1. Managing migration in modern welfare states: One-size policy does not fit all

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INTRODUCTION

International migration and mobility have been steadily increasing since the end of the Second World War.¹ According to United Nations (UN) data, in 2019 approximately 272 million people resided outside of their country of birth for one year or more (barely 3.5 percent of the world's population). Even at the height of the post-war liberal order in the 1980s and 1990s (Hollifield 1992, 2012), emigration remained the exception, not the rule. Until the global pandemic of 2020, tens of millions of people crossed borders on a daily basis, which added up to roughly 2 billion border crossings per year. Human mobility was part of a broader trend of globalization, including trade in goods and services, investments and capital flows, greater ease of travel, and a veritable explosion of information.

Even though the number of international migrants remains relatively low and manageable (at least in the Organisation for Economic Co-operation and Development (OECD) world), migrant flows add up over time and foreign populations have increased in many countries throughout the global north and the global south (Hollifield and Foley 2021). The challenge of “managing migration” has shifted somewhat from issues of immigration control to immigrant integration, and debates about the economic performance and integration of different categories of migrants have intensified. The pace of integration of first-generation immigrants varies widely and states have pursued a range of policies from the most active labor market and welfare policies in Scandinavia to more market-driven, laissez-faire policies in the United States (US).

How immigration affects the social contract and social cohesion in liberal societies is the focus of intense scholarly debate (Brettell and Hollifield forthcoming), and the question of whether welfare states can sustain relatively open immigration and generous asylum policies is at the forefront of political debates. Does the welfare state act as a magnet drawing low-skilled migrants and asylum seekers from the poorer countries of the global south? Are migrants a burden on public finances and will immigration undermine the viability of welfare systems, forcing governments to roll back migrant rights and restrict access to public services? Is there a trade-off between markets (numbers of migrants) and rights (Ruhs 2013)? Rights here can refer to the most basic employment and labor rights, guaranteed in UN and International Labour Organization Conventions (equal pay, work-related benefits, protections against discrimination), as well as more expansive economic and social rights associated with the modern welfare state (access to education, health care, unemployment insurance, social security, and the like). To complete the “Marshallian trilogy” (Marshall 1964), one would expect migrants to be granted basic civil rights (such as due process and equal protection) and as they settle they would acquire political rights as well (Hollifield 2000). However, these “core rights” are more

closely associated with naturalization and citizenship, the rules for which will vary from one country to another (Hollifield 2021). This chapter seeks to address these questions about migration and the welfare state from a comparative, historical, and empirical perspective, exploring competing arguments about the relationship between “rights and markets,” reviewing strategies for migration management and integration of first-generation immigrants, and offering some policy conclusions about best practices for migration management in modern welfare states.

It would be wise to define upfront what we mean by the *modern welfare state*, which implies high social transfers and public expenditures on such things as health care, pensions, family assistance, unemployment compensation, active labor market spending, and public housing subsidies, among others, as defined by the OECD (see for example, Garfinkel et al. 2010).

One could debate at what level of public expenditures a state qualifies as a “welfare state,” but the generally accepted view is when public expenditures exceed 20 percent of gross domestic product (GDP), and should this include spending on public education, for example? Since 1945, about a dozen OECD countries have devoted more than a fifth of their GDP to social transfers, and this number creeps up to a fourth if we include spending on public education. By this measure, the top welfare states in the OECD are, in order of rank, France, Sweden, Austria, Belgium, Denmark, Germany, Finland, Italy, Portugal, and Spain, with Norway, the Netherlands, and the United Kingdom (UK) on the edge of the envelope—all Western European states. By most accounts, the US welfare state is much smaller and policies are radically different from the European social democracies, making comparisons difficult (again Garfinkel et al. 2010; Alesina et al. 2001).

A large body of literature exists on the economics of welfare states and the presumed threats posed by high levels of public expenditures, threats that can be real or imagined. Reviewing the findings of this literature is beyond the scope of this chapter, but we should outline the threats to the viability of welfare states and explain where migration fits into arguments about the sustainability of high levels of public spending and social transfers. Probably the most commonly perceived “threat” to the welfare state is that high levels of social transfers undermine GDP and national income, but economic historians have not been able to find consistent negative effects of welfare spending on the level and growth of GDP (for a review see Lindert 2004). Likewise, there is a concern that high public expenditures, especially for pensions, will lead inevitably to a crisis in public finances as the costs of the welfare state exceed national income and the tax base shrinks. But here again the evidence does not support the argument, as welfare states in Northern Europe have maintained relatively balanced budgets, high levels of economic growth, and lower levels of national debt than states in Southern Europe where public expenditures have undermined public finances. This begs the question, however, why welfare states in Northern Europe are more economically viable than in Southern Europe. Some of the difference can be attributed to the way in which labor markets function in these different regions. Southern European countries have much larger informal economies and segmented or dual labor markets, which reduce the tax base—Greece and Italy are prime examples—whereas fiscal policy is sounder in the countries of Northern Europe.

One of the biggest threats to the viability of welfare states is demographic (aging populations) and migration often is touted as a solution to this problem (Bonin et al. 2000). At the same time migration can be seen as a threat to welfare states because it

undermines the legitimacy of social transfers (Freeman 1986) and migration can lead to distributional conflicts and to a political backlash that can weaken the consensus that sustains the welfare state (Facchini and Mayda 2009, 2012); there is a lot of sub-national variation in the backlash, as Money (1999) has shown. Setting aside for the moment the effects of migration on public finances—to be discussed below—by far the biggest threat to the viability of the welfare state is demographic, namely the rapid aging of populations in highly developed welfare states and the rise in the *dependency ratio* of the elderly to the working age population. This trend is especially marked in East Asia, Japan and South Korea for example, and in Europe where Italy and Spain stand out; but no country in the OECD world is immune to the effects of aging and the strains that it places on the welfare state, pension and health-care systems, and on public finances. Until the pandemic of 2020–21, life expectancies were rising in most OECD countries. As pensions for the elderly increase, so does the share of GDP devoted to this segment of the population, which is no longer productive and unable to contribute to financing the welfare state. The only long-term solutions are to raise the age of retirement, increase taxes on the working-age population, and/or to cut pensions and health care for the elderly.

A substantial literature in economics shows that immigration can, under certain circumstances, alleviate the pressure on welfare states, specifically pension systems (Razin and Sadka 1999, 2000; Rowthorn 2008). But the fiscal effects of immigration and whether or not it improves the dependency ratio depend on the mix of migrants (skilled versus unskilled migrants, temporary versus permanent, worker versus family and humanitarian migration, older versus younger migrants, etc.). Moreover, to alter the dependency ratio, levels of immigration would have to be quite large, which is a political non-starter for most countries. Most studies of the fiscal consequences of immigration focus only on first-generation immigrants, but obviously the earnings and contributions of the second generation are key to understanding the long-term costs and benefits of immigration (see NAS 2017; Qi and Bevelander forthcoming, for example). However, the bottom line is that using immigration to manage the age pyramid, to change the dependency ratio, and to alleviate fiscal pressures on pension and health-care systems is not feasible in the short term (Blanchet 1988). We argue that rapid integration of first-generation immigrants into the society and economy is the key to long-term, positive outcomes with respect to immigration, the economy, and the welfare state.

In this respect, slow-moving economic integration by certain categories of migrants (legal categories range from skilled and unskilled workers to accompanying family members, humanitarian migrants, foreign students, and free-movers in the European Union (EU), see Figure 1.1) in recent decades has put pressure on governments to support the labor market and social inclusion of immigrants to maximize the benefits and reduce the costs of immigration and refugee policies. Better labor market integration is beneficial since it allows migrants to contribute to the welfare system through taxes and bring new skills and human capital to the host societies. Improved integration of migrants also helps to reduce the popular backlash against immigrants and refugees and to maintain the legitimacy of immigration policy in general. In the long term, rights remain the key to migration management in liberal and social democracies (Hollifield 1992, 2000, 2021).

To “set the scene” we begin the chapter with an overview of migration trends in the major receiving countries, including forced or refugee migration, with a focus on

Source: Based on OECD (2020), supplementary tables and figures.

