Destination Europe

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Immigration and Integration in the European Union

European Outlook 2

Annex to the State of the European Union 2005

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From: *A letter of introduction*, CPB Report 1996/1

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a to carry out research designed to produce a coherent picture of the state of social and cultural welfare in the Netherlands and likely developments in this area;

b to contribute to the appropriate selection of policy objectives and to provide an assessment of the advantages and disadvantages of the various means of achieving those ends;

c to seek information on the way in which interdepartmental policy on social and cultural welfare is implemented with a view to assessing its implementation.

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Foreword

Immigration and integration have been important topics in Dutch society and politics in recent years. Problems and experiences abroad have been looked at on a few occasions, but generally this went no further than the neighbouring countries, and the European dimensions of the phenomena received little or no attention. As far as possible, this European Outlook describes the situation throughout the European Union, in both old and new member states, and also examines the policy perspectives at European level.

Demographic, economic and sociological aspects of migration and the activity rate of immigrants in the member states of the European Union (and occasionally also Australia, Canada and the United States) are examined in this European Outlook. On the one hand this helps put into perspective what in recent years has often been seen in the Netherlands as a specifically national problem, while at the same time shedding light on developments that could be relevant for policy in the Netherlands. As in European Outlook 1 (CPB/SCP, 2003), the need for and desirability of more common European policy is analysed, this time in relation to immigration, asylum and integration.

This Annex to the 'State of the European Union 2005' is the result of an undertaking by the then State Secretary for European Affairs, Dick Benschop, when presenting the 'State of the European Union 2002', that the Dutch planning offices would be asked to collaborate on the publication of an annual European Outlook focusing on European trends and developments of potential importance for the Netherlands (memorandum from the Dutch Ministry of Foreign Affairs, 19 September 2001).

The first trial publication was the report 'Is Europe alive and well?' (*Leeft Europa wel?*) published by the Social and Cultural Planning Office of the Netherlands (SCP). This was followed last year by the joint publication by the Netherlands Bureau for Economic Policy Analysis (CPB) and SCP of the first European Outlook under the title 'Social Europe'. This year, in addition to CPB and SCP, a contribution has also been made by Statistics Netherlands (CBS) (chapter 2, written by Han Nicolaas, Arno Sprangers and Johan van der Valk) while the Methodology and Sociology Department of Radboud University Nijmegen was asked to write chapter 4 (written by Marcel Coenders, Marcel Lubbers and Peer Scheepers). As in the previous European Outlook, the discussion of the main theme of the report is preceded by a chapter on public opinion, in which views on European unification in the Netherlands are compared with those in other member states (chapter 1, written by Paul Dekker and Tom van der Meer, SCP). Chapters 3 and 5 were written by CPB (Sjef Ederveen, Albert van der Horst, Wink Joosten and Paul Tang).

On behalf of the authors we would like to thank the Forward Strategy Unit of the Directorate-General for European Co-operation at the Dutch Ministry of Foreign Affairs and the interdepartmental soundboard group for their many useful suggestions and their willingness to provide constructive comments on the text at short notice. This of course in no way alters the fact that responsibility for the content of European Outlook 2 lies with the CPB and SCP as well as with the co-authors from CBS and KUN. This report does not therefore necessarily represent the views of the Dutch government.

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Introduction and summary

Since the European Council in Tampere in 1999, a common European immigration and asylum policy has had an explicit place on the EU agenda. The Thessaloniki European Council in 2003 added integration policy to this. Yet the policy debate still takes place primarily at national level, and few responsibilities have been transferred to the European Union. The question as to whether it is desirable to develop a common immigration, asylum and integration policy is very current. What are the advantages of a common policy? And how great is the political and public support for such a policy?

EU member states face a number of important challenges. The ageing of the population in the EU and ever-advancing globalisation could lead to a further increase in immigration in the future. At the same time, unemployment is higher among ethnic minorities in all EU member states than in the native population. Regardless of whether common European policy or national policy is used, all member states face the task of finding adequate strategies for managing immigration and integration. Determining the most desirable policy options requires an insight into the background to the present situation and the consequences of future policy. This European Outlook attempts to provide that insight. It looks at immigration from a multidisciplinary perspective, focusing attention both on the economic aspects of immigration and the public support for it. Important economic aspects include the consequences of immigration for native employees in the EU and the reasons for the slow economic integration of immigrants. Public support relates both to the acceptance of ethnic minorities and to the preferences within the individual EU member states for a common immigration and asylum policy.

Immigration and integration are wide-ranging concepts, and this study cannot possibly do equal justice to all aspects of them. It also does not have the pretension of providing the definitive answer to the policy challenges facing the EU member states, but rather seeks to make an essential contribution to the policy debate through a broad international analysis.

As in European Outlook 1, *chapter 1* first looks at views about the EU as such. Support for the EU in the Netherlands is still high compared with other member states, though it has fallen sharply in recent years. A fall in support for the Union was also recently observed in the new member states. These new member states, together with a number of member states in Southern Europe, compare European democracy favourably with democracy in their own country. In the Netherlands and other member states in Northwestern Europe, the national democracy is seen in a more positive light. For the Netherlands, the Outlook also looks at possible correlations between views about the EU and political preferences. This reveals among other things that the majority of the electorate regard themselves as less pro-European than the parties for which they vote and that negative views about the EU correlate quite frequently with negative attitudes to the government in The Hague and to immigrants. A majority of Dutch public is in favour of a European rather than a national policy on immigration and asylum. This preference is not shared in all member states, but public support for a common policy in this field is significantly greater in most member states than support for a common European social policy, the theme of European Outlook 1.

Chapter 2 summarises the demographic consequences of immigration and of the labour market position of immigrants. The character of migration to the EU has

changed markedly in recent decades. In the 1960s it was dominated by labour migration; in the 1970s and 80s family immigration dominated; and the 1990s brought a sharp increase in asylum immigration. The character of migration could just as easily change in the future; population ageing in particular could lead to an increase in the number of labour migrants from outside the EU.

Whereas the population of the 15 old member states of the EU is still growing as a result of immigration, the population in the ten new member states is declining due to negative natural growth and net foreign immigration of virtually zero.

Immigrants within the EU have a weaker position on the labour market than the native population. They less frequently have jobs and are more often unemployed. There are however wide differences between the different categories of immigrants: the labour market position of immigrants from North America and Australia is better than that of the native population; that of immigrants from North Africa is significantly worse. There are also differences between EU member states in the labour market situation of immigrants; in Southern European countries, for example, immigrants have a higher participative rate than the native population. Education has a great influence on labour market position: people with a poor education are more often unemployed than well-educated immigrants.

The relationship between immigration and the economy is the subject of *chapter 3*. Differences in wages and unemployment, as well as the presence of compatriots in the host country, play a key role in people's decision to relocate. Production in the host country will increase, but this does not mean that everyone benefits: the greater supply of labour can depress wages, so that native workers are worse off. In many EU member states, however, wage adjustments are not easy to achieve, and the result can be higher unemployment – again at the expense of native workers. Although the empirical evidence on these aspects is not entirely uniform, this is a risk that must be taken seriously. In the long term these effects will disappear, but this will be accompanied by adjustment costs.

Immigrants also have an impact on public finances, which is determined mainly by their age on entry to the country and their labour market participation. Young, working immigrants generally make a positive contribution; at present, however, unemployment among immigrants is higher than among the native population in all EU member states. How can this weak economic integration of immigrants be explained? Education level and experience are key determinants for success on the labour market, but are difficult to transfer fully to the host country. In addition, unemployment among immigrants is higher in member states with more generous social security systems, though it is unclear whether this is because a generous welfare state attracts more immigrants or because of the lack of incentives to work that are inherent in generous social security systems. Discrimination on the labour market is another possible explanation for the relatively weak employment position of immigrants. The key determinant for this is the attitude of the native population to minorities.

Chapter 4 gives an impression of the degree to which the populations of EU member states feel threatened by and maintain a distance from ethnic minorities. The degree to which these two phenomena occur varies widely between member states. Both phenomena are strongly present in Greece, while in the Scandinavian countries 'ethnic distance' and perceived 'ethnic threat' are less pronounced. The Netherlands occupies a middle position in this regard. The population groups in which and the cir-

cumstances under which ethnic distance and (perceived) ethnic threat occur more frequently are explored in this chapter. It is found that both phenomena are felt more strongly by people with a lower education level and people in a weaker position on the labour market. In addition, people living in the countryside maintain a greater distance from ethnic minorities and perceive a greater threat from them than urban dwellers. Perceived ethnic threat is stronger in member states with a relatively high minority population and relatively weaker economy. Ethnic distance, by contrast, is hardly influenced at all by these characteristics. This chapter also looks at the observed correlation between political distrust and perceived ethnic threat. Finally, it is demonstrated that people who perceive a threat from ethnic minorities have a stronger preference for keeping decisions on immigration policy at national level than people who perceive little ethnic threat.

How can immigration and integration policy best be developed? And what role should a common European policy play in this? According to the subsidiarity principle, powers are only transferred to the EU if there are substantiated arguments that this offers advantages over a national approach. *Chapter 5* suggests that this is the case for asylum policy; a common European policy will prevent member states adopting ever more restrictive policies and pushing the costs of receiving asylum-seekers on to other member states. The advantages of a common European policy are less clear for immigration and integration policy. In both areas, the European method of open coordination appears to offer a good alternative.

Fears have increased in a number of member states that the influx of largely underprivileged migrants will ultimately make the welfare state unsustainable. A number of policy options are conceivable to prevent this happening. A more selective admissions policy focusing on migrants with better prospects would appear sensible, though it is unclear whether switching to a point system would help to achieve this. Additionally, the return on investments in increasing the language skills and human capital of immigrants can be relatively high. Reform of the social security system is also a promising option, which can increase the incentives to participate in the labour market. Such a system, focusing more on active integration into the employment process, could benefit people with a lower education level, both in the native and immigrant population.

1 Public opinion

This chapter discusses public opinion regarding the EU. It is divided into two parts: the first part contains an international comparison which gives an outline for as many member states as possible of the engagement with and views on the EU; the second part focuses on the Netherlands, and particularly on differences between different sections of the population. In this year of European parliamentary elections, the focus is on political aspects of public opinion and the political backgrounds to differences in views.

The international comparison in the first part of the chapter looks at differences in turnout and compares views on national and European institutions. Given the theme of this Outlook, attention is also devoted to public preferences regarding the distribution of policy responsibilities for immigration/asylum and integration. The previous edition of the Outlook also compared changes in public opinion in different countries. Due to the lack of new data and the larger number of member states, this has been omitted from this edition. The section on the Netherlands does map out these changes on the basis of recent data on a number of indicators for support for the EU. This section also looks at the backgrounds to views on the EU and at out these correlate with views on the Dutch government and on immigrants.

This chapter is based mainly on secondary analyses of current population surveys. In the first part, data were drawn from the Eurobarometer surveys from 2002 to early 2004[1] and from the European Social Survey (ESS) for 2003. For the second part data from the National Electoral Surveys (NKO) from 2002 and 2003 were analysed, along with data from the 2004 Survey of Future Expectations (TOS) conducted by the Social and Cultural Planning Office (SCP).[2]

1.1 A comparison of European countries

This section looks at current developments in Dutch public opinion in a comparative perspective, using data from the Eurobarometer surveys. Where possible all 25 EU member states are compared; in a few areas this was not possible, and the comparison is then limited to 19 member states.

1.1.1 Support and engagement

Table 1.1 presents a number of indicators for public support for the EU in 2004 in each member state.[3] The 15 member states prior to 1 May 2004 (the 'old' member states or

1 EB 57.1 and 61.0, respectively, with comparable data for the candidate member states from the CCEB 2002-2004

2 As in the previous editions of this chapter, it has to be assumed in the country comparisons that the translations of questions and statements in the questionnaires are not only correct, but also correspond in terms of sense conveyed and connotations. This has been broadly investigated for the English and Dutch formulations, but not for the other languages.

3 With the exception of the turnout figures, the data are drawn from the Eurobarometer surveys carried out before the accession of the ten new member states on 1 May 2004. The then candidate member states were asked slightly different questions from the EU-15. It is quite possible that this difference in formulation affected the outcome of the survey. See Wennekers & Dekker (2004) for a more in-depth and up-to-date summary of indicators for engagement and support in the old member states.

