birth. In one set of models this variable can take values 0=locals and 1=newly arrived migrants (arrived less than

<sup>1</sup> The 19 countries included, either EU member states or other European countries, are: Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom.

<sup>2</sup> All MIPEX data are publicly available at: <https://www.mipex.eu/>.

5 years ago). Instead, in the other set of models we compare locals with migrants arrived more than 10 years ago.

$Policy_{c,t}$  is the policy variable of interest: benefit generosity (% of non-contributory benefits in GDP, source Eurostat); immigrant welfare rights (source MIPEX database) and policies to ease access to permanent residency (source MIPEX database).  $N$  are control variables at the country-year level (including GDP growth and the policy variables not included in the interaction effect) and  $X_s$  are individual-level controls, while  $D_t$  are year dummies.  $\alpha$ ,  $\beta$ ,  $\gamma$ ,  $\delta$ ,  $\lambda$  are parameters to estimate,  $\mu_c$  is the residual at the country level and  $\varepsilon_{i,c,t}$  is the individual error term.

## Results

Overall, the results of our regression analysis confirm that newly arrived immigrants are disadvantaged in receipt of non-contributory benefits (family benefits, social assistance and housing benefits) in most European countries. This is equally valid for migrants from third countries and migrants who have been born in other EU member states. Disadvantages among those arrived 10–15 years ago are smaller (the country average is zero), especially among the EU migrants. Therefore, results confirm our first hypothesis regarding the decline of disadvantage in benefit receipt with time spent in the host country.

Results also show that generosity of non-contributory benefits seems to matter in case of the newly arrived migrants: their disadvantage tends to be larger in countries with more generous non-contributory benefits (a higher % of benefits in the GDP). The disadvantage of newly arrived migrants tends to be smaller in countries that have less restrictive regulations regarding the access of migrants to welfare benefits. The migrant welfare rights index does not seem to affect migrant disadvantage among the long-term migrants. This is not surprising as members of this group have resided in the host country for at least 10 years and many of them have already obtained permanent residency.

Conditionality of permanent residency has an impact on migrant disadvantage in case of both the newly arrived and the long-term migrants. In case of the latter group this is more easily understood as policies regarding permanent residency are clearly pertinent for this group of more established migrants. But conditionality of permanent residency might affect also benefit receipt among the newly arrived migrants, as our Hypothesis 3 suggests, since in countries applying stricter conditionalities the receipt of welfare benefits can adversely affect one's later application for permanent residency and thus in such countries even newly arrived migrants might be less willing to take up benefits. The patterns are similar for in case of the other set of estimates covering extra EU migrants. Migrants seem to be discouraged to take up benefits in countries where this might hinder their long-term interests, for example might negatively affect their application for permanent residence.

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