Figure 1.1 Percentage of permanent flows to selected OECD countries, 2018

employment of migrants (as a key indicator of integration) and the factors that affect labor market integration of immigrants and refugees in the host societies. We look next at the fiscal impact of first-generation immigrants before developing a comparison of labor market and social inclusion programs that are designed by receiving countries to enhance the integration of first-generation migrants. Finally, we explore *four national models of migration management* in welfare states to illustrate the policy dilemmas that all receiving countries must face, including the challenges of delivering public services to migrants granted protection under the 1951 Geneva Convention for the Protection of Refugees.

WHAT ARE THE NUMBERS? IMMIGRATION IN THE OECD

According to the latest OECD 2020 International Migration Outlook (OECD 2020), flows of permanent migrants were rising from 2009 until 2016 before levelling off, with about 5.3 million new immigrants arriving to the OECD (see Figure 1.1 for selected countries and intake categories). The top five receiving countries in the OECD in absolute numbers are (in order) the US, Germany, Spain, the UK, and Canada. As for the types of migration flows, the number one category of permanent immigrants in the OECD is family reunion migrants, who make up about 35 percent of all permanent migrants in 2018, and the US is the main destination for this category of migrants. Free-movers in the EU are the second largest category of migrants in the OECD, accounting for 28 percent of migrants in the UK, which until Brexit was a major destination for internal EU migrants. Labor migrants and humanitarian migrants are a far smaller percentage of total immigration, making up 13 and 11 percent, respectively, in 2018, although as we shall see refugees and asylum seekers are more prominent in some highly developed welfare states, and they pose the biggest integration challenge.

As for refugees and forced migration generally, including asylum seekers, the number has fluctuated over the last decades with peaks in asylum seeking in Europe in the early 1990s—when Yugoslavia broke apart—and again in the 2010s with a spike in 2015/16 due to the Syrian civil war and other conflicts in the crescent of instability from the Sahel to South Asia.

A different picture emerges when we calculate the average number of immigrants as a percentage of the total population for the period 2010–18. We find that five small countries in Europe are at the top of the list, whereas a number of traditional so-called immigration countries (Hollifield et al. forthcoming), like the US, the UK, and Israel, have a lower percentage of immigrant intake than the OECD average (Figure 1.2).

Apart from the OECD, another source for migration flows is Eurostat statistics. According to the latest Eurostat reports² on migration and migrant population statistics, approximately 2.4 million immigrants moved from non-EU countries to the EU in 2018. In the same period 1.1 million left the EU for a non-EU country, while 1.4 million individuals moved between EU countries. Germany reported the largest number of immigrants with 894,000, followed by Spain with 644,000, France 387,000, and Italy 332,000. Only five EU member states—Bulgaria, Croatia, Latvia, Lithuania, and Romania—experienced net outmigration, mostly emigration by nationals of these states to other EU countries.

A breakdown of the types of residency permits issued, such as family reunions, education (foreign students), employment, or other, shows that in 2019 almost 1.2 million permits were issued for employment, roughly 810,000 for family reasons, and over 400,000 for education-related reasons. Finally, about 546,000 permits were issued for other reasons.³ Issuance of first-time residency permits by EU countries was stable during the period 2008–17. Permits issued for employment, on the other hand, have been increasing since 2012, reaching a peak of almost 1.2 million in 2019. An outlier among EU states, Poland issued about half of all residence permits for employment with 625,000 permits

Source: OECD (2020).

Figure 1.2 Permanent migrants to OECD countries (average percentage of the total population, 2010–18)

for Ukraine, the non-EU country that received the highest number of residency permits during this period (25.6 percent of the total for all third-country nationals).

A significant share of the migration flow into the OECD countries in the 2010s consists of asylum seekers who subsequently gain access (or not) to temporary or permanent residency, depending on adjudication of the asylum request. According to Eurostat statistics,⁴ asylum applications fell from 655,000 applications in 2017 to 581,000 in 2018 and went up again to 676,000 in 2019. This was a decline from the peak years of 2015 and 2016 (Figure 1.3). The main reason for this decline was a drop in the number of applications from Syria and Nigeria.

However one enumerates and breaks down the flows of migrants, it is important to keep in mind that the share of foreign born in the population of most of the OECD countries has increased over the last two decades (Figure 1.4; also Hollifield et al. forthcoming). The increase in foreign populations raises many questions about migration management and the capacity of host societies to integrate newcomers in light of the rise in reactionary populism, nativism, and xenophobia, as reflected in the emergence of anti-immigrant parties in many erstwhile liberal democracies, especially in the UK and the US (Norris and Inglehart 2019).

The US labor economist, George Borjas (1990, 1999b), famously argued that welfare services act as a powerful pull factor (a magnet), which in turn affects the propensity for individuals to emigrate. In Borjas's original formulation of this argument, before the rise of the welfare state, individuals self-selected and they chose to emigrate on the basis of their skills and chances for finding gainful employment. However, following the development of welfare states and the advent of generous social policies in the principal receiving countries after 1945, even migrants with low levels of human and social capital were willing to risk the move, confident that they would be cared for by the host society should they fail to find gainful employment. Poor selection would in turn lower the long-term earnings potential of immigrants and their children.⁵ Even before Borjas, the political scientist Gary Freeman (1986) argued that the logic of the modern welfare state is one of

Source: https://ec.europa.eu/eurostat/databrowser/view/migr_asyappctza/default/table?lang=en

Figure 1.3 Number of asylum seekers to EU 27, 2011–20

Source: OECD (2020).

Figure 1.4 Share of the foreign born in the total population of OECD countries, 2000 and 2019 (19 largest and OECD average)

closure and that large-scale immigration will ruin public finances, bankrupt social services, and undermine the legitimacy of the welfare state itself (cf. Bommes and Halfmann 1998; Bommes and Geddes 2000). A logical extension of these arguments about “magnets and burdens” is to ask whether there is a trade-off between rights and numbers (markets), as Martin Ruhs (2013) argues. Countries can sustain high levels of migration only if they restrict the rights of migrants and do not allow them access to social services, like the countries of the Persian Gulf, for example (Thiollet 2021). The corollary is that countries with high levels of immigration must restrict rights, and countries with expansive welfare policies must have low levels of immigration. We explore these arguments further below.

Looking at trends in different types (categories) of migration and welfare provisions (rights granted to foreign residents) in the principal receiving states, we must keep in mind that there is a wide range of country-specific work programs to help employers recruit foreign workers. Granting of work and permanent residency permits has the purpose of allowing migrants to integrate and eventually to settle in a new country. As a result, permanent labor migrants contribute upfront to the welfare and social security system in the host country so long as they are employed and paying taxes. It is therefore less controversial that labor migrants have social rights and access to welfare services when they lose their jobs, get sick, or retire. Temporary labor migration, posted (contract), and seasonal workers also contribute to GDP growth and (in liberal and social democracies) they pay taxes directly upon being employed (or posted abroad). Given the nature of temporary employment, most guest workers have fewer benefits and are therefore net contributors to the public finances of the host society, since they come only to work and are unlikely to end up on welfare (Richter 2004). Asylum seekers, who are successful and granted refugee status, either on a temporary or permanent basis, must find employment like any other resident of the receiving country, similar to family reunion migrants who have been admitted and allowed to settle in the host country. Both

refugees and family migrants may have equal access to welfare services as soon as they obtain permanent residency in most receiving states although a large variation exists among OECD countries (Thränhardt et al. 2020; Hollifield et al. forthcoming).⁶ In looking at the numbers and the gradual shift in the composition of migrant flows and stocks in Europe over time, it is important to keep in mind that many social democracies, like Germany, the Netherlands, and the Scandinavian countries, made a rather dramatic transition from guest worker programs in the 1960s and 1970s to family reunification migrants, refugees, and asylum seekers in the 1980s and 1990s—a trend that has accelerated in the first decades of the twenty-first century. As we shall see, it takes longer for these new migrants, who are not entering as workers, to integrate and to join the labor market. By the same token, the absence of integration policies and lack of social support for immigrants in the US can accelerate employment and labor market integration of first-generation immigrants, compared to Europe (Santel and Hollifield 1998; Orrenius and Zavodny 2012).