'EU-15') are ranked more or less from north to south, followed in the bottom half of the table by a similar ranking of the ten new member states (the 'EU-10').

Table 1.1 Support for and involvement with the EU, 2004, as a percentage of the population aged 15 and older[a]

		Generally regards it as a good thing that own country *is* a member of the EU	Thinks that own country, all things considered, *benefits* from membership of the EU	Personally thinks there *are* more benefits than disadvantages to membership of the EU[b]	Is in favour of enlargement of the EU with ten new member states in May 2004	Turnout at the European elections from 10-13 June 2004
Finland	FI	46	46	21	48	41.1
Sweden	SE	37	27	25	54	37.2
Denmark	DK	54	64	32	59	47.9
United Kingdom	UK	29	30	16	31	38.9
Ireland	IE	71	80	59	60	59.7
Netherlands	NL	64	55	35	44	39.1
Belgium	BE	57	58	23	38	90.8[c]
Luxembourg	LU	75	69	42	37	90.0[c]
Germany	DE	45	39	30	28	43.0
Austria	AT	30	38	28	34	41.8[d]
Italy	IT	54	49	22	55	73.1[d]
Greece	EL	71	82	34	66	62.8 [c]
France	FR	43	46	20	37	43.1
Spain	ES	64	69	48	59	45.9
Portugal	PT	55	66	33	52	38.7
Different formulation:		*... will be ...*	*... will benefit...*	*... would be...*	-	
Estonia	EE	31	41	27	58	26.9
Latvia	LV	33	49	31	67	41.2
Lithuania	LT	52	58	52	67	48.2
Poland	PL	42	50	40	72	20.4
Check Republic	CZ	41	46	30	63	27.9
Slovakia	SK	46	57	36	80	16.7
Hungary	HU	45	58	40	74	38.5
Slovenia	SI	40	64	38	79	28.3
Cyprus	CY	42	56	51	80	71.2[c]
Malta	MT	50	57	47	68	82.4

a The percentage shown, together with rejection of the statement and 'don't know' responses adds up to 100%.
b The figures in this column are based on the Eurobarometer 58.1 (October-November 2002) for the EU-15 and the Candidate Countries Eurobarometer (CCEB) 2003.4 (October-November 2003) for the EU-10.
c Country with compulsory voting
e Country with compulsory voting but with few or no sanctions; in Austria this applies in two provinces (Vorarlberg and Tyrol).

Source: Data from Eurobarometer 58.1 (October-November 2002), provisional report of Eurobarometer 61 (2004), Data from CCEB 2003.4 (October-November 2003), and provisional report of CCEB 2004; actual turnout figures from the media; weighted results

As in the last European Outlook (CPB/SCP 2003: 11), support for the EU in the Netherlands is found to be relatively strong: according to the first opinion in table 1.1, there are only three countries where a bigger majority of the public believe that EU membership is a good thing. In several countries only a small minority of the population regard themselves as supporters of membership of the EU: in the United Kingdom

(UK), Austria, Estonia and Latvia[4] less than a third of the population support their country's membership. In general, the new member states are less positive about EU membership, although a larger share of the public than in the old member states expect their country to benefit from membership.

Although support for the EU in the Netherlands is relatively strong, it has nonetheless fallen sharply in recent years: support for Dutch membership of the EU fell by 9% between the spring of 2003 and spring 2004, while support for the view that membership of the EU offers the Netherlands more advantages than disadvantages declined by 10%. A comparable drop in support also occurred in some other member states, including Sweden, Belgium[5] and Germany. In some other countries, including Ireland, Spain and Greece, support increased.

As in the rest of the EU-15, support in the Netherlands for EU enlargement declined further in the months running up to the accession of the new member states on 1 May 24. At the start of 2004, only a minority in most of the old member states were in favour of this enlargement. Compared with a year earlier, there was a particularly sharp fall in this support in Germany (14%) and Austria (9%).

When this same question was put to residents of the candidate member states, again before May 2004, they gave a much more positive response than the inhabitants of the EU-15. Moreover, support for enlargement is even stronger in the three candidate member states which did not accede in May 2004 (Romania, Bulgaria and Turkey) than in the ten candidate member states which did join the EU. Although a majority in all new member states were in favour of enlargement, strikingly enough no more than half the population also felt that it would be a good thing if their country should become a member; where in 2003 an average of 58% of the population believed that membership would be a good thing, this had fallen to 52% by 2004. Support for the EU also fell on the other indicators, creating a break with the upward trend of recent years. It may be that, with the date of accession approaching, in the perception of the residents of the new member states EU membership was becoming a more tangible prospect and people were beginning to see the drawbacks of membership. Long-term expectations were perhaps giving way to short-term concerns.

1.1.2 *Turnout at the European parliamentary elections*

Finally, table 1.1 shows the turnout figures at the elections for the European Parliament (EP) that were held in June 2004. The turnout of 45.5% of all European electors marked a new low point in European election history; in 1999 the turnout in the then 15 member states was 49.8%. This decline can be attributed in part to the generally low turnout in the new member states, which lagged well behind that in the EU-15. Nevertheless, the average turnout figures in the EU-15 also showed a decline, most

4 The low level of support for EU membership in Estonia and Latvia can perhaps be explained by the relatively large Russian minority in these countries. In Estonia this minority makes up 29% of the population, and in Latvia 30%. By way of comparison, in Lithuania the Russian minority accounts for only 9% of the population. The Russian minorities have a greater preference for political and economic ties that are focused on the East (Russia, Belarus, Ukraine) than on the EU.

5 Seen over the longer term, Belgium recorded an exceptionally high score in the spring of 2003 on support for membership. The reason for this is unclear. The decline between 2003 and 2004 probably represents a return to the normal level of support, and thus not a real change.

markedly in Spain (-17%), Greece (-13%) and Austria (-8%). On the other hand, the turnout percentages in a few member states increased, for example in the UK (+15%), Finland (+10%) and the Netherlands (+9%). These were also the three countries with the lowest turnouts in the EU at the last EP elections, and despite the increase the turnout in the UK and the Netherlands is still below the European average. In the old member states without compulsory voting, the turnout figures in 2004 lay closer together than in previous years.[6] Whether this is a sign of convergence or was simply a coincidence will become apparent at the next elections.

The turnout was especially low in the ten new member states, where only a quarter of the electorate took part in the elections. The turnout was disappointing particularly in the former communist countries, with very marked lows in Slovakia (16.7%) and Poland (20.4%). The high turnout in Cyprus (which has compulsory voting) and Malta pull up the average somewhat.

How can these differences in turnout between the member states be explained? The striking difference between the old and new member states could indicate that the date of accession had an influence on the turnout figures. Other authors, including Matilla (2003), believe that the turnout correlates with public opinion regarding the EU. It is also possible that the turnout is partly determined by the way in which the elections are organised at national level, including institutional factors such as compulsory voting and turnout patterns during national elections.

Analysis suggests that the turnout figures for the European elections can best be explained on the basis of the figures for the national elections: a relatively high turnout at national elections is mirrored by a relatively high turnout for the EP elections. In addition, a positive correlation is found at an aggregated level between the degree of satisfaction with democracy in the EU (more on this later) and the turnout at the European elections. Although some caution is needed in drawing conclusions, this seems to indicate that greater dissatisfaction leads to a lower inclination to vote. As an individual factor, the date of accession to the EU is found not to be significant: the turnout was no lower in the new member states because these had been members for such a short time.

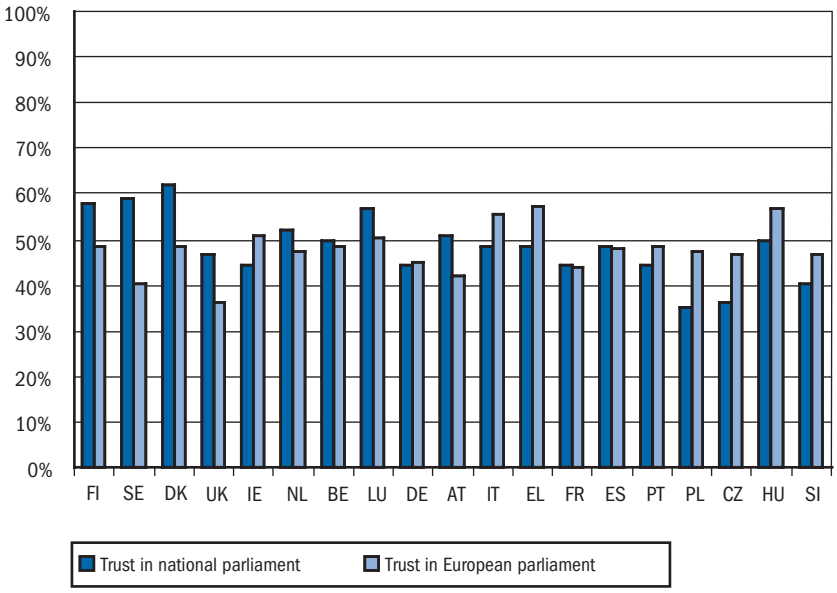
1.1.3 *Views on national and European politics*

The previous section mentioned a positive correlation between the turnout figures at the European elections and public opinion regarding the EU. This section therefore looks in more detail at the level of satisfaction with national or European democracy and at the degree of trust in the national or European parliament.

Figure 1 shows the level of trust in the European and national parliament in several member states. Overall, the country average of 48% suggests that roughly half the European population trust the EP. This average is the same as the average for trust in the national parliament.

6 For the turnout in the old member states in the period 1979-1999 see European Outlook 1 (CPB/SCP 2003: 15). Belgium, Luxembourg, Greece, Italy, Cyprus and parts of Austria operate a compulsory voting system (though not always backed up with sanctions).

Figure 1.1 Trust in the national and European parliament in 19 EU member states in 2003



Source: ESS 2003; weighted results

Figure 1.1 shows that in most of the old member states the level of trust in the national parliament is higher than the trust in the EP. Trust in the European Parliament is extremely low in Sweden, the UK and Austria, and in Finland in Denmark, too, trust in the EP lags far behind the trust in the national parliament. Support for the EU was also found to be lower in these five countries (table 1.1).

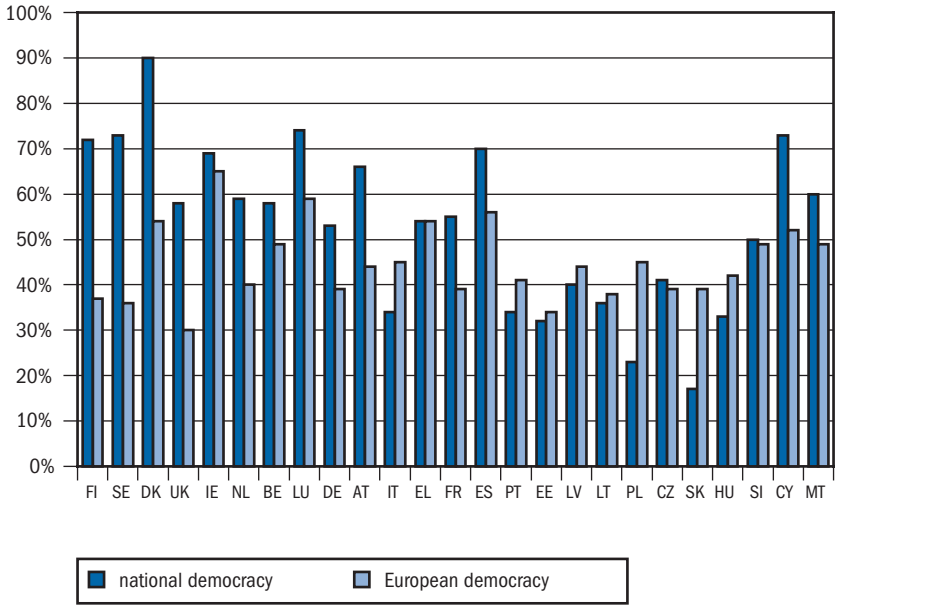
However, there are also countries where trust in European Parliament is higher than the trust in the national parliament. In some of these countries the level of trust in the EP is relatively high (Italy, Greece, Hungary and, to a lesser extent, Ireland), and the trust in the national parliament average. In other countries the trust in the European Parliament is not especially high, but the trust in the national parliament is relatively low; in other words, there is more distrust of the national parliament. This group comprises only new member states such as Poland, the Czech Republic and Slovenia, countries where the turnout at the European elections was also very low.[7]

Figure 1.2 plots the responses to questions about satisfaction with the functioning of national and European democracy. These questions primarily measure views on the actual functioning of democracy, not the degree of support for democracy in a normative sense (Linde and Ekman 2003). However, the measurement appears to depend greatly on the different expectations that people have of the state (Hofferbert and Klingemann 1999; Anderson and Guillory 1997). As a result, direct comparison

7 Closer analysis shows that there is also a division within Germany between the former West Germany and the former East Germany. Trust in the national parliament is strikingly low in East Germany, and significantly lower than in the West. The same applies for member states from the former Eastern Bloc which joined the EU in 2004. The low level of trust in the national parliament may be related to the Communist past of these member states.

between member states is not possible, although comparisons can be made of the two indicators in each member state.

Figure 1.2 Satisfaction with the functioning of democracy in own country and in the European Union in 2003



Source: EB 59.1; weighted results

As with the trust in parliaments shown in figure 1.1, the levels of satisfaction with the functioning of democracy shown in figure 1.2 demonstrate that people generally view the situation in their own country more favourably than the situation in the EU. In most member states only a minority of the population is satisfied with the functioning of democracy in the EU: there are only six countries (Luxembourg, Ireland, Denmark, Greece, Spain and Cyprus) where the satisfaction level rises above 50%. Dissatisfaction is highest in Finland, Sweden, the UK, Estonia and Lithuania, though the level of satisfaction with European democracy is also low in the Netherlands, Germany and France, at around 40%.

As with trust in parliament (figure 1.1), in a number of member states the level of satisfaction with the national democracy is much higher than the satisfaction with European democracy. This is again the case for the Scandinavian countries (Finland, Sweden and Denmark), the UK and Austria. A similar 'trust gap' is found in the Netherlands, Cyprus, Luxembourg, France and Spain, albeit to a significantly lesser extent.

In many Southern end Eastern European member states – with Spain, Malta and Cyprus as the main exceptions – satisfaction with European democracy is at least equal to the degree of satisfaction with the national democracy. This is often an effect of the low satisfaction with the national democracy in these countries, the satisfaction with the functioning of democracy in the EU being comparable with that in Western Europe. Satisfaction with the national political system is historically low in these countries.

1.1.4 *Euroscepticism*

After the European parliamentary elections in June 2004 , the media began speaking of 'an anti-European wind' (see e.g. NRC *Handelsblad* newspaper, 1 July 2004). It was concluded from the rise of anti-European parties in the EP that a growing number of citizens of Europe would become Euro-critical or even Europhobic. The term 'Euroscepticism' is generally used to describe this attitude. In line with its use in the media and scientific literature, this term is given a broad interpretation here. Euroscepticism can be regarded both as a 'wait and see' and a distrustful attitude, but can also encompass rejection of the EU and the integration process.

It is sometimes claimed that Euroscepticism is more pronounced in some countries – especially the UK and the Scandinavian countries – than others (Taggart and Szczerbiak 2004), and this view is confirmed in table 1.1 and figures 1.1 and 1.2. In Finland, Sweden, Denmark, the UK and Austria the level of satisfaction with the functioning of national democracy and the level of trust in the national parliament is much greater than in their European counterparts. In addition, as table 1.1 shows, support for the EU is generally lower in these countries than in the other member states. Based on our data this group, including Austria, could be described as Eurosceptical.

In the opposite corner from the Eurosceptical member states is a small group of member states where satisfaction levels with the EU are high. The clearest example is Greece, but this satisfaction is also found in Ireland, Italy and Luxembourg. This positive public opinion can perhaps be explained by the profit these countries derive from the EU: Luxembourg, Greece and Ireland have been the biggest net recipients from the EU per head of the population in the last decade (State of the European Union 2005), and table 1.1 shows that more than two-thirds of the Greeks, Irish and Luxembourgers see their country's membership as beneficial. The Netherlands appears to adopt a fairly low-key position in this division between Eurosceptical and satisfied member states.

1.1.5 *Allocation of policy responsibility*

Table 1.2 shows people's preferences regarding the distribution of policy responsibilities between the individual member states and the European level.[8] The individual policy fields are ranked by the degree to which the Dutch public express a preference for European policy.

In line with analyses of comparable data in previous years (CPB/SCP, 2003: 25), the figures in table 1.2 again show wide support for common European policy when it comes to international affairs, but the public are more cautious about transferring policy to the EU in the fields of culture, justice, health and social security and education. These are the traditional policy domains of the welfare state, and in the previous edition of European Outlook this was one of the arguments used to support the call for reticence in transferring social policy to the European level.

8 Note that people were asked about their preferences for policy 'within the European Union', and that is not necessarily 'Brussels'; it could also relate to a group of cooperating EU member states, separate from the EU as such.

Table 1.2 Preferences for common European policy, 2003, as a percentage of the population aged 15 years and older[a]

	Foreign policy in relation to countries outside the EU	Environmental protection	Immigration policy	Admission of refugees	Defence	Agriculture and fisheries policy	Cultural policy	Justice	Health and social security	Education
FI	**64**	**41**	16	15	6	24	**32**	16	7	17
SE	**60**	**54**	31	29	20	**44**	25	17	9	26
DK	**55**	**60**	37	**41**	37	**57**	17	14	19	31
UK	**58**	**58**	31	35	32	39	**43**	23	31	20
IE	**70**	**56**	44	36	35	**48**	36	33	37	31
NL	**76**	**69**	**59**	**59**	**58**	**55**	35	32	32	22
BE	**80**	**65**	**62**	**65**	**63**	**68**	43	34	34	30
LU	**72**	**61**	**53**	44	**67**	44	42	37	39	26
DE	**75**	**68**	46	47	**59**	**57**	36	28	28	33
AT	**57**	**44**	28	31	**37**	32	26	19	23	22
IT	**80**	**65**	**73**	**71**	59	45	55	44	41	45
EL	**76**	**72**	**64**	60	46	52	45	40	58	54
FR	**77**	**65**	**57**	**56**	47	49	42	27	24	28
ES	**78**	**67**	**66**	**64**	**60**	53	51	40	37	38
PT	**68**	**56**	**53**	**60**	48	**52**	49	38	43	37
EE	**66**	**71**	38	34	**69**	53	27	40	**59**	49
LV	**72**	**66**	57	48	**77**	57	33	50	**64**	58
LT	**67**	**57**	**64**	56	55	53	34	54	**58**	44
PL	**66**	**73**	61	56	**64**	60	43	47	61	57
CZ	**68**	**70**	54	49	**73**	48	27	47	51	57
SK	**79**	**71**	62	55	**78**	59	41	54	62	**66**
HU	**56**	**70**	51	44	52	**57**	40	35	52	49
SI	**84**	**77**	63	64	**79**	70	61	72	66	**75**
CY	**80**	**79**	66	64	**71**	**73**	46	56	47	60
MT	**67**	**73**	48	35	**57**	46	31	32	43	**59**
Country average	70	64	51	49	54	52	38	37	41	41

a EU preferences exceeding the national average are shown in bold. The (selected) fields are ranked in order of decreasing popularity in the Netherlands of transferring policy responsibility to the EU.

Source: Data from Eurobarometer 59.1 (March-April 2003), CCEB 2003.4 report; weighted results

With the exception of Malta, the new member states show a greater preference for common policy than the old member states. A majority of Slovenians, for example, are in favour of common policy in all policy domains shown in table 1.2. The Eurosceptical countries, for their part, have a more negative attitude to the transfer of policy responsibilities to the EU; the figures for Finland, Sweden and Austria, for example, are below the EU average for all policy domains listed. It is striking that Ireland shows a lower preference for common policy than most other member states, even though Ireland emerged in the previous section as a country that is not very Eurosceptical. Despite this finding, national attitudes to the EU (the degree of Euroscepticism) generally appear to correlate strongly with views on the transfer of policy responsibilities: Eurosceptical countries show a greater preference for keeping decision-making at national level than countries where there is more satisfaction with the European Union.

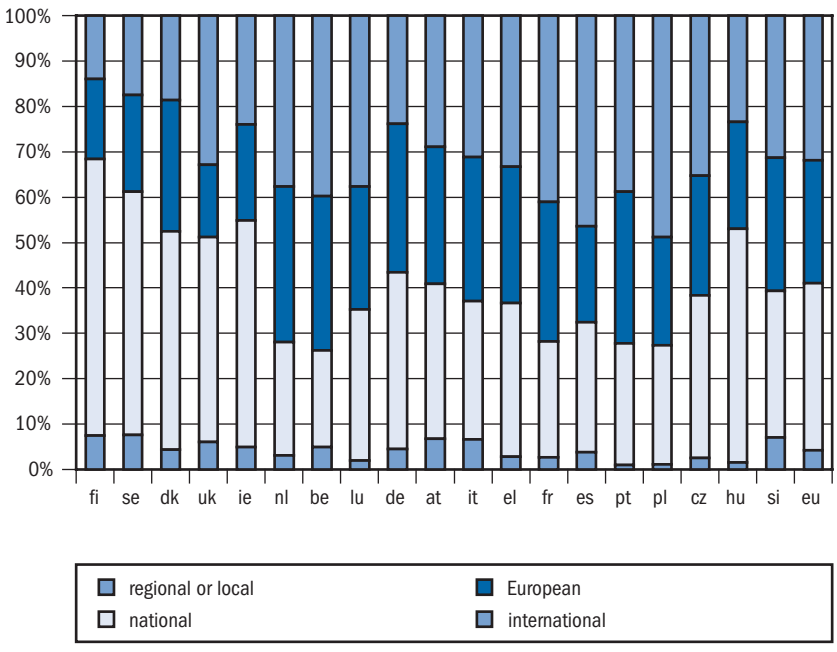
In many countries a majority of the population are in favour of common European policy both for the admission of refugees and with respect to immigration, the theme of this Outlook. The greatest support is found in the Southern and Eastern European

member states[9] and in the Netherlands; the greatest opposition is found in the five Eurosceptical countries.

Although immigration and asylum policy both have a strong legal aspect, in table 1.2 the policy domains 'Immigration policy' and 'Admission of refugees' were viewed very differently from the policy domain 'Justice'; a much higher proportion of the population is in favour of common policy in the fields of immigration and asylum policy than in the field of justice.

When people are offered a choice between European and national policy, therefore, there is a preference for placing immigration and asylum policy at European level. Figure 1.3 offers a few additional insights into the preferences concerning the distribution of responsibilities for immigration and asylum policy. In contrast to table 1.2 – where people were able to choose between situating policy at national or European level – in figure 1.3 a similar question was posed, but this time with four options: situating policy at local/regional, national, European or international level.[10] As a result, the figures cannot be used to verify the above findings, but merely to supplement them.

Figure 1.3 Preference for the level at which the main decisions should be taken on policy relating to 'immigration and refugees', 2003



Source: ESS 2003; weighted results

9 Although a majority of the population in many new member states are in favour of European decision-making in this policy domain, this preference is less clear-cut for other policy domains.

10 The questionnaire for the European Social Survey 2002 did not specify in detail what was meant by 'European level'; this term could also include bilateral arrangements between individual member states. On the other hand, it is not unlikely that many respondents associate the term 'European level' with the EU.

Adding the subnational and international policy levels to the question reveals two things. First, the preference for placing the power of decision-making on immigration and asylum policy at subnational level is negligible, in both unitary and federal states. Second, the preference noted earlier for a European immigration and asylum policy is possibly not so much a specific preference for EU policy as a preference for a supranational approach.

In none of the 19 member states for which data are available is there a significantly higher preference for placing asylum policy at European level than at the other levels. In general, the preferences are divided between situating asylum policy at national level (in the Scandinavian and Anglo-Saxon countries) and situating it at international level (the Benelux and Southwestern Europe). According to the country average, the greatest percentage of public opinion is in favour of situating the policy at national level (37%), followed by international level (32%) and only then European level (27%).

What do the figures in table 1.2 and figure 1.3 tell us about public opinion on where decisions should be taken with respect to immigration and asylum policy? Both sets of figures show that a majority in most member states favour a supranational approach. Only a small number of member states show a preference for a national or local approach to this policy.