The question we explore in this chapter is whether host societies with strong welfare systems can absorb first-generation immigrants, especially those who are not entering as workers. To what extent and how fast are the newcomers able to enter the labor market and at what point do the migrants acquire rights and begin to contribute to the welfare system through taxes? This will allow us to compare rates of integration in the major receiving countries of the OECD. First, however, we review arguments about the effects of immigration on the social contract in modern welfare states.

COMPETING PERSPECTIVES ON MIGRATION AND THE MODERN WELFARE STATE

Gary Freeman (1986) famously posited that the modern welfare state cannot sustain large-scale immigration. In order to maintain the legitimacy of the welfare state, immigration must be kept to a minimum because the logic of welfare systems is one of closure. As summarized above, high levels of immigration will undermine public finances and weaken support for the welfare state among the native population, destroying the normative consensus for social rights and making it impossible to provide public and social goods associated with welfare systems. “When the welfare state is seen as something for ‘them’ paid by ‘us,’ its days as a consensual solution to societal problems are numbered” (Freeman 1986: 62). In a similar vein, Robert Putnam argued that diversity undermines trust and is detrimental to civil society. Putnam (2007; cf. Janoski 1998; Hollifield 1999, 2000, 2021) however went on to say that this threat to civil society is a short-term problem and that in the long-term “successful immigrant societies have overcome such fragmentation by creating new, cross-cutting forms of social solidarity and more encompassing identities.”

Arguments like this about the relationship between migration, the welfare state, and civil society fall roughly into four categories (Brochmann forthcoming). The *first school of thought* revolves around the issue of economic sustainability following Borjas (1990, 1999b) and Freeman (1986) who argue that *immigration is a burden* for the welfare state. The normative side of this argument can be found in *Spheres of Justice*, where the political theorist Michael Walzer lays out a communitarian argument against open

immigration based on “the idea of distributive justice [which] presupposes a bounded world within which distributions take place: a group of people committed to dividing, exchanging and sharing social goods, first of all among themselves” (Walzer 1983: 31). Echoing Walzer, the social theorist, Christian Joppke, in characteristic fashion, puts it more bluntly: “Because rights are costly, they cannot be for everybody” (Joppke 1999: 6). Another political theorist, Seyla Benhabib (2002) advanced the notion of bounded universalism whereby redistributive policies depend on restricted access to welfare.

A *second group of scholars*, following Putnam, insists that “social cohesion” requires ethnic homogeneity. In this school of thought, the diversity that comes with immigration will weaken the normative consensus required to sustain redistributive policies, thereby undermining the foundation of welfare states especially in the Nordic and Scandinavian countries where the social contract revolves around “reciprocity norms” (Alesina and Glaeser 2004; Goodhart 2004).

A *third school* takes issue with the “social cohesion” thesis and the idea that ethnic diversity undermines civil society. Keith Banting and Will Kymlicka find little empirical support for the social cohesion thesis, and they argue that the modern welfare state has the capacity to manage the social and economic costs associated with higher levels of immigration and cultural diversity (Banting and Kymlicka 2006). Markus M.L. Crepaz (2008) also disagrees with the “social cohesion” thesis. He places emphasis on the role of institutions that shape the integration of immigrant populations in welfare states. Crepaz compares the US and Europe, pointing out that the US was a racially divided society when it developed a (relatively weak) welfare state during the New Deal period of the 1930s and again during the Great Society of the 1960s, while in Europe strong welfare states were fully developed and institutionalized long before the waves of post-war immigration (cf. Ellermann 2021). Crepaz disagrees with Freeman and Putnam, stressing that European welfare states are built on a strong institutionalized consensus and are thereby capable of managing diversity, with the capacity to integrate newcomers and make the social investments necessary for a smooth transition to more ethnically diverse societies. Grete Brochmann (forthcoming) agrees with Crepaz that Scandinavian welfare states have the ability to educate and socialize “newcomers through equal treatment and extension of social rights ... to counteract the problems related to low skilled and culturally different immigrants.”

A *fourth perspective* extends the social cohesion thesis. Ruud Koopmans (2010, p. 3) finds a fundamental incompatibility between welfare states and multiculturalism, arguing that immigrants do not integrate in welfare states that offer many benefits while promoting multicultural policies, “which do not provide strong incentives for host-country language acquisition and for interethnic contacts.” In these instances, according to Koopmans, immigrants end up marginalized in ethnic ghettos or enclaves and they become dependent on welfare handouts. Koopmans hypothesizes that dependence on the dole leads to lower levels of employment, segregation, and increased levels of criminal activity. This school of thought blames multiculturalism and the welfare state for lack of immigrant integration with poor outcomes for migrants and for society as a whole—similar to the argument about segmented assimilation in the US (cf. Portes and Rumbaut 2006) but with radically different policy recommendations. Bloemraad and Wright (2012) test the thesis that multicultural policies inhibit socio-political integration of first-generation immigrants and they find no empirical support for this argument.

Policy debates about migration and the welfare state revolve around these four theoretical perspectives, with those favoring greater restriction relying on the argument that there is a harsh trade-off between numbers and rights (see Ruhs 2013 and for a list of rights associated with migrant integration see Migrant Integration Policy Index (MIPEX), Figure 1.9 in this chapter; Hollifield 2000, 2021) and that welfare dependency hurts immigrant integration. Those supporting liberal immigration and refugee policies contend that the modern welfare state is robust enough to manage more migration and greater diversity and that granting social rights to migrants leads to higher levels of integration and better labor market outcomes (Crepaz 2008; Bevelander 2020; cf. Santel and Hollifield 1998). Restrictionists also worry about the burden that immigration poses for the public purse. Following Borjas (1985, 1990, 1999b) they argue that immigrants lack the skills necessary to succeed in modern, knowledge-based economies and therefore they will be a drag on public finances (cf. Borjas and Friedberg 2009).

OECD data on native- and foreign-born employment rates reveal that immigrants in states with strong welfare systems, like Sweden and Denmark, have worse labor market outcomes, lending support to those who see incompatibility between high numbers of (low-skilled) migrants and generous welfare services. MIPEX (see Figure 1.9) places Sweden at the top of OECD countries with extensive social and economic rights for migrants, putting Sweden and Scandinavian social democracies in the spotlight and raising questions about social rights and how they affect immigrant integration in modern welfare states. Do rights promote or inhibit immigrant integration? To address this and other questions, we must ask which welfare states have been most successful in managing migration and integrating migrants in the long term. Does immigration undermine support for social policy and the welfare state itself?

IMMIGRATION AND LABOR MARKETS: ECONOMIC MIGRANTS AND REFUGEES

One of the key indicators of immigrant integration is the employment rate of the foreign born and how it compares to that of the native born. Many social democracies in Europe have migrant integration policies and for them the employment rate of immigrants is a crude indicator of the effectiveness of integration programs and policies. Measures of the native- and foreign-born employment rates indicate that in almost 70 percent of OECD countries natives have a higher level of employment than foreigners (Figures 1.5 and 1.6). The welfare states of Northern and Western Europe, such as the Netherlands, Belgium, Austria, Germany, and France, have negative employment gaps of over 5 percent and in the case of Sweden and the Netherlands the gap is over 10 percent. Similarly, Mexico records a substantial negative employment gap between natives and the foreign born; but such data for emerging market countries must be taken with a grain of salt because of the large informal sector, which leads to an underestimate of the rate of employment of the foreign born (Hazán 2021). Israel, Luxembourg, and Portugal, as well as Eastern European countries like Poland, Hungary, and the Czech and Slovak Republics show stronger rates of employment among the foreign born. Looking in more detail at the EU countries in 2019, we find a native–migrant employment gap of 6.2 percent overall,

Source: OECD (2020).