A majority of the population of EU member states do not see the national state as the ideal policy level for tackling the problems of immigration and asylum. The general preference for a combined international approach to this problem must be distinguished from situating the decision-making at EU level, however: although there is support for a transnational approach, the two need not necessarily coincide.

1.2 *The Netherlands*[11]

As regards public opinion about the EU in the Netherlands, this Outlook looks mainly at differences between groups in the population, especially in relation to political attitudes. The extent to which there are differences between different socio-demographic groups as regards their preferences for the situation of decision-making was also examined. However, the differences found were small and of little interest. For a further analysis of the policy preferences see chapter 4, section 4.7.

1.2.1 *Trends in support for European unification*

Before going into detail, table 1.3 presents a few figures on short-term developments in indicators discussed earlier or in European Outlook 1.

A decrease in support for European unification can be observed on all four of the above indicators in the Netherlands. Support for EU enlargement has fallen since the autumn of 2002 by no less than 14%. On the other indicators, a majority of the Dutch public still support the EU, but here too there has been a fall in that support: after the spring of 2003 the support shows a sudden drop on all indicators. Support for Economic and Monetary Union began falling as early as 2002, probably as a result of the perceived price increases following the introduction of the euro.

11 In addition to the surveys used here, the Dutch Ministry of Foreign Affairs recently conducted a survey of Dutch attitudes to Europe ('Nederlanders en Europa') which measured engagement with the EU from a different perspective. See also www.bestbelangrijk.nl.

Table 1.3 Support for European unification, 2002-2004, as a percentage of the population aged 15 years and older

	Spring 2002	Autumn 2002	Spring 2003	Autumn 2003	Spring 2004
Generally regards it as a good thing that own country is a member of the EU	71	69	73	62	64
Thinks that, all things considered, own country benefits from membership of the EU	67	64	65	54	55
Is in favour of Economic and Monetary Union with a single currency, the euro	75	67	67	62	58
Is in favour of enlarging the EU with new members	56	58	48	50	44

Source: Data from Eurobarometer 57.1 (March-May 2002), 58.1 (October-November 2002), report 59.1 (March-April 2003), report 60.1 (October-November 2003), provisional report 61.0 (February-March 2004); weighted results

It was mentioned in section 1.1.1 that support for European unification has also fallen in other member states on several indicators. However, there is no other member state where support on all indicators fell so sharply as in the Netherlands in the period 2002- 2004. In other member states, support declined only for certain aspects of European unification. In Belgium and Austria, for example, it was mainly support for EU enlargement which fell, while in Italy support for EU membership declined but not the support for EU enlargement. The Netherlands thus stands out in a European context because of the general fall in support – a fall which occurred mainly in 2003.

It is unclear what caused this sea-change in Dutch public opinion. Before and during the Eurobarometer survey in October-November 2003, a debate was under way in the Netherlands about the European Stability Pact. The Dutch finance minister Gerrit Zalm described the French and German budget deficits as unacceptable and threatened to take legal steps to force the Council of Europe to apply the rules of the Stability Pact. The wide attention this case received in the media could have led to a decline in support for the EU.

1.2.2 *Population groups*

Against the background of the developments outlined above, this section looks in more detail at the views of the Dutch public regarding the EU. Based on data from a the Survey of Future Expectations (TOS) carried out by SCP in early 2004 and the National Electoral Survey (NKO) 2002-2003, a number of indicators are examined where views correlated with preferences regarding the EU. The respondents in the two surveys highlighted here are aged over 18; in the Eurobarometer data discussed earlier, respondents were aged 15 or older.

Table 1.4 contains data from the Survey of Future Expectations. Some questions were taken from the Eurobarometer, and here the respondents are considerably more negative than in earlier research. It may be that the sentiment has become somewhat more negative, but more likely is that the differences are caused by the different research methods.[12] It is impossible to say which survey provides the best estimate of the views

12 Instead of the 64% of the over-15s who think membership of the EU is a good thing, this opinion is now held by 50% of the over-18s; similarly, the 40% satisfaction with the functioning of democracy in Europe in figure 1.2 has now fallen to 32%. Differences in the survey methods include the method of sampling (random for the EB, panel for the TOS), the method of interviewing (verbal versus written) and the setting of the questions (lots of questions about the EU and respectively about the future).

of the average Dutch person regarding the EU. Survey data gathered in an identical way can however show differences and changes in those views.

Leaving out intermediate groups, table 1.4 compares people with a high education level and people with a low education level, people with high or low political self-confidence and people whose views point to a low or high degree of xenophobia. Education level was chosen because this is generally found to be a key determinant of differences in opinion on social and political issues. The distinction between high and low political self-confidence fits in with the attention for attitudes towards politics that is the focus of this entire chapter, and the distinction by degree of xenophobia fits in with the theme of this Outlook.

The three distinctions shown in the table display a fairly strong mutual correlation: people with a low education level more often lack political self-confidence (80% versus 49% of the well-educated) and strong xenophobia (64% versus 18%); conversely, highly xenophobic persons are more often people with low (57%) than high (18%) political self-confidence. However, the overlap is not such that the opposition can be said to be the same in each case.

Table 1.4 Views on the EU in the Dutch population aged 18 years and older (in percent) in the spring of 2004

		education level[a]		political self-confidence[b]		xenophobia[c]	
	all	low	high	low	high	high	low
Generally regards it as a good thing that own country is a member of the EU	50	39	65	41	69	36	64
In the near future will regard self not (just) as Dutch, but (also) as European	54	44	67	47	69	37	69
Definitely plans to vote at the (next) European elections on 10 June 2004	52	45	67	42	73	40	64
Is fairly or very satisfied with the way in which democracy functions in the EU	32	28	30	28	38	24	35
Thinks that in 2020 the EU (and no longer the Netherlands) will decide on admission of migrants to the Netherlands	64	62	66	66	62	64	64
Choice from four standpoints on the unification of the 15 states that formed the EU at the start of 2004:							
– European unification has already gone too far	18	23	10	23	11	33	9
– European unification has now gone far enough	25	25	22	28	17	27	19
– European unification should continue at a steady pace	51	47	60	43	65	35	67
– European unification should be speeded up	6	6	7	6	7	5	5
Choice from five standpoints on EU enlargement:							
– It would have been better if the EU had stayed smaller	16	20	9	22	9	34	8
– It would have been better if the EU could have been limited to the present 15 member states	20	22	19	22	15	24	12
– After the enlargement with ten new member states this year, the EU should not grow further for a good number of years	21	23	18	21	20	16	22
– The EU should enlarge further with European candidate member states that meet the entry requirements	27	23	31	23	34	19	31
– The EU should enlarge further with all candidate member states, including Turkey, if they meet the entry requirements	15	11	24	12	22	7	27
(% of all 2,175 respondents)	(100)	(46)	(23)	(63)	(28)	(24)	(28)

a Highest education followed: junior general secondary education or lower, or higher professional or higher, respectively.
b Agrees/disagrees with the statement, 'People like me have no influence whatsoever on what the government does'.
c Low/high scores, respectively, on a scale based on opinions on the statements, 'Immigrants abuse social security' and 'All those foreign cultures are a threat to our own culture' (see Gijsberts 2004).

Source: Social and Cultural Planning Office (SCP) Survey of future expectations 2004; weighted results

Table 1.4 shows that some attitudes to the EU do indeed correlate with education, political self-confidence and/or degree of xenophobia. The differences between the population groups occur mainly on the first three indicators, which represent more general attitudes to the EU. By contrast, there is virtually no difference between the six groups studied in degree of satisfaction with the functioning of democracy in the EU, and in some cases there is no difference whatsoever, for example regarding the expectations as to where decisions on immigration will be taken in 2020: more than 60% in all groups believe that responsibility for these decisions will have been transferred to the EU.

The differences of opinion on the two questions about the pace of European unification are also relatively slight. In each group there is a relative majority who believe that European unification should proceed at a steady pace. Despite this, the differences regarding the pace of European unification correlate strongly with degree of xenophobia: a clear majority (60%) of the more xenophobic sections of the population believe that the unification process should not continue, compared with 28% of non-xenophobes.

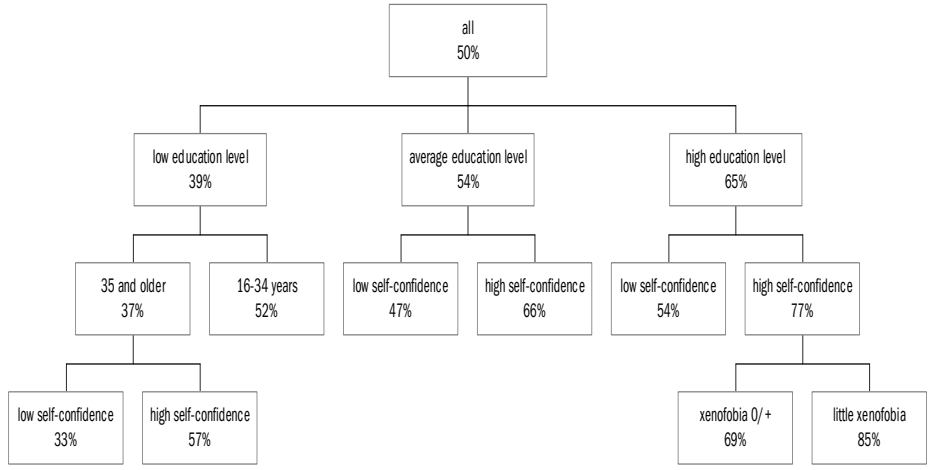
The views on EU enlargement lie closer together. With the exception of the xenophobes, a very small majority in each group is in favour of enlargement with new member states provided they meet the entry requirements. Generally, however, a majority of the Dutch population believe that the EU should not grow any further for a considerable number of years.

Figure 1.4 uses a combination of the characteristics cited above (and possibly also of age and sex) to highlight a number of salient differences for a single standpoint, namely the belief that EU membership is a good thing.[13] Just as in a comparable analysis last year (CPB/SCP 2003: 19), education level is found to be the most important distinguishing social characteristic,[14] followed by people's views on their own political influence. People who are well educated, politically self-confident and non-xenophobic support EU membership much more frequently (85%) than people with a low education level and with little political self-confidence (30% of the population aged 35 years and older).

13 Results of a 'Chi² Automatic Interaction Detection' (CHAID) analysis using the characteristics listed in table 1.5 (including middle groups), plus sex and age in three groups. In each group a distinction is sought that makes the greatest difference in the level of support for and attitudes towards the EU. Political characteristics are only used if the socio-demographic characteristics produce no significant difference.

14 Education level is not always the most important factor. See Wennekers and Dekker (2004: 88 ff.) for comparable research on other European views and attitudes. Sex is an important factor in people's opinion of their own knowledge of the EU (men believe they know more); the political position of the respondent is important in determining the inclination to vote at the European elections (both left and right are more inclined to vote than people who are neither); and income is an important determinant for the image of the EU (persons from higher-income households have a more positive view).

Figure 1.4 Believes Dutch membership of the European Union to be a good thing



Source: Social and Cultural Planning Office (SCP) Survey of future expectations 2004; weighted results

1.2.3 *European unification and party preference*

The rest of this section looks in more detail at political differences among the Dutch population, based on data from the National Electoral Survey 2002-2003. First, table 1.5 again presents information on preferences with regard to European unification, but this time in combination with perceptions of the preferences of political parties. This enables an assessment to be made as to whether there are any correlations between views on European unification and party preference, and whether there is a gulf in the perception of electors between their own European policy preferences and those of the national political parties.

Table 1.5 Preferences of the Dutch population regarding European unification,[a] 2003

	self-positioning	perception of elected party (and perception of that party by the whole electorate)		difference between self-positioning and perception of elected party
All	49	57	(53)	+ 8**
Voted at elections on 21 January 2003 for:				
Green Left (GL)	60	59	(52)	- 1
Labour Party (PvdA)	56	64	(61)	+ 8**
Democrats (D66)	56	60	(59)	+ 4
Liberal Party (VVD)	51	61	(57)	+10**
Christian Union (CU)	47	.	.	.
Christian Democratic Alliance (CDA)	44	60	(63)	+15**
Socialist Party (SP)	40	34	(43)	- 7*
List Pim Fortuyn (LPF)	37	30	(34)	- 8*
Calvinist Party (SGP)	26	.	.	.
Non-voters on 21 January 2003	52	.	.	.

a Average scores on a scale from 0 (European unification has already gone too far) to 100 (unification should go further).
b Significance of the difference at * $p < 0.05$, ** $p < 0.01$

Source: National Electoral Survey (NKO) 2002-2003 (panel); weighted results

The first column shows where all voters and voters for different parties (ranked by decreasing support for European unification) position themselves on average. The second column shows, for the larger parties, the average perceptions that electors

have of the party of their choice; the figures between brackets show how the average voter positions that party. Finally, the third column shows the difference between the voter's own position and that of their chosen party.

The average voter (for the larger parties) regarded themselves in early 2003 as less in favour of European unification than the party for which he or she voted. Those voting for the CDA party saw the widest gap in this regard between their own position and that of their party. By contrast, voters for the SP and LPF parties regarded themselves as greater supporters of the unification process than the party of their choice.

With the exception of D66 and Green Left, all differences between self-positioning and voter perception of the party position are significant. In the perception of electors, therefore, there is a difference between their personal preferences with regard to the EU and the preference of the political party for which they voted. In general, voters believe these parties are more in favour of unification than the electors they represent. We can therefore state that there is a perceived gap on this indicator; at a collective level this means that the perceived view of the political parties deviates from that of the voters. The average perceived deviation is 8 percentage points (see table 1.5). This raises the expectation that at an aggregated level there is a distortion of the policy with regard to voter preferences.[15]

It is not exceptional for the average perceived difference to point in a clear direction; comparable measurements of perceived views on crime and income differentials show that in the perception of the electors the views of political parties are generally at variance with the preferences of the voters in the same direction and to the same degree (8%). In their own perception, voters are in favour of coming down hard on crime than their political parties and (with the exception of Labour voters) more in favour of income redistribution than their political parties.

Party preferences with respect to asylum policy

In the perception of the voters, the views of political parties differ less systematically from the preferences of their electors when it comes to asylum policy. Voters for the VVD and LPF parties, among others, believe that their party adopts a harder stance to asylum-seekers than they themselves. Voters for the CDA, PvdA, GL, SP and D66 parties, by contrast, believe that their party would like to admit more asylum-seekers than they themselves. These strong differences in direction between political parties mean the perceived gap between parties and electors is no more than 5%. As table 1.5 shows, this gap was 8% for preferences with regard to European unification, as it was for preferences in respect of crime and income differentials. Leaving aside the direction of the differences, the absolute size of the gap between political parties and their voters with respect to asylum policy (15%) is by contrast comparable to the three policy fields discussed here. This suggests that individual voters position themselves at a distance from their party (i.e. perceive a gap), but that the distortion of the policy at collective level is smaller than in the other policy domains.

15 It is also interesting to add up the percentage differences, regardless of the direction. Negative and positive differences then do not cancel each other out. If the average *absolute* difference is investigated in a similar way as a supplement to table 1.5, the gap between voter and party with regard to European unification (20%) is significantly greater than the difference in views on tackling crime (14%) and on income differentials (16%).

It is unclear how this perceived greater difference between the position of political parties and the position of the voters on European unification should be interpreted. A wide perceived gap suggests a deficiency in the functioning of party democracy: on balance the political parties – and perhaps government policy – are at variance with voter preferences. This is not necessarily a problem: it may be that the electors feel less need to agree with their political parties on European policy. Analysis of other data from the Electoral Survey confirms that all manner of other issues are considered many times more important than European issues.[16] Voters will therefore attach less importance to the fact that their party has a different view from their own with regard to European unification.

1.2.4 *European unification and populism*

Opinions about the EU are possibly less a matter of party preference than of an overall attitude to politics in general. A negative attitude to establishment politics can easily extend to a negative attitude to the EU, an area where distaste for aloof, grandiose and bureaucratic politics is corrected less than elsewhere by involvement in the issues and controversies of the day. 'Europe' can then become a mobilising factor for dissatisfied voters.

The term 'right-wing populism' is frequently used in this context to describe a complex of attitudes and convictions at the heart of which lies a belief in the existence of an unambiguous popular will and distaste for established political regimes, which impede the direct expression and following up of the *vox populi*. Nationalism, resistance to immigration, authoritarian views and preferences for direct democracy also form part of this kind of populism (see e.g. Akkerman 2003; Canovan 1981; Taggart 2000). Since populist parties adhere strongly to notions of sovereignty of the people and of the people as a cultural entity, they generally set their faces against European unification and confirm feelings of dissatisfaction and distrust with regard to the EU.

This section does not seek to identify a specific section of the population that is characterised by a strong right-wing populist concentration of 'antipolitical', xenophobic and authoritarian views, but instead distinguishes between electoral groups solely on the basis of their attitudes towards 'politics'. In table 1.6 respondents from the 2002-2003 panel of the National Electoral Survey are divided into two groups on the basis of 14 measures of distrustful and cynical attitudes to established (government) politics and to populist preferences. The first group comprises just over half the electorate who have a fairly positive attitude to politics across-the-board; the second group comprises the rest, who have a more negative attitude towards politics and who are more frequently in favour of referenda and a directly elected prime minister.[17] The table then

16 By way of illustration, in 2003 35% of voters cited issues relating to asylum-seekers, immigrants and integration as one of the most important national problems. 33% cited the economy, 16% the environment, 19% crime, 36% safety, 37% education and 52% healthcare. Only 3% cited the euro and none of the 1,574 respondents cited an issue relating to European unification.

17 Measurements at two moments were used of views on the first seven statements in table 1.6, while only one measurement was made of views on the following two statements. The 16 variables were clustered in different ways in order to discover segments in the electorate. A twofold division was chosen because increasing the number of clusters primarily produced gradations. The groups presented were created through k-clustering with the mean values of the z-scores of the 16 variables of the two cluster solutions of hierarchical clustering as the initial centres (Ward). It should be noted that in the National Electoral Survey panel, selective non-response means that persons with positive views on politics will be overrepresented.

shows how these groups feel about the EU and about immigrants and also highlights differences on a number of personal characteristics.

Table 1.6 Views about politics, the EU and immigrants in a twofold political division of the Dutch electorate, 2003

		attitude to politics	
	all	positive	negative
Political characteristics by which the groups are divided;[a] agreement with the following statements:			
The views of MPs are a good reflection of the views of the electorate	31	20	45
Against their better judgement, politicians promise more than they can deliver	87	79	98
Ministers and state secretaries are driven mainly by self-interest	29	10	53
Becoming an MP has more to do with having the right political friends than your ability	44	28	63
MPs don't care about the views of people like me	35	9	70
Political parties are only interested in my vote, not in my views	51	25	86
MPs usually quickly lose contact with the people in the country	75	59	96
The people should decide through a referendum on certain key decisions for our country	75	70	82
The Prime Minister should be directly elected	53	45	63
Supplementary political characteristics and views on the EU			
Is satisfied with the way in which democracy functions in the Netherlands	75	81	66
Is satisfied with the way in which democracy functions in the EU	33	38	25
Has little or no trust in the EU	62	53	72
Is against further European unification[b]	37	30	46
Is somewhat or very interested in Dutch politics	84	87	80
Is somewhat or very interested in European politics	45	48	40
Views on immigrants; agreement with the following statements:			
The Netherlands should send back as many asylum-seekers as possible	53	45	62
Immigrants and ethnic minorities should adapt to the Dutch culture	67	63	72
Background characteristics			
Female	51	51	51
Age:			
– 18-34	23	29	15
– 55+	35	28	44
Education level:			
– low	19	15	24
– high	33	40	23
Share in the electorate	100	56	44

a Views on the first seven statements were elicited in mid-2002 and early 2003; for the last two statements respondents were only asked in early 2003. All measurements were used to distinguish the groups (see text), but the percentages shown relate to 2003.

b Inclines more to the view that 'European unification has already gone too far' than the view that 'unification should go further', or to a neutral position between these views.

Source: National Electoral Survey 2002-2003 (panel); weighted results

Naturally, there are wide differences between the groups as regards the views that distinguish them. Within the attitudes to (government) politics, however, more and less distinguishing characteristics can be found. The degree of agreement with the view that MPs 'don't care about the views of people like me' varies greatly (9% versus 70%), while there is little difference between the views on the idea that politicians promise more than they can deliver and the preference for the use of referenda: both views are popular in both groups. There is no socio-demographic difference in the composition of the groups by sex, but there is a distinction by age and education; the group with negative views contains slightly more older persons and people with a low education level.

The two groups differ in the expected direction with regard to views on the EU and immigrants: those with a more positive view of government/established politics also have a more positive view of the EU and immigrants. However, the differences are not very marked. The main differences are perhaps the lack of trust in the EU and the preference for returning as many asylum-seekers as possible. These views are held by roughly half those with a positive attitude to politics and by a clear majority of those with a negative attitude. The differences between the two groups with regard to European unification are also relatively large: almost half those with a negative attitude to politics are against European unification, compared with a small minority of persons with a positive attitude.

There are few differences between the two groups as regards interest in national and European politics, and also as regards the integration of immigrants and ethnic minorities.

Generally speaking, there is a correlation between negative views of the EU and negative attitudes towards immigrants. Both negative views are clearly if not strongly overrepresented among citizens with more negative attitudes to government politics. Section 4.6 in chapter 4 will show that political distrust also correlates strongly with perceived threat from ethnic minorities. Despite this, this section shows that the correlation between a negative attitude to (government) politics and the belief that ethnic minorities should adapt is a very limited one.

1.3 *Concluding remarks*

It emerges in the first part of this chapter that there is relatively wide support among the population of the EU member states for European or international policy on immigration and refugees. This preference fits in with a broader pattern of support for cooperation on transnational problems. The support for international cooperation on immigration policy is greatest in the Southern and Eastern European member states and in the Benelux; it is much weaker in the Eurosceptical member states. A preference for international coordination of immigration policy does not necessarily mean support for cooperation within the context of the EU. What is clear, however, is that in a large majority of EU member states the national state is felt not to be the most appropriate level for tackling immigration policy.

The preference in member states for where decisions should be taken on immigration policy is found to correlates strongly with the general attitude of member states to the EU. In the Eurosceptical countries (Finland, Sweden, Denmark, the UK, Austria) there is generally less support for the idea of transferring policy responsibility to European level. In the Southern and Eastern European member states, by contrast, there is a greater preference for transferring this decision-making power to the EU.

Strikingly enough, the policy preferences of the population of the new member states contradict themselves. On the one hand these countries are the strongest supporters of transferring policy responsibility to the EU and of enlarging the EU; on the other hand, they generally have a more negative view of EU membership. A small majority in the new member states believe their country will benefit from EU membership; only a minority believe that EU membership is a good thing.

In the former communist countries, in particular, there is greater trust in and more satisfaction with the European political system than with the national political regime.

This contrasts with the EU-15, where there is generally more support for the national system above the EU (with the exception of Greece, Italy and Ireland). This difference is due mainly to the much greater dissatisfaction in the former communist countries with the functioning of national democracy and their stronger distrust of the national parliament. It is not so much that the support for the EU is relatively high in these member states, but rather that their satisfaction with national politics and its institutions is relatively low.

In the Netherlands, support for the EU in an abstract sense remains relatively high, despite a sharp fall in recent years. When it comes to the more tangible policy preferences with regard to the enlargement of the EU and the allocation of more decision-making power to the EU, however, the Netherlands tends more towards an average position, and is in fact relatively low on satisfaction with the functioning of democracy in the EU.

Large groups of voters in the Netherlands state that the party of their choice is more in favour of European unification than they are themselves. Given the low importance that electors attach to European unification compared with other political issues, this discrepancy is not a manifest problem yet. It could become so, however, if European issues for whatever reason become more relevant to the electorate or if a political grouping is able to make an issue of the pro-European 'alienation' of the political parties compared with their voters. This is by no means unlikely, especially since people with a more negative attitude to (government) politics also generally have a more negative attitude to the EU, as well as to immigrants and asylum-seekers. The correlations described in this chapter are not especially strong, but they do indicate clear opportunities for populist mobilisation of a combination of feelings of dissatisfaction with Dutch central politics, the EU and immigrants. In addition to the principle that it is a good thing to seek consensus between electors and elected in a democracy, the desire to avoid such a mobilisation is a good reason to give controversies about the EU a proper airing. Encouraging public discourse about the EU can help to prevent political alienation.