Figure 1.5 Employment rate of foreign born and employment gap to native born, 2019

2.4 percent for males, and 8.8 percent for females. However, when we divide the foreign-born group into EU born versus non-EU born, EU-born males and females have higher employment rates than native-born males and females (see Figure 1.6 for selected EU countries). This shows that non-EU born have substantially lower employment rates than both native-born and EU-born migrants. The overall employment gap between native and foreign born is due primarily to the low employment level of non-EU-born men and women (again see Figure 1.6).⁷

Source: Eurostat (online data code: lfsa_ergacob).

Figure 1.6 Employment rates by country of birth and sex, 2019 (population aged 20–64, selected countries)

Moreover, in the EU the smallest gender employment gap was measured for the native born in 2019 at 10.6 percent. For immigrants from other EU countries this gap is 13.7 percent and for non-EU immigrants the gap is 19.7.⁸

Looking at these descriptive statistics, we can identify four clusters of EU countries with similar employment gaps between natives and migrants: (1) countries with a native–migrant employment gap between 15 and 20 percent have experienced high levels of refugee migration and asylum seeking, mostly advanced welfare states; (2) countries with a long history of immigration have a native–migrant employment gap between 10 and 15 percent; (3) in more recent immigration countries, there is no native–migrant employment gap, or (in most cases) the rate favors the foreign born; and (4) countries with significant migration from neighboring countries have no employment gap between native and foreign born (Grubarov-Boskovic et al. 2017; see Figure 1.7).⁹

A key limitation of these descriptive statistics on employment and other indicators of immigrant integration is that they are at a high aggregate level, and often they do not distinguish between the arrival context and policy designs, including admission status, educational level, or how long the immigrant has been in the country, all key factors for successful labor market integration. As a result, the aggregate data give a misleading picture of the integration of individual migrants and how they and the national or ethnic groups to which they belong fare in the labor market over time.

Figure 1.8 is an example of how employment integration changes for cohorts of refugee groups compared to family reunification migrants and labor migrants in the Swedish labor market. The figure shows both the employment rate over time for male and female immigrants and it illustrates that, independently of legal category and gender, employment levels increase with more years in the country. A further breakdown by country of birth is made in Bevelander and Luik (2020) and shows significant heterogeneity between the labor market integration of refugees of men and women by group.

Source: Grubanov-Boskovic et al. (2017).

Figure 1.7 Trends in the native-foreign employment rate gaps for different categories of EU member states, 2006–16

However, just as in Figure 1.8, Bevelander and Luik (2020) show employment levels rise for all migrant groups in Sweden over time. For men from Bosnia, Ethiopia, and Eritrea, employment growth plateaus approximately six years after migration. For women from Bosnia, Ethiopia, and Eritrea the plateau is reached about 8 to 12 years after arrival in the country. Among the men, only male Bosnian refugees show a decline in employment rates after seven years. The same pattern can be observed for Syrians, who start at a lower rate of employment. For male refugees from Iraq, Iran, and Afghanistan, growth is slower but continuous over the 12-year period. For Somalis employment stagnates after two to four years in the country. Women from Afghanistan, Iran, Iraq, Somalia, and Syria have very low employment rates in the first years after migration but the rates increase significantly with more years in the country. Migrants in the Netherlands exhibit similar heterogeneous employment rates (De Vroome and van Tubergen 2010; Bakker et al. 2013), and the same is true for Denmark (Schultz-Nielsen 2017) and Norway (Bratsberg et al. 2017).

Source: Authors' own calculations based on register data for the years 1997–2016, Statistics Sweden (www.scb.se/en/).

Figure 1.8 Mean employment rate of men/women since first migration, Sweden

In summary, varying employment patterns across migrant groups in EU member states underscore the highly complex process of migrant inclusion in the labor market and other societal domains, especially when we take the fate of asylum seekers and refugees into account. This complexity presents challenges for policy makers working to improve integration and shows that it is hard to generalize about the “migrant experience” across cohorts, in different national contexts, and to discern the relationship between immigration, (employment) rights, integration, and the welfare state. In short, one-size policies do not fit all and broad generalizations about migration and welfare states (see for example Borjas, various works, and Ruhs 2013) can be highly misleading.

UNDERSTANDING THE COMPLEX PROCESS OF IMMIGRANT INTEGRATION IN WELFARE STATES

From an economic perspective, labor market integration of migrants can be influenced by supply-side factors such as migrant skills and qualifications or by the opportunities and restrictions on the demand side, such as the needs of the labor market (for skills), which must be understood in conjunction with migration and integration policies in the receiving country. One of the standard assumptions in the economics of migration is that migrants are favorably self-selected¹⁰ on the basis of their skills, education, age, health, and other traits (Chiswick 1978; Razin and Sadka 2000; Orrenius and Zavodny 2012). When compared to migrants who have been selected on the basis of their skills and

qualifications, non-economic migrants, such as family reunion migrants, refugees, and asylum seekers, do not “self-select,” which leaves them in a more vulnerable position in the labor markets of host societies (Chiswick 2008; Becker and Ferrara 2019; Chin and Cortes 2015). A key takeaway from these works is that forced migrants present a bigger integration challenge for all states, but especially for welfare states, with fewer low-skilled, entry-level jobs as well as relatively low wage dispersion and/or high minimum wage levels. These countries are attractive for their high living standards and welfare policies but have fewer labor market entry opportunities for newcomers, especially for asylum seekers and refugees (Thränhardt et al. 2020).

Studies in the US (Connor 2010), Canada (Aydemir 2011), the UK (Bloch 2007), the Netherlands (De Vroome and van Tubergen 2010; Bakker et al. 2013), Denmark (Schultz-Nielsen 2017), Norway (Bratsberg et al. 2017), and Sweden (Bevelander and Pendakur 2014) seek to understand the integration of refugees in national labor markets. The findings of these scholars show that, compared to other migrant categories, refugees generally have lower employment rates, especially upon their arrival in the host country. For this reason, many countries, including even the US, have integration policies designed to enhance the entry of refugees into labor markets. Surprisingly, these refugee integration policies have been scarcely evaluated in the scientific literature (Martín et al. 2016; Becker and Ferrara 2019). Refugees arrive under difficult circumstances with few resources and little social capital. Most do not migrate for economic reasons. They are admitted according to other (non-economic) criteria. Clearly, the handicaps associated with forced migration affect the rate and success of refugee integration into the labor market of the host society. Moreover, as both the migration and the admission processes can be lengthy and cumbersome, health issues and the loss of human (and social) capital can hinder individuals’ adaptation to the labor market of their new country (Dustmann et al. 2017). Likewise, whether refugees and family migrants obtain permanent or temporary residence creates uncertainty about the future. This uncertainty can affect the investment by migrants in the host-country language, and whether migrants are able to obtain country-specific human capital, which in turn affects the entire labor market integration process (Hainmueller et al. 2016).

Detailed surveys of immigrants find a close relationship between migrant admission categories and economic outcomes. In the case of the Netherlands, De Vroome and van Tubergen (2010) found that host country-specific education, work experience, language proficiency, and contacts with natives were correlated positively with employment outcomes and occupational status. In another study of immigration in the Netherlands, Bakker et al. (2013) showed that post-migration stress or trauma affects the rate of labor market integration. Survey data for the UK also point to the fact that restricting refugees’ access to the labor market reduces life chances and has a negative impact on the earnings and long-term employment potential of forced migrants (Bloch 2007).

For Canada, Aydemir (2011) estimates that refugees have lower labor market participation rates than family reunion migrants, but that their earnings are about the same. Assessments of economic outcomes for refugees in the US show that they have lower earnings than other types of migrants, but the difference can be explained partially by variation in language ability, levels of education and family support, mental health, and residential segregation. Some variation in economic and labor market outcomes remains to be explained, however, even after controlling for these factors (Connor 2010). Studies

of forced migrants in Norway and Denmark show that refugees and their family members have an initial promising increase in labor market integration but there is a subsequent leveling off and even a reversal of integration after about ten years in the country (Bratsberg et al. 2017; Schultz-Nielsen 2017; Brochmann forthcoming). These national studies underscore the heterogeneity of policies and admission categories, and the importance of country-of-origin schooling as explanatory factors for labor market success. Obviously, the context of reception in the host society matters.