2 Migrants in the European Union

This chapter presents a factual summary of the extent and development of migration flows in the EU and of the labour market position of migrants. Section 2.1 discusses the nature and background of migration in the EU from the 1960s onwards. Section 2.2 looks at the extent of migratory and asylum flows; section 2.3 highlights the increased significance of migration as a component of population growth in the EU, and is followed in section 2.4 by a discussion of the size of the foreign population in the EU member states. Finally, section 2.5 presents a comparison of the labour market participation rates (activity rates), unemployment rates and education levels of foreign residents in the various member states.

2.1 *Background and historical context*

In the 1960s labour migrants ('guest workers') from Mediterranean countries – European as well as North African – were the biggest category of immigrants into the then European member states. This immigration was encouraged as a response to the labour market squeeze at that time. Following the oil crisis in 1972/1973, labour migration began to tail off. Immigration from countries such as Turkey and Morocco, however, not only remained high but also changed in character as a result of family reunion migration in the 1970s and family-formation migration from the 1980s onwards. Several traditional emigration countries in southern Europe developed into immigration countries in the 1980s, due both to return migration and to an increase in immigration from North Africa (Salt, Singleton and Hogarth, 1994).

After the fall of the Berlin Wall and the drawing back of the Iron Curtain in 1989, immigration from Eastern Europe increased markedly. Many of these migrants were asylum-seekers, for example from the former Soviet Union and the former Yugoslavia. In addition to asylum-seekers, Germany attracted a relatively large number of Turkish family migrants, while many ethnic Germans ('Aussiedler') from Eastern European countries moved to Germany.

Ties with former colonies are also reflected in migration flows. The UK, for example, receives many immigrants from India and Pakistan in addition to asylum-seekers, while France receives many immigrants from its own former colonies such as Algeria (Van der Gaag and Van Wissen, 1999). In the Netherlands, migration from Surinam and from and to the Netherlands Antilles is still significant.

Migrants who migrate from one EU member state to another generally do so because of work or to form relationships. Immigrants from other Western countries, such as the United States and Japan, are also often motivated by work. Immigration from non-Western countries is completely different in nature and currently takes place mainly on 'humanitarian' grounds, largely in the context of family reunion and family formation. Asylum migration also plays an important role. Not every asylum-seeker is allowed to stay and counted as an immigrant; for this reason, asylum is treated separately here.

Trends in migration patterns cannot be extrapolated in a straightforward way. Recent trends in migration to the Netherlands and other EU member states have been largely shaped by the (deteriorating) economic climate in Europe. In addition, almost all member states have tightened up their asylum policy. The humanitarian aspect (asylum, family migration) is still important, however.

Immigration from outside the EU is likely to take on a different character in the future. In the longer term, population ageing will play a role, as ageing and the associated shrinking of the potential labour force in the EU potentially putting pressure on the labour market. This will of course depend partly on developments in activity rates (older persons, women, the disabled, ethnic minorities) and labour productivity. To what extent this will lead to an increase in the number of labour migrants from outside the present EU is uncertain, as is the extent to which production will be transferred abroad ('offshoring'). It may be that there will be a shift away from immigrants admitted on humanitarian grounds towards a greater proportion of immigrants who primarily serve a European economic interest. The character and composition of immigration would in that case differ markedly from the present pattern.

2.2 *Immigration and emigration*

Figures on migration in the EU are drawn from several different sources: population registers, residence permits, censuses and surveys. This means the available figures are difficult to compare and incomplete – even those drawn from population registers. Moreover, virtually no information is available on illegal immigration (see box for estimates of numbers of illegal immigrants in the Netherlands). All in all, the statistics on migration in the member states probably underestimate both the inward and outward migration flows.

Information on the motives for migration (work, family formation, family reunion, asylum, study, etc) is available for the Netherlands, but not for most other member states. The migration of non-Dutch citizens to the Netherlands largely consists of refugees, family immigrants and labour migrants. Of the 105,000 immigrants in 2003, 74,000 were of non-Dutch nationality (figure 2.1). 26% of these came to the Netherlands in order to marry or cohabit (family formation); 22% came to work, 18% for family reunion and 17% as refugees. Smaller numbers came for other reasons such as study, trainee placements or to work as au pairs. Not every asylum-seeker is entered in the (automated) Municipal Population Registers (GBA). Where they are entered, this occurs only some time after the asylum request has been submitted, and often not until residency status is granted. Asylum-seekers are only counted as immigrants after they have been entered in the GBA.

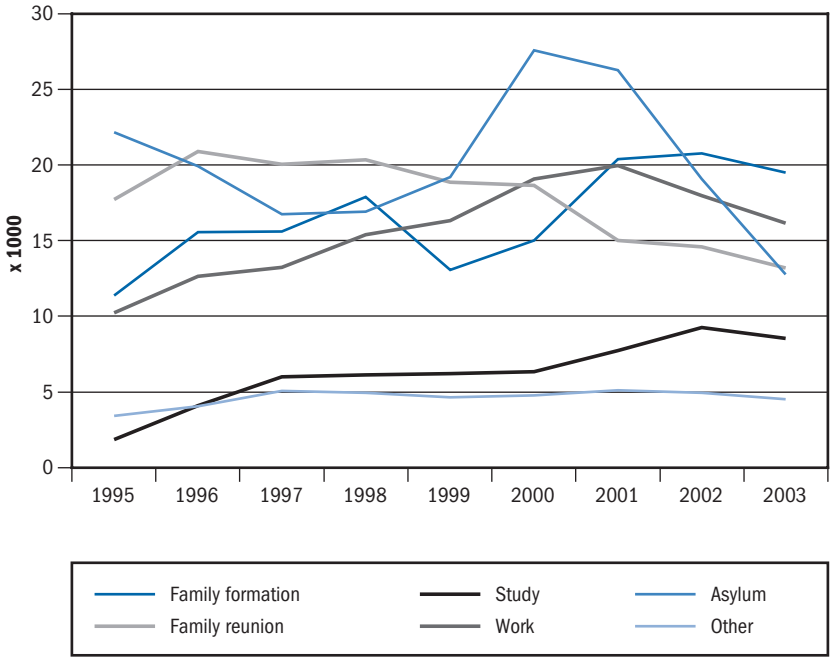
Family immigration (for family reunion and family formation) generally follows labour migration or asylum migration. On average, one additional migrant comes to the Netherlands for each labour migrant. There are wide differences in this ratio between countries of origin, however. For example, family immigration from other EU member states is relatively low, at one additional migrant for every three labour migrants. The average figure for non-European OECD countries – chiefly the US, Canada, Japan, Australia and New Zealand – is 1.1 (i.e. one 'follow-on' migrant for each initial migrant). For Turkey and Morocco, by contrast, an average of three migrants follow each labour migrant. It should be noted that this figure for Turks and Moroccans relates to a period in which labour migration from these two countries was no longer of much significance.

Four in ten migrants who follow labour migrants come to the Netherlands in the same year as the labour migrant. A further three in ten come after one year.

Around the turn of the century, an average of one follow-on migrant came to the Netherlands for every three asylum migrants. Family immigration is a more gradual pro-

cess for asylum migrants than for labour migrants. A third of the follow-on migrants have joined the asylum migrants after one year, and after two years almost half the follow-on migration process is complete. Asylum-seekers who migrate to the Netherlands for family reasons all end up in the asylum procedure and are therefore all counted as asylum-seekers.

Figure 2.1 Trend in migration motives of non-Dutch immigrants, 1995-2003



Source: Central Aliens Register, CBS treatment

Illegal immigrants in the Netherlands

Statistics Netherlands (CBS) publishes periodic information on the official population of the Netherlands. This figure relates to the population entered in the (automated) Municipal Population Registers (GBA). However, not everyone who lives in the Netherlands can be entered in the Database: this applies in particular for those residing illegally in the Netherlands.

CBS estimated the number of illegal immigrants in the Netherlands on 1 January 2001 by combining data from various sources. The estimate was based on a demographic definition of 'illegal', which included all non-Dutch nationals who remain in the Netherlands for a period of four months or longer without a valid residence permit.

In this estimate, illegal aliens were divided into groups by countries of origin. The first group comprised the traditional immigration countries of Turkey and Morocco; the second group contained the main countries of origin of asylum-seekers (Afghanistan, Iraq, Iran, Somalia and the former Yugoslavia); the third group consisted of countries with which the Netherlands has important historical ties: Indonesia and Surinam; the fourth group comprised all other possible countries of origin of illegal immigrants: other non-Western countries plus the main countries of origin of illegal immigration in the former Eastern Bloc. The fifth and final group consisted of other Western countries, including the EU member states (then still the EU-15); their number was included as a memorandum item (P.M.).

The total number of illegal immigrants according to this estimate was between 46,000 (the low variant) and 116,000 (the high variant). In the low variant roughly half the illegal immigrants come from the traditional labour migration countries Turkey and Morocco, a quarter from Afghanistan, Iraq, Iran, Somalia and the former Yugoslavia, and a quarter from the other countries of origin.

Table 2.1 Estimated total number of illegal immigrants in the Netherlands, 1 January 2001

	Low variant	High variant
Originating from:	x 1,000	
Labour migration countries	24.1	48.3
Asylum countries	10.9	41.1
Former colonies	1.1	5.5
Other countries of origin	10.3	20.6
Western countries	P.M.	P.M.
Total	46.4	115.5

In most cases, there are more non-EU immigrants to EU member states than immigrants with the nationality of the member state concerned or another EU member state. In Germany, Italy, Austria, Sweden and the Netherlands, among others, more than half the immigrants in the second half of the 1990s had the nationality of a country outside the EU. Ireland has a proportionately high number of immigrants with Irish nationality: in the second half of the 1990s this group actually made up the majority of immigrants into Ireland, mostly Irish nationals who returned to their home country during a period of relative prosperity. In 2002 the proportion of Irish migrants to Ireland had fallen to one third of the total. Two-thirds of the immigration into Luxembourg comprises people with a nationality of one of the other member states. This has to do with the presence of European institutions in Luxembourg, and also accounts for the relatively high proportion of EU nationals in the Belgian immigration figures – more than twice as high as in the Dutch figures.

Table 2.2 Foreign migration 2002[1]

	Immigration		Emigration	
	x 1,000	per 1,000 of the population	x 1,000	per 1,000 of the population
Finland	18.1	3.5	12.9	2.5
Sweden	64.1	7.2	33.0	3.7
Denmark	52.8	9.8	43.5	8.1
United Kingdom	512.8	8.6	359.4	6.1
Ireland	50.5	12.7	20.7	5.2
Netherlands[2]	121.3	7.5	96.9	6.0
Belgium[2]	77.6	7.5	52.7	5.1
Luxembourg	12.1	27.0	9.5	21.1
Germany	842.5	10.2	623.3	7.6
Austria	89.9	11.1	72.7	9.0
Italy	227.0	4.0	56.6	1.0
Greece	:	:	:	:
France	:	:	:	:
Spain	483.3	11.9	36.6	0.9
Portugal	:	:	8.8	0.8
Estonia	:	:	:	:
Latvia	1.4	0.6	3.3	1.4
Lithuania	4.7	1.4	7.3	2.1
Poland	6.6	0.2	24.5	0.6
Czech Republic	44.7	4.4	32.4	3.2
Slovakia	2.3	0.4	1.4	0.3
Hungary	21.2	2.1	2.6	0.3
Slovenia	9.1	4.6	7.3	3.6
Cyprus	14.4	20.1	7.5	10.5
Malta	0.9	2.3	:	:

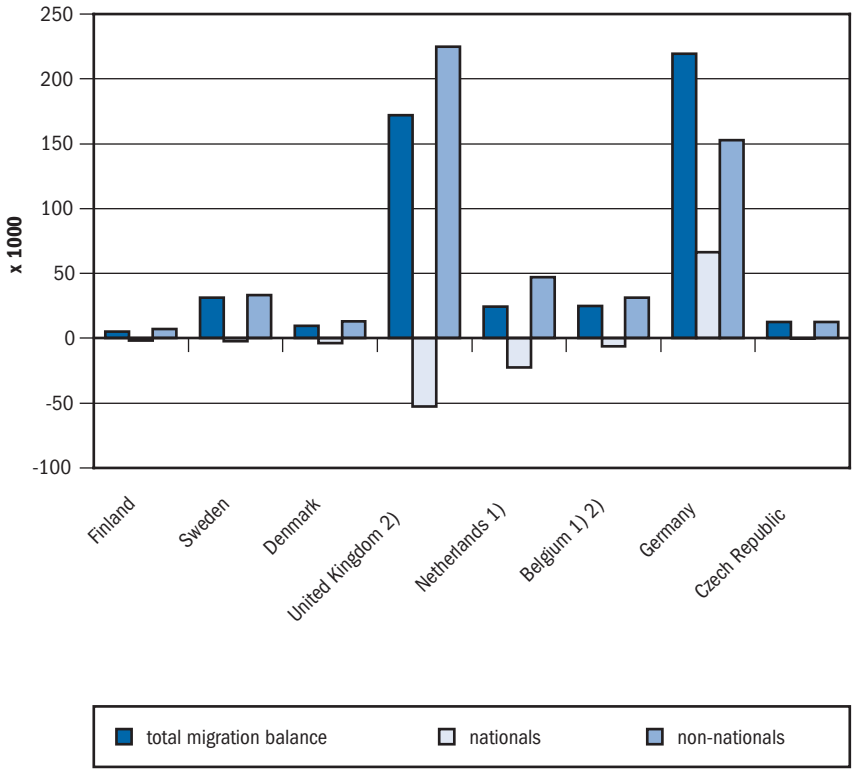
1 For Italy: 2000; for Belgium, Austria, Lithuania, Hungary: 2001.