Most of these are country-specific case studies, hence they lack the explanatory power of comparative studies that take the different national contexts of reception into account (Hollifield 1997, 2000; Ellermann 2021). Bevelander and Pendakur (2014) conducted a comparative study of economic integration across admission categories (asylum migrants, resettled refugees, and family reunion migrants) looking at different country-of-origin groups in Sweden and Canada. They reported that, after controlling for socio-economic and demographic characteristics, the probability of gainful employment for these groups was roughly the same in Canada and Sweden. However, there was a difference in earnings between the two countries, higher in Canada than in Sweden, even though differences between admission categories were smaller in Sweden than in Canada. The authors argued that these differences are probably due to the fact that in Sweden all the different types of migrants were entitled to receive the same benefits (social or welfare services) upfront and to participate in identical resettlement programs, whereas in Canada only resettled refugees had access to such broad services and programs, similar to policies in the US.

A principal takeaway from these studies is that refugees are disadvantaged vis à vis other migrant groups in the principal receiving countries when it comes to labor market integration. However, there are some important discrepancies in the findings: a review by Bevelander (2020) shows some studies reporting that the labor market performance of refugees is comparable to that of other migrant groups, while other studies find that the differences between migrant groups are substantial and significant. Among the factors that explain poor economic outcomes and the difficulties of labor market integration for refugees are mental health issues, long waiting periods during the asylum process, uncertainties about the length of stay, different levels of education upon arrival, variation in skills and social capital, and variation in national arrival structures (on the policy context see Thränhardt et al. 2020), including integration programs and receptiveness of the general populations towards immigrants, levels of prejudice, and discrimination. The policy conclusion is clear, however: states that make an upfront investment in forced migrants, granting them rights, reap greater economic rewards in the long term, including higher rates of employment, better health outcomes, human capital improvements, higher tax contributions, and greater public support for immigration and refugee programs. Again, the principal takeaway is that policies and institutions matter and rights are key to immigrant integration and positive economic outcomes.

IS THE WELFARE STATE A MAGNET FOR IMMIGRANTS AND ARE THEY A FISCAL BURDEN?

Although salient in public debates, assessments of the macro-economic consequences of migration in countries with strong welfare systems are limited (Orrenius and Zavodny

2012; Martin forthcoming; NAS 2017; cf. Hansen 2021). Debates revolve around two interrelated questions: *do welfare services act as a magnet for immigrants* and *are they a fiscal burden for the host society?* The premise of the first question is that generous welfare services attract migrants who are unlikely to make a positive contribution to society and the economy. The second question asks whether migrants take more in social transfer payments than they contribute to the welfare system. Here welfare refers to public programs with social transfers or social benefits which can be either contributory and/or non-contributory (Lindert 2004). For example, contributory transfers include unemployment benefits, pensions, or paid parental and sick leave, whereas universal income support programs like social assistance, housing benefits, minimum pension, and children's allowances are non-contributory transfers. Eligibility for and coverage of social services vary widely among OECD countries (Garfinkel et al. 2010).

The welfare magnet hypothesis was developed first by George Borjas. He argues that generous welfare systems act as a pull factor for migration and that they have a negative effect on the skill composition of immigrants. Based on a study of immigration to the US, Borjas (1999a) finds that migrants gravitate to US states with more generous social safety nets and tend to settle there. He purports to show that recent immigrants have a higher risk of unemployment and therefore need welfare support and will choose to reside in states with more generous social services. Since his seminal study, work by other scholars has confirmed the findings of Borjas. Beine et al. (2011) point out that social networks of immigrants can reduce the transaction costs of migration by providing information about employment opportunities in the destination country. They find that immigration policy is an important factor driving the choice of the destination country. In a similar vein, Razin and Wahba (2011) argue that the level of welfare provisions and the type of immigration policy (liberal or restrictive) affect the skill composition of immigrants. *Ceteris paribus*, in an open migration regime both skilled and unskilled migrants will be attracted to states with generous welfare systems. This is especially true for unskilled migrants, who stand to gain the most from emigration to countries with strong welfare services. In a restricted regime, voters will consider how immigrants affect their relative position in the labor market and what impact immigration has on public finances. Razin and Wahba (2011) argue that unskilled migration depresses the wages of low-skilled native workers and increases wages of high-skilled native workers—returns to capital are higher than returns to labor. The opposite is the case with high-skilled immigrants, who have a lower risk of unemployment and pay more into social services than they take out. According to this analysis, natives (voters) of all skills will prefer an immigration policy that favors high-skilled immigration (Krieger 2003). We can draw an analogy with the Stolper–Samuelson (1941) theorem for trade policy. The scarce factor (unskilled, native workers) will seek protection (lower levels of immigration) whereas the abundant factor (capital) will favor a more open immigration regime (cf. Peters 2015). We must be careful, however, not to reduce voters' choices to a pure “political economy” logic, because immigration politics is a multi-dimensional game that involves not just economic choices (markets), but rights (legal status and citizenship) and culture (ethnicity and race), as well as security (Hollifield and Foley 2021; Hollifield and Wong forthcoming; Hollifield et al. forthcoming).

The concentration of the benefits of immigration prompts economists like Borjas and political scientists like Freeman to argue that the major economic issues associated with immigration are distributional, that is, more immigrants increase GDP, but most of this

additional GDP accrues to the migrants themselves and to the owners of capital and land. Borjas (1995: 9) concludes:

If the social welfare function depends on both efficiency gains and the distributional impact of immigration, the slight benefits arising from the immigration surplus may well be outweighed by the substantial wealth redistribution that takes place, particularly since the redistribution goes from workers to owners of capital (or other users of immigrant services).

Immigrant workers expand the economy because their arrival reduces the wages of native-born workers while increasing levels of aggregate demand. Given a negatively sloped demand curve for labor, employers hire more workers at lower wages. However, if immigrants are different in economically important characteristics such as education, they can complement native-born workers, meaning that more immigrants increase the demand for and wages of native-born workers (Martin forthcoming).

Empirical evidence for the “magnet” hypothesis is reviewed by Giulietti and Wahba (2013). It indicates that immigrants in the US had a higher use of social services than natives (see also Borjas 1999a) although the findings are relatively weak in terms of statistical significance. For Europe, De Giorgi and Pellizzari (2009) find a small effect of welfare generosity on the propensity to emigrate, whereas Brücker et al. (2002) find that welfare generosity leads to a negative sorting of immigrants. Trying to control for endogeneity between welfare and immigration, Giulietti and Wahba (2013) find no effect of unemployment benefits in European countries on immigration flows from within (intra-EU) or from outside (third-country nationals) Europe. Again, looking at Europe, Razin and Wahba (2015) find some support for the magnet hypothesis for free-movers, while immigrants from outside Europe (third-country nationals) are more likely to impose a fiscal burden on welfare states, at least in the short term.

Giulietti and Wahba (2013) examine the welfare dependency of migrants versus natives in Europe to measure the magnet effect of welfare services. They review results for Sweden (see also Hansen and Lofstrom 2003) where immigrants move off of welfare the longer they are in the country. For Germany, Riphahn et al. (2010) show that the probability of being on welfare for Turkish immigrants is insignificant when controlling for individual skill levels. Looking at the enlargement of the EU, the EU attracted more “welfare migrants” from Central and Eastern Europe (Boeri 2010; Kahanec et al. 2009; Constant 2011), but the studies show mixed results, and rather small differences in welfare dependency between natives and immigrants. The evidence for a close correlation between immigrant status and use of welfare services is decidedly mixed and again depends heavily on the context.