2 Emigration: inclusive of net corrections.

Source: Eurostat

The proportion of persons with the nationality of the member state itself is much higher in the emigration figures than the immigration figures. In Denmark, Italy, Finland, the UK and Sweden the share of 'nationals' in the emigration figures at the end of the 1990s was more than 50%. The majority of people emigrating from the Netherlands, too, hold Dutch nationality. As a result, the migration balance for persons with the nationality of the country itself is usually negative. However, this is more than offset by the settlement surplus of persons with a different nationality. It should be noted that table 2.2 and figure 2.2 are not complete, because not all member states are able to provide figures on the migration balance.

Figure 2.2 Migration balance 2002



1 Including corrections.
2 For Belgium and the UK: 2001.

Source: Eurostat

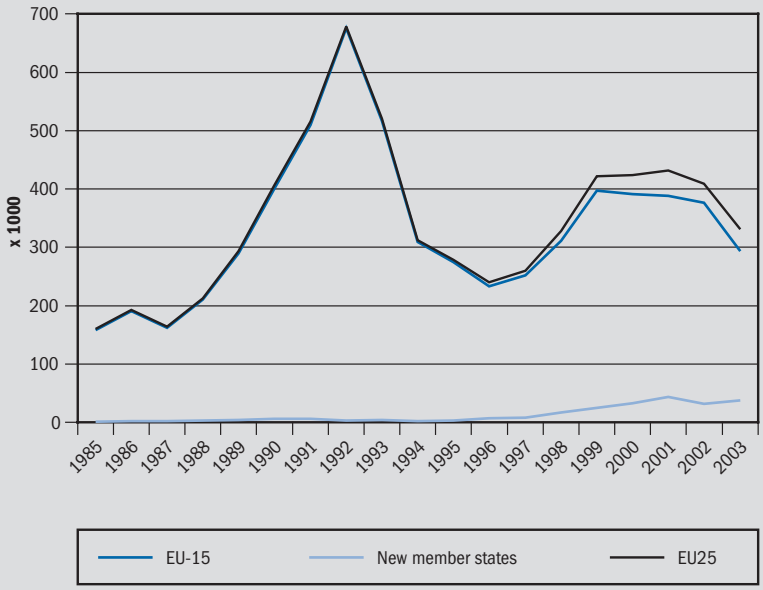
Asylum in Europe

After rising sharply in the early 1990s to reach almost 700,000 in 1992, the number of asylum-seekers in the EU member states fell below a quarter of a million in 1996 (figure 2.3). After that year the number began to rise again, and around 2000 an average of almost 400,000 persons requested asylum in one of the member states. According to figures from UNHCR, this figure fell in 2003 to around 300,000, a decline of 20% compared with the previous year. In the Netherlands the fall was even sharper, at almost 30%.

The sharp rise in the number of asylum-seekers in the EU at the start of the 1990s coincided with the fall of the Berlin Wall and with the war in the former Yugoslavia: in 1992 two-thirds of asylum-seekers originated from (Eastern) Europe. Since 2000 the majority of asylum-seekers have come from Asiatic countries, such as Afghanistan and Iraq. A relatively high proportion of asylum-seekers also still come from Turkey, the former Soviet Union and the former Yugoslavia.

Analyses of trends in the numbers of asylum-seekers in the EU often speak in terms of 'communicating vessels'. The 'peaks' in figure 2.3 in the total number of asylum requests in the EU are related in the first place to political developments and regional conflicts, for example in Bosnia and Kosovo.

Figure 2.3 Asylum requests in the European Union



Source: UNHCR

More stringent rules on asylum in some member states can lead to an increase in the number of asylum-seekers in other member states. For example, the strict policy applied in Germany after 1992 contributed to the increase in the number of asylum-seekers in the Netherlands, which rose to 53,000 in 1994 (Nicolaas and Sprangers, 2004).

The Netherlands received 0.8 asylum requests for every 1,000 inhabitants in 2003, roughly the same as in the rest of the EU-15. In the new member states the number of asylum-seekers per thousand is 0.5.

The number of asylum-seekers was proportionately highest in Austria in 2003, at 4.0 per 1,000. Sweden and Luxembourg also received proportionately high numbers of asylum requests (3.5 per thousand). In Portugal, Italy and Spain the number of asylum-seekers was less than 0.2 per 1000.

2.3 *Migration and population growth*

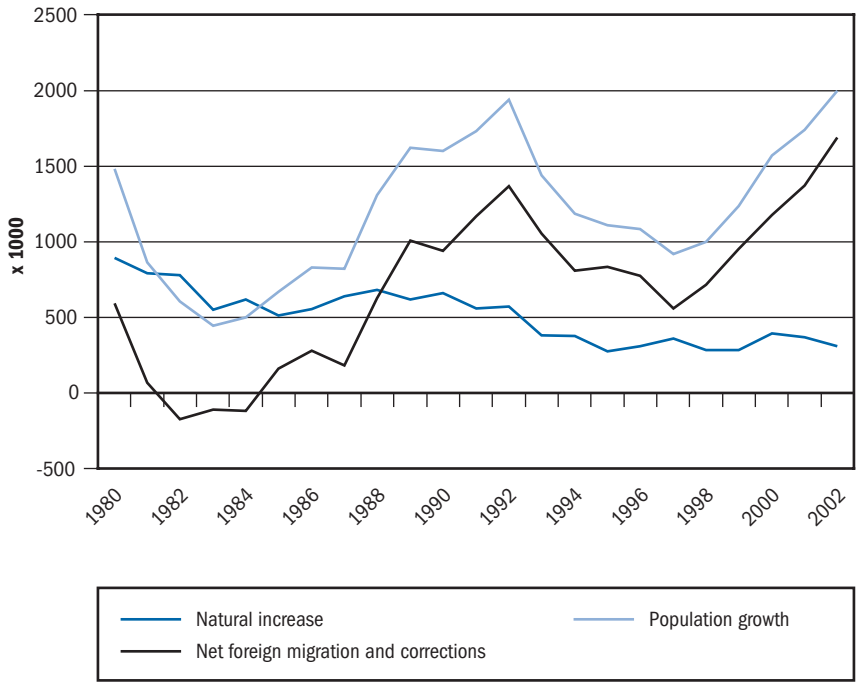
The enlargement with ten new member states on 1 May 2004 brought the population of the EU to 455 million. The number of people living in the European Union is therefore higher than in the United States or Russia (Monnier, 2004). Demographically, the new member states differ markedly from the EU-15, mainly because of the lower level of immigration. Up to the end of the 1980s natural increase (the number of births less the number of deaths) was the main population growth component in the EU, but

since then it has been overtaken by net foreign migration (figure 2.4).[1] The biggest increase in the EU population since the early 1970s occurred in 2002, when the population rose by two million, mainly as a result of immigration.

The peak in the migration balance in the EU in the early 1990s was caused by the large number of asylum-seekers in Western Europe, and especially Germany. The proportionately sharp increase from the end of the 1990s onwards was due in part to the strong European economy during that period.

According to European population forecasts, the natural population increase will be negative within a few years (Eurostat, 2002b). This is because the post-war generation have had fewer children than earlier generations. As the post-war generation begins to die off, it will be larger than the number of newborns in the same period. The number of deaths will therefore exceed the number of births. This means that, without immigration, the population will shrink. In some new member states this has already been happening for some time.

Figure 2.4 Population growth in the EU-15



Source: Eurostat

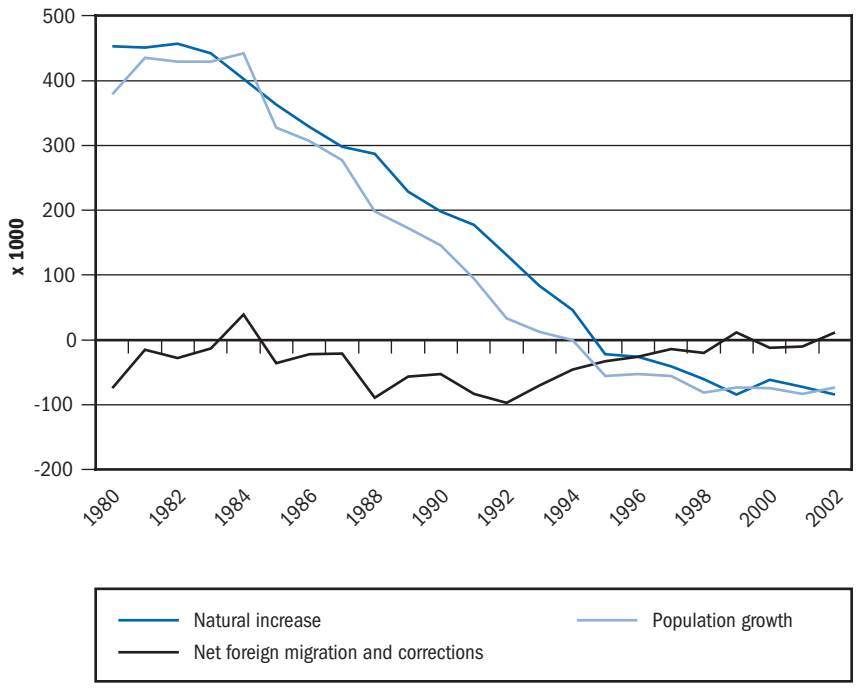
In contrast to the trend in the EU-15 as a whole, the pace of population growth in the Netherlands has been falling since 2001; where the population grew in 2000 by

1 As many countries are unable to supply accurate figures on emigration and/or immigration, the net migration balance is often estimated on the basis of the difference between the total population trend and the natural increase (Eurostat 2002a). This net figure includes corrections, which to some extent are related to unreported migration; this is the case for the Dutch migration statistics, for example. In addition, corrections may be associated with deficiencies ('noise') in population figures.

123,000, in 2001 this growth fell to 118,000 and declined further in 2002 to 88,000. The population growth in 2003, too, was relatively low compared with previous years – at 65,000, the lowest figure for 20 years. The reason for this trend is the fall in immigration and the rise in emigration. In 2003 105,000 persons settled in the Netherlands – 15,000 fewer than in 2002, when according to CBS there were 121,000 immigrants – and an even sharper fall than in 2001, when 133,000 immigrants came to the Netherlands. By contrast, the number of people emigrating from the Netherlands has risen sharply in recent years, from 83,000 in 2001 to 105,000 in 2003. As a result of the opposing trends in immigration and emigration, net foreign migration decreased from 51,000 in 2001 to around zero in 2003.