Later studies by Dustmann and Frattini (2014) indicate that immigrants from the European Economic Area (EEA) made a positive fiscal contribution to the UK, and that non-EEA immigrants made a negative contribution during the period 1994–99. However, both EEA and non-EEA immigrants arriving since 2000 have made positive fiscal contributions to the UK. Looking at the costs of intra-EEA migrants only, Österman et al. (2019) demonstrate the fiscal impact of this group according to different policy regimes (rules and practices that govern the labor market, the tax system, and the welfare state) in the EEA region, but only between the four Western European systems versus the so-called “state insurance” regime common in Eastern Europe. Their findings indicate that

in the welfare states of Western Europe the net contribution of EU immigrants is significantly higher, clearly surpassing the per household fiscal contribution: “we do not find any evidence in support of the common idea that migrants generate a greater fiscal burden in more generous welfare states” (Österman et al. 2019: 1). This finding is driven largely by intra-EU Polish migrants, who have a longer history of migration to the west. Overall, although different welfare state regimes are prominent in the EEA region, intra-European migration shows very similar positive fiscal effects for immigrants across the region.

Related to the magnet and dependency literature are studies that analyze the fiscal impact of migration. These studies estimate the net fiscal contribution of first-generation immigrants focusing on the difference between the taxes they pay and the amount of transfer payments they receive in a given period of time, typically a year. According to these studies (Borjas 1985, 1994; International Monetary Fund 2016; Rowthorn 2008; Orrenius and Zavodny 2012; NAS 2017; Martin forthcoming) the net fiscal gain or loss depends heavily on the type of migrant, their demographic profile (age in particular), skill and education levels, and their rate of inclusion in the economy. Again, with the exception of NAS (2017), these studies are focused on first-generation immigrants, and they do not take account of the contribution of subsequent generations. Highly educated migrants—economic migrants as opposed to refugees—and those who are gainfully employed have a positive fiscal impact. Unskilled immigrants can have a positive impact too if they are gainfully employed, are complements rather than substitutes for native workers, and if they do not impose other costs on the welfare state. Characteristics of immigrants like age, employability, year of arrival, as well as the migrant (intake) category can affect the timing and amount of social services received. As we have seen, forced migrants (asylum seekers and refugees) have much greater difficulty in entering the labor market and are therefore more likely to need social services, at least in the early stages of their stay in a new country (cf. Thränhardt et al. 2020; Hansen 2021). The type and (legal) category of the migrant matter a great deal.

Studies of the fiscal impact of first-generation immigrants in countries such as the US, Canada, the UK, or Australia show that the immigrant population tends to be very diverse in terms of age, skills, and reasons for migration. Rowthorn (2008) and others (see, for example, Borjas 1994), Huddle (1995), Lee and Miller (2000), and Passel and Clark (1994) in the US, Somerville et al. (2009) in the UK, Weber and Straubhaar (1996) in Switzerland, or Roodenburg et al. (2003) in the Netherlands all indicate that the net fiscal impact of immigration is small, minimally negative or positive (cf. Nowrasteh and Orr 2018).

For Sweden, Ekberg (1999) found relatively small positive effects of immigration on public finances through the decade of the 1980s at a time when most immigration was economically driven. From the 1990s until the present, permanent immigration to Sweden has consisted mainly of refugees and family migrants and the fiscal impact has been small but negative. Ruist (2015) finds the fiscal cost of refugee migration to be approximately 1 percent of GDP in 2007 and 1.35 percent in 2015, a year when Sweden registered the highest annual per capita refugee immigration in Europe in 30 years. His estimates show that about 80 percent of the fiscal impact of refugee migration in 2007 was due to lower per capita income and lower tax revenues for refugees. The unexplained 20 percent was due to higher per capita costs of refugees in terms of use of social services. By contrast, Hansen (2021) argues that refugee migration in the EU and specifically in

Sweden in 2015–17 was fiscally neutral inasmuch as spending on refugees increased economic growth and investment in municipalities, improving the general welfare.

Other factors to consider when estimating the fiscal contribution of migrants is to look at the use of social services over the lifecycle and to take account of the earnings of the second generation (NAS 2017; Qi and Bevelander forthcoming). Typically, immigrants are self-selected and moving to another country during the early working ages (20s and 30s) and they have been educated in their home countries. When they are entering the labor market in the host country, this lowers the fiscal cost of supporting aging populations by rejuvenating the population and providing additional workers and taxpayers (Qi and Bevelander forthcoming; cf. Blanchet 1988; NAS 2017). Moreover, a substantial share of migrants will see their move as temporary and they may return to their home country to retire. Demographic factors such as changes in the age structure, the permanence of migration, average age at migration, number of years as taxpayers, and country of retirement (see, for example, Borjas 1994; Rowthorn 2008) are important for estimating the net fiscal cost or benefit of immigration to the host society (see also Orrenius and Zavodny 2012; International Monetary Fund 2016; NAS 2017).

INTEGRATION POLICIES AND MULTI-LEVEL GOVERNANCE: INSTITUTIONS MATTER

Policies for migrant integration share the aim of guiding the integration process in a more favorable direction. For countries in the EU, the Qualifications Directive (2011/95/EU), Race Equality Directive (2000/43/EC), and Employment Equality Directive (2000/78/EC) set mandatory minimum standards for integration policies. EU integration policy is made primarily with guidance and support from the European Agenda for Migration and the Action Plan on the integration of third-country nationals. However, integration policies are designed and implemented by individual member states just like other OECD countries and depend on several elements, such as historical migration patterns, intensity of migratory flows, government and institutional structure, and welfare and labor market models (Gregurović and Župarić-Iljić 2018). According to a study by Bevelander and Emilsson (2021), these policies can be classified by the level of national and local authorities' involvement and direction ranging from a national government-led model to a project-based/multi-level governance model, a *laissez-faire* model, and a non-governmental organization (NGO)-led model (see below for more detail). Irrespective of the model applied, other features determine the inclusion policies adopted by a country. The participation of refugees and beneficiaries of protection in inclusion programs can be voluntary or mandatory, service delivery can be targeted or universal, and the responsibilities between different government levels can be different as well as the number and type of stakeholders involved.

Integration policies are based on different philosophies of integration (Favell 1998). Some systemic forces push integration policies to converge across countries, such as the open method of coordination in the EU and policy diffusion/learning among member states. We can identify two major trends in integration policy making, a national or civic and a local turn (Emilsson 2015; Dekker et al. 2015). These two policy trends are contradictory insofar as the civic turn implies more integration requirements for migrants

that are set out at the national level and that have a direct impact on the lives of newcomers. The local turn implies less involvement of national authorities, with cities and localities shouldering greater responsibility for integration policies. In effect we see a lot of institutional variation and multi-level governance in integration policy making in Europe and across the OECD countries (Money 1999; Ellermann 2021; Hollifield et al. forthcoming).

A relatively new feature in immigration policies of the major receiving countries, especially in Europe, is the introduction of *civic integration programs*, consisting of language training and lessons in civics (Goodman 2010, 2012a, 2012b). Successful completion of these programs is often a *requirement for access to long-term or permanent residence and/or citizenship*. Civic integration policies are an integral part of immigration control policies, forcing migrants to meet certain requirements in order to gain permanent residency and to qualify for family reunification (Hollifield et al. forthcoming). The Dutch Newcomers Act of 1998 is considered the first example of a civic integration policy in Europe, but many others have followed this model. Denmark, Germany, Austria, the Netherlands, the UK, and France introduced civic integration programs in the period from 1997 to 2009 (Goodman 2010).

Austria, Flanders in Belgium, the Czech Republic, and France made it mandatory for migrants to pass a level A in the Common European Framework of Reference for Languages¹¹ in order to obtain permanent residence, while B1 level has to be completed in Austria, Estonia, and France in order to acquire citizenship (European Migration Network 2019). The introduction of such requirements has shifted the burden of integration from the state to the individual migrants. The basic goal of these policies is to promote individual responsibility of the migrant and to establish a common set of values for all newcomers (Groenendijk 2011; Joppke 2017).

Scholars have identified a local turn in integration policies as well, where large cities in particular are entrepreneurial in developing their own integration philosophies and policies (Favell 1998; Scholten and Penninx 2016; De Graauw and Vermeulen 2016). Local governments do not just implement national policies; they are shaping policies as well (Alexander 2003, 2007; Penninx 2009; Penninx et al. 2004; Caponio and Borkert 2010).

IMMIGRANT INTEGRATION IN MODERN WELFARE STATES: MIPEX

MIPEX is a good example of attempts to map, quantify, and compare national integration policies (www.mipex.eu; Solano and Huddleston 2020). In its fifth edition of 2020, it encompasses 52 countries of the world and measures eight integration policy areas—labor market mobility, education, political participation, access to nationality, family reunion, health, permanent residence, and anti-discrimination—for immigrants. The index mainly shows so-called best practices and the development of these policies and the rights associated with them when it comes to integration policies towards immigrants in welfare states more generally. As can be seen in Figure 1.9, both Scandinavian welfare states and traditional immigration countries score high on migrant integration policies. Only 21 out of 52 countries score 50 or above on the MIPEX scale indicating that the majority of the countries have poor migrant arrival policies in place.

Source: www.mipex.eu; Solano and Huddleston (2020).

Figure 1.9 MIPEX scores by country (weighted by eight areas)

However, with respect to integration for persons granted international protection, MIPEX has two major shortcomings. First, it does not measure integration for different categories of immigrants. Second, it does not really measure integration policies per se, focusing more on equal protection of the rights of migrants compared with citizens (Goodman 2010; cf. Hollifield 1997). Beneficiaries of international protection and those who have received refugee status are entitled to labor market and social support under the same terms as citizens in many countries but there are few measures of integration outcomes.¹² We must be careful not to equate integration policies (outputs) with integration outcomes.

Some studies show that the correlation between integration policy outputs and outcomes are weak and sometimes counter to expectations (Koopmans 2010). Integration outcomes may depend more on the composition of the migrant group (Luik et al. 2018). National integration policies vary according to their underlying ideology, what measures and services they offer, and the governance (implementation) strategies. Bevelander and Emilsson (2021) review the integration policy models in the EU and we reprise their typology here.

First are *national (government-led) models* in Scandinavian countries with “welcoming programs” lasting two or three years, including language training, civic orientation, and other measures to ease access to the labor market—services provided specifically for persons granted international protection. For implementation, these programs rely on national (funding) and local (personnel) authorities, in addition to the involvement of civic organizations and other “social partners.” In Norway and Denmark participation in these welcome programs may affect the assessment of future applications for permanent residence, whereas in Sweden participation is seen more as an entitlement. The Swedish model uses local and regional agreements to improve collaboration with

important stakeholders, such as employer services, municipalities, universities, and NGOs. While the main advantage of these national models is access to services and resources for new migrants, the downside has been their high cost, the slow pace of labor market entry by migrants, and the fact that only a few of the new measures introduced have proved to be effective, that is leading to positive labor market outcomes.

Under the *project-based/multi-level governance model*, inclusion measures are project based and developed at the local and regional level. The measures can include language courses, skill checks, mentoring programs, apprenticeship, and placement. These project-based models have been used primarily in Austria and Germany. For instance, in Germany, the *Bundesländer* (federal states) and local governments have launched their own programs in response to the refugee crisis of 2015. Even though in this model the national level is not as predominant as in the national government-led models found in Scandinavia, over time there has been an increasing involvement of the national/federal government in Germany as a way to improve coordination and provide a more coherent and strategic approach. Being implemented mainly at the local level, integration measures are targeted to respond to local needs and as a result service delivery varies widely in Germany.

Under the *laissez-faire model*, the national-level government involvement is limited. This approach is followed mainly in Italy, the Netherlands, and the UK. In Italy, the government has slowly moved away from an ad hoc, emergency approach to a more structured approach, providing tailored support to migrants. But delivery of services is mostly dependent on cooperation between local governments and NGOs. In the Netherlands, the delivery of immigrant integration services has been transferred to private companies, and Dutch municipalities can choose which type of assistance to provide to supplement private help. The UK also adopted this model in 2010, stepping back from a national inclusion strategy in order to fund small, multi-level governance projects with NGOs and local governments/councils. The main weakness of the private-sector model is the difficulty of maintaining common/national standards of quality and consistency in service provision.

Lastly, in the *NGO model*, there are no specific resources or infrastructure for inclusion on either the local, regional, or national levels. In countries that follow this approach, NGOs are the main service providers for the inclusion of migrants, using mostly EU funds, especially the Asylum, Migration and Integration Fund. This model is predominant in Central and Eastern European member states.

POLICY DILEMMAS: CONTEXT MATTERS

Notwithstanding the wide variation in integration policies in Europe, all countries must consider if integration programs should be voluntary or mandatory, if service delivery should be targeted or universal, and how formulation and implementation of policy should be carried out across different levels of government. Here we review the range of programs, the criteria by which migrants qualify for them, and the implementation strategies.

Voluntary or Required Participation in Integration Programs

In the Scandinavian model/s, we see that access to services is fairly universal and there is not much variation between Sweden, Norway, and Denmark (Brochmann forthcoming). Nonetheless, there are big differences in the level of integration requirements for getting long-term residence permits and citizenship. According to Lutz (2017), the number of requirements that migrants must fulfil depends on the underlying logic of policy interventions (what he calls a logic of conditioning and a logic of enabling), determining whether the policy interventions are incentive or opportunity based. Moreover, there is no clear evidence to indicate whether or not integration requirements (policy outputs) improve integration outcomes. The main problem with integration metrics is the limited amount of time and support to fulfil existing requirements. For instance, countries such as the Netherlands and the UK have a clear set of requirements, but the state provides little support to persons granted international protection to help them meet the requirements. Scholten et al. (2017) define such countries as having a differential approach, where the state sets up a number of hurdles to delimit the opportunities for integration.

Targeted versus Universal Approaches

Another way to categorize integration measures and programs is to differentiate between universal and targeted approaches, even though some countries like Sweden follow both approaches.

Universal approaches have the overall objective of improving access to basic services through measures that target all those in need of integration assistance. Public agencies are required to provide services in a non-discriminatory way that takes account of cultural diversity of the migrant population.

Targeted approaches, on the other hand, consist of integration programs, often mandatory, with a civics orientation and language courses, and other kinds of integration support tailored to specific groups. Targeted approaches can be temporary and project based as well as widespread and broadly institutionalized.

When the European Migration Network (2019) conducted a survey of integration approaches in the EU member states, they studied eight countries¹³ that have a universal approach, five¹⁴ that have a targeted approach, and three¹⁵ that could not be classified either way.

National versus Local Integration Policies

As shown above, some countries have a state-centric top-down integration policy. Sweden and Norway are clear examples where integration programs are implemented by public agencies at the local level, but they are universal, funded and regulated by the national state.

Reviewing the delivery of services for migrants, the European Migration Network (2019) distinguishes between centralized¹⁶ and decentralized¹⁷ models. In the centralized model, responsibilities tend to be concentrated in one or two ministries, some with specialized consultative bodies, whereas in decentralized systems the responsibility for implementing policies is spread across state (national), regional, and local levels. We must be

careful not to equate decentralized models with less national oversight, however. Sweden and other Scandinavian countries have, for example, a decentralized service delivery shared between local councils and national agencies. Here again the oversight and funding are carried out by national authorities.

Countries such as Austria and Germany have a more integrated multi-level governance approach to integration, whereas the UK, Italy, Belgium, and the Netherlands have decentralized systems. Integration of migrants is the responsibility of local authorities who must design and implement policy, often in cooperation with NGOs and with some funding from the EU. Other countries have no clear system for designing or implementing integration policies. For example, states in Southern and Eastern Europe rely entirely on NGOs and EU funding for integration programs. From this summary we can see the wide variation of integration policies and programs across the EU.

CONCLUSION: RIGHTS ARE THE KEY TO SUCCESSFUL OUTCOMES

Managing migration is a challenge for all states, not just welfare states. That said, immigration poses a special challenge for welfare states because of their ethos of equal treatment and social equality for all legal residents. The welfare state, as Gösta Esping-Anderson (1996: 2) put it, is as much a moral as a social construct, and it combines liberal individualism with social solidarity, built upon rights and duties, working for everyone so long as everyone works. The dramatic shift in migration flows in the post-war period from (guest) worker and temporary migration to more permanent, worker migration combined with family reunification, as a human right, and ever larger numbers of humanitarian migrants, asylum seekers in particular, poses a special dilemma for welfare states. This dilemma was acute already in the 1990s as humanitarian flows increased across Europe. It reached “crisis” proportions in the 2010s—not because welfare states were incapable of managing and absorbing the large flows of refugees, although this did pose an enormous logistical and humanitarian problem, but because forced migration provoked a political and cultural crisis that risked undermining the legitimacy of immigration and refugee policies and the foundations of the welfare state itself.