The pattern of population growth in the ten new member states is very different from that in the EU-15. Migration plays a much lesser role in these countries, so that changes in the population size are determined primarily by natural increase (figure 2.5). Since the fall of the Berlin Wall, the number of births in the new member states has declined significantly. In addition, the trend in life expectancy in a number of the new member states lags behind that in the EU-15. As a result of these trends, the natural growth in the new member states has been negative since 1995. As net foreign migration is virtually zero for the new member states, the result is a net decrease in the population of these countries. At the start of 2003 the new member states had a total population of 74 million, almost a million fewer than in 1990. This decline occurred mainly in Hungary, the Czech Republic and the Baltic states.

Figure 2.5 Population growth in the new member states

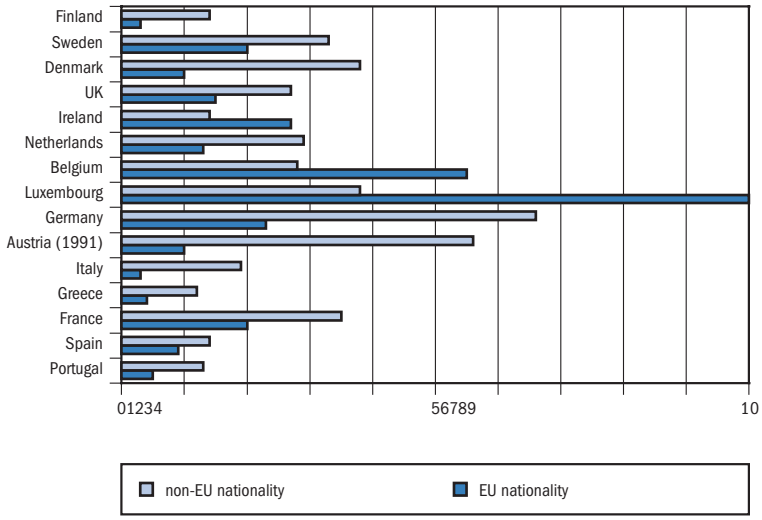


Source: Eurostat

2.4 Foreign residents

It is not easy to make comparisons between EU member states as regards numbers of foreigners or immigrants. In the Netherlands it is usual to separate immigrants on the basis of their country of birth or that of their parents. In many European countries, however, no data are available on country of birth, and for international comparisons there is therefore often no choice but to use data on nationality. The disadvantage of a distinction based on nationality is that people who have acquired Dutch nationality are no longer counted as immigrants. During the last ten years, for example, many Turks and Moroccans have acquired Dutch nationality, so that estimates based on nationality greatly understate the number of Turks and Moroccans in the Netherlands. Antilleans and Arubans can also not be segregated on the basis of nationality, because they possess Dutch nationality.

Figure 2.6 Share of foreigners in % in EU member states, 1 January 2001



Source: Eurostat

According to figures from Eurostat, approximately 14.9 million 'non-nationals' were living in the EU-15 in 1999. This is equivalent to 4% of the total population of 377 million. Almost a third of these foreigners held the nationality of one of the other EU member states. The immigrant population of non-EU origin largely consisted of subjects of countries that were formerly sources of guest workers (Turkey and Morocco), asylum countries and former colonies. The population of Luxembourg includes more than 30% EU citizens (figure 2.6), many of them staff of European institutions. Belgium also has a relatively large number of residents with non-Belgian EU nationality. Again many of these are officials of European institutions, though they also include Dutch citizens who have gone to live in Belgium for tax reasons.

Data on country of birth are available for fewer than half the EU member states for the year 2001. The proportion of persons born abroad is highest in Sweden, France, Slovenia and the Netherlands, at more than 10% (Eurostat/Prins, 2004). North Africans are the largest group of persons of foreign birth in France: almost 2 million French residents were born in Algeria or Morocco. In the Netherlands the largest groups of persons born elsewhere are Surinamese (187,000), Turks (182,000), Indonesians

(166,000) and Moroccans (156,000). In Spain the proportion of the population born abroad is relatively small, at 4%. In addition to Moroccans and Europeans, a relatively large number of people living in Spain were born in Argentina, Cuba, Peru or Venezuela; the effect of historical ties and a common language is clearly reflected in these figures. The UK is home to a proportionately large number of people who were born in the former colonies India and Pakistan (429,000 and 262,000, respectively). Beyond this, the largest group of persons of foreign birth were born in Ireland (519,000).

In those member states for which data are available, the number of residents born abroad is greater than the number of people who do not hold the nationality of the country where they live. One numerically important reason for this is naturalisation, whereby people acquire the nationality of their new country of residence. Another important reason is the immigration of people who already have the nationality of their new country residence; for the Netherlands this applies for immigration by people from the Netherlands Antilles and Aruba, and previously from the former Dutch East Indies, New Guinea and Surinam.

The ratio between the number of residents born in a given country and those who hold the nationality of that country can be determined among other things by the period of residence in the new home country. The proportion of people born in Iran or Vietnam who have assumed the nationality of their present country residence is relatively high in most countries. This may be because many Iranians and Vietnamese refugees left their birth countries in the 1970s, and have therefore had plenty of opportunity to acquire the nationality of their new homeland. Refugees who left their country of birth more recently, such as people from Afghanistan or Somalia, have lived in their new homeland for only a relatively short period and have therefore had little time to integrate and acquire the nationality of their new country residence (Prins, 2004).

Clustering of immigrants by origin

Statistics and forecasts of immigrant numbers are available for the Netherlands. Statistics Netherlands (CBS) counts people as immigrants if at least one parent was born abroad. A distinction is made between persons who were born abroad (first-generation migrants) and persons who were born in the Netherlands (the second generation). The origin clustering is based on the country of birth of persons themselves (first generation) or that of their mother (second generation), unless the mother was born in the Netherlands, in which case the country of birth of the father is taken as a basis. A distinction is made between people with a Western and a non-Western background. The category non-Westerners includes people from Turkey, Africa, Latin America and Asia with the exception of Indonesia and Japan; based on their socio-economic and socio-cultural position, immigrants from these latter two countries are counted as Western migrants. They are mainly people who were born in the former Dutch East Indies and employees of Japanese companies together with their families. Western migrants include people from all countries in Europe (except Turkey), North America, Oceania, Japan and Indonesia (including the former Dutch East Indies). Indigenous persons are people both of whose parents were born in the Netherlands, regardless of the country where they themselves were born.

According to the CBS forecast, the number of non-Western migrants will increase from 1.6 million in 2002 to almost 2 million in 2010. The number of Western migrants will increase significantly less quickly over the same period, from 1.4 million now to 1.5 million in 2010. Asiatics will be the fastest growing group: in 2010 there will be almost 400,000 Asiatics living in the Netherlands, compared with just under 270,000 today. There will also be almost 400,000 Turks in the Netherlands in 2010; at present, Turks form the largest ethnic group at 330,000. In 2002 almost one in ten inhabitants of the Netherlands were non-Western migrants; this proportion will have doubled by 2050.

Source: Alders, M., 2003, Allochtonenprognose 2002-2050: bijna twee miljoen niet-westerse allochtonen in 2010. Bevolkingstrends 2003 I, CBS, Voorburg/Heerlen

2.5 *Employment situation of immigrants*

In this section the employment situation of immigrants is compared with that of the indigenous population.[2] In this (international) context, the indigenous population means those who were born in the country itself. [3]

2.5.1 *Activity rate of immigrants in the EU*

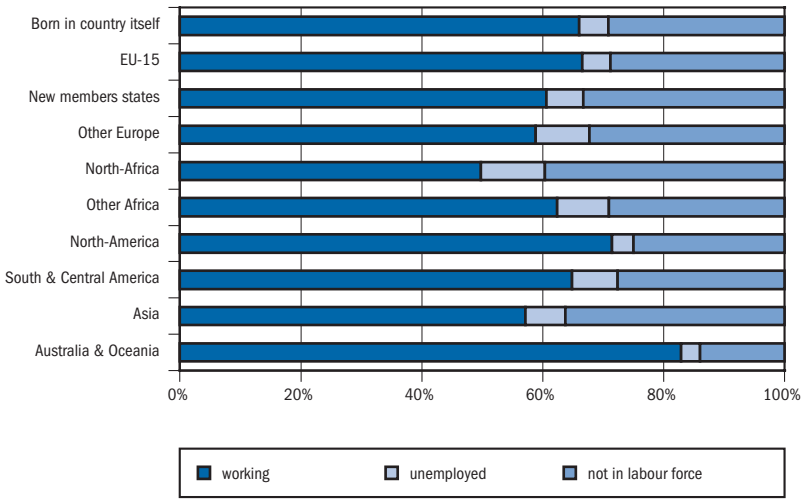
People living in the EU but born outside it are in a weaker employment position than the indigenous population. This is illustrated for example by the fact that they work less often: in 2002 for example, 66% of the indigenous population were in work compared with 60% of immigrants. They are also more frequently looking for work; the unemployment rate in the indigenous population aged 15-64 years was 5% in 2002, compared with 7% among the immigrant population.

There is wide variation between the different categories of immigrants, however, and not all immigrants are in a worse position on the jobs market than the indigenous population. Immigrants from North America and Oceania (including Australia and New Zealand) are actually in a better employment position than the indigenous population; they are more often in work and are less frequently unemployed. In 2002 their activity rate was over 70%, while their unemployment rate was below 4%. These people evidently often come to the EU in order to work there, possibly on secondment from their employer.

2 The figures on the labour market situation of immigrants are taken from the EU Labour Force Survey covering the second quarter of 2002. In addition Germany, Italy, Poland and Slovakia have been left out of consideration because no country of origin was available for these countries. The trend figures used for the comparison of the situation in 2002 with preceding years relate only to the EU-15. Turkey is classified with 'Other Europe'.
The labour force is defined using the accepted international definition as established by the International Labour Organisation (ILO). The unemployment rate is that proportion of the labour force that is unemployed. The working labour force includes everyone who works for one hour or more per week.

3 This definition differs from the definition used in the Netherlands: CBS generally regards all persons of whom at least one parent was born abroad as immigrants. Immigrants who were themselves born abroad constitute the first generation and those born in the Netherlands make up the second generation.

Figure 2.7 Employment situation of immigrants



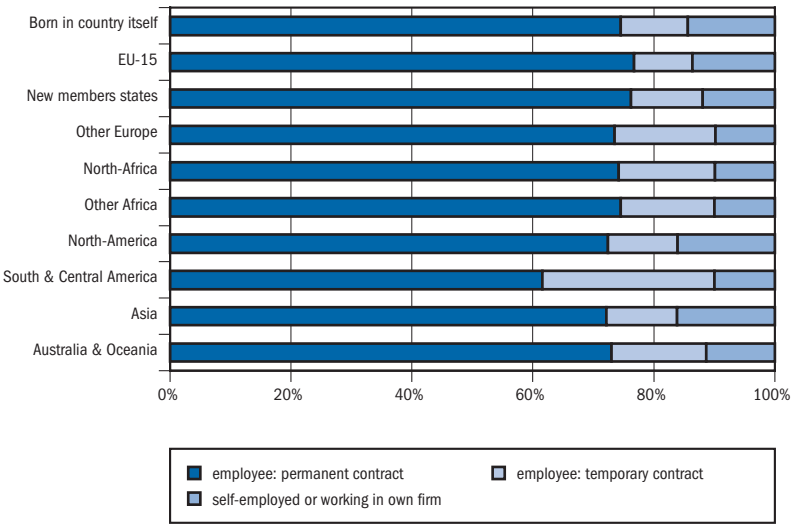
Source : Labour Force Survey, 2002

The labour market situation of immigrants born in countries that were member states of the EU prior to 1 May 2004 (the (EU-15) is comparable with that of the indigenous population; in 2002 virtually the same proportions of these immigrants were in work and unemployed as the indigenous population. The position of immigrants from the new member states was less bright; fewer of them were in work and they were more often unemployed. Immigrants from North Africa were in the worst employment situation, with only 50% in work in 2002 and a 10% unemployment rate – twice as high as in the indigenous population.

2.5.2 *Employment position of working immigrants*

Immigrants more frequently have temporary employment contracts than indigenous workers: 14% in 2002 compared with 11% of indigenous employees.

Figure 2.8 Employment position of working immigrants