In this chapter, we have reviewed the evidence to explore the ever changing relationship between migration and the provision of welfare services in the principal receiving countries. We sought to answer some of the key questions about trade-offs between migrant rights and numbers (absorptive capacity of liberal and social democracies), the extent to which welfare policies act as a magnet for poorly skilled migrants, and whether immigration in general poses a threat to the public finances and is a burden for welfare states. Our findings will be disappointing for those seeking clear answers to these questions. The effect of immigration on welfare states depends on a variety of factors, and there is not a one-size-fits-all policy that allows states to manage the distributional effects of migration, finessing trade-offs between the interests of the migrants, business (capital and land), workers (labor), and so forth—a pure political economy model of migration and welfare remains elusive (Money 1999; Hollifield and Wong forthcoming).

What we found instead is that some states have managed the trade-offs better than others and that national and institutional contexts matter a great deal. Above all,

integration and the granting of rights to migrants are key to successful immigration outcomes in liberal and welfare states. While there is a significant gap in the employment rate between the native and the foreign born in the Scandinavian and Western European social democracies, these states, along with Canada, have developed elaborate integration policies to ensure that migrants attain self-sufficiency and that they become productive and active members of society. These states have taken a more proactive, top-down approach to integration with national-level, centralized policies, providing incentives for migrants to assimilate. Some states tie requirements for integration to residency status and ultimately to naturalization. Among advanced welfare states, Sweden has the longest history of immigration and has taken the most liberal, multicultural approach to migration management. Denmark, on the other hand, has taken a more nationalist and assimilationist approach to migrant integration, with Norway somewhere in the middle.

Germany and Austria have elaborate integration policies based on multi-level governance that leave wide latitude for institutional innovations, at the national (federal), state (*Länder*), and local levels, with ample room for cooperation with NGOs and the private sector. The result has been remarkable adaptability and a great capacity for absorbing and integrating a culturally diverse, refugee population. Germany made remarkable progress in managing the influx of refugees and asylum seekers in the mid-2010s and in the integration of the newcomers. At the other end of the spectrum is the US with a largely laissez-faire approach to immigration, if not to formally resettled refugees. US policy shows little concern for the rights of migrants and asylum seekers or their integration, with outright hostility to migrants in broad sectors of society (a new nativism), allowing a black market for migrant labor to develop, which at its height reached almost 12 million unauthorized migrants. This market-driven approach to migration management has resulted in enormous inequalities, exploitation of undocumented migrants, and mistreatment of asylum seekers, especially minors/children, undermining the legitimacy of immigration, refugee, and asylum policies, weakening an already weak welfare state, and threatening the republic itself, with the rise of reactionary populism under Donald Trump, and a new nativism and racism taking the US “back to the future” (Hollifield 2019). The Netherlands and the UK fall somewhere in the middle of the continuum, vacillating between multiculturalism and a more liberal and accommodating immigration policy, on the one hand, and a strongly nationalist and xenophobic policy (Brexit) on the other.

We found considerable support for the thesis that welfare states attract more immigrants, especially humanitarian migrants, and that forced migrants (asylum seekers and refugees) are harder to integrate than highly skilled immigrants. Nothing is particularly surprising in this finding, but what is remarkable is the continued political commitment to the international humanitarian regime by some of the largest social democracies in Europe, especially Sweden and Germany, but also Austria and Norway. It turns out that Chancellor Angela Merkel was correct when she famously said *wir schaffen das* (we can do this), as Germany was able to surmount the crisis of having nearly 1 million humanitarian migrants arriving in a single year. Proportionately, Sweden took in even more refugees and asylum seekers than Germany, and Austria ranked third per capita in granting protection to asylum seekers in 2015–16. Maintaining political support for these liberal policies turned out to be far more difficult than managing the reception and

integration of so many forced migrants. In Europe as in the US, immigration and refugee policies have become highly symbolic, bound up with identity politics, as debates about culture and the shifting ethnic composition of societies overwhelm considerations of markets and rights (Hollifield et al. forthcoming).

As for the fiscal burden of immigration, the picture also is mixed. Much depends on the age, human (education), and social capital of migrants. It is more expensive for societies to take care of the young and the old migrants—again no surprises—because the distributional effects of welfare policies are similar to those for the native population. Likewise, it is not surprising that highly educated and skilled immigrants make a larger contribution to social services than those who are poorly skilled, with less than a high school education. Of course, knowledge-based, service economies still have great need of basic manpower, unskilled migrants to pick the crops, build the houses, care workers to look after the sick, the infirmed, and elderly, and change the bed pans, workers now dubbed “essential” in an age of pandemic. Treating migrant workers fairly and avoiding a “harvest of shame” still is a major challenge for welfare states—as it is for all states—but it is a challenge that must be met if these advanced service-based economies are to thrive and if migration is to be win-win-win, contributing to the human development of the migrants themselves and to economic development in the host and sending societies in the long term.

Can welfare states sustain high levels of immigration without undermining the social contract and public finances? The answer to this question depends on politics, whether political coalitions for liberal immigration policies can be put together and sustained over a long period of time. Do states have the institutional capacity to formulate and implement integration (and citizenship) policies that lead migrants to become self-sufficient and productive members of society? As is so often the case in social science, much depends on the social and historical and especially the institutional context, not only at the national but especially at the sub-national levels. Sweden and Germany, for example, managed to cope with a surge in asylum seeking and refugee migration in 2015–16, whereas the US, even with its long history of immigration, has fallen short, in part because of the sad legacies of systemic racism and nativism, and the growth of a large black market for foreign labor that has left over 10 million immigrants in legal limbo, damaging their prospects for integration and those of their children.

NOTES

1. The authors wish to thank Markus M.L. Crepaz, Antje Ellermann, Philip L. Martin, Dietrich Thränhardt, and Natascha Zaun for their invaluable feedback. Errors of course are ours alone.
2. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Migration_and_migrant_population_statistics.
3. https://ec.europa.eu/eurostat/statistics-explained/index.php/Residence_permits_statistics#First_residence_permits:_an_overview.
4. <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/5777.pdf>.
5. In fact, Borjas and Friedberg (2009) find that the downward trend in earnings of new immigrants, observed from 1960 to 1990, reversed in the 1990s and by 2000 immigrants were performing just as well as natives in the US labor market. This finding is consistent with the much earlier work of Chiswick (1978).
6. www.mipex.eu/permanent-residence.
7. <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/35409.pdf>.
8. <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/35409.pdf>.

9. Country clusters: (1) Denmark, Finland, and Sweden, (2) Austria, Belgium, France, Germany, Luxembourg, the Netherlands, and the United Kingdom, (3) Cyprus, Greece, Ireland, Italy, Malta, Portugal, and Spain, and (4) Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic, and Slovenia.
10. Self-selection means that individuals who migrate are a selection of individuals from a population and have other observed or unobserved characteristics from this population.
11. Read more about the Common European Framework of Reference for Languages here: www.coe.int/en/web/common-european-framework-reference-languages/level-descriptions.
12. The National Integration Evaluation Mechanism project specifically advances an integration policy index for persons granted international protection in 14 EU countries. See: www.forintegration.eu/pl/pub.
13. Austria, Germany, Ireland, Luxembourg, the Netherlands, Spain, Sweden, and the United Kingdom.
14. Belgium, Finland, France, Italy, and Malta.
15. Croatia, Cyprus, and Poland.
16. Bulgaria, Cyprus, Czech Republic, France, Hungary, Latvia, Lithuania, and Malta.
17. Austria, Belgium, Finland, Germany, Ireland, Italy, the Netherlands, Portugal, Slovenia, Spain, and Sweden.

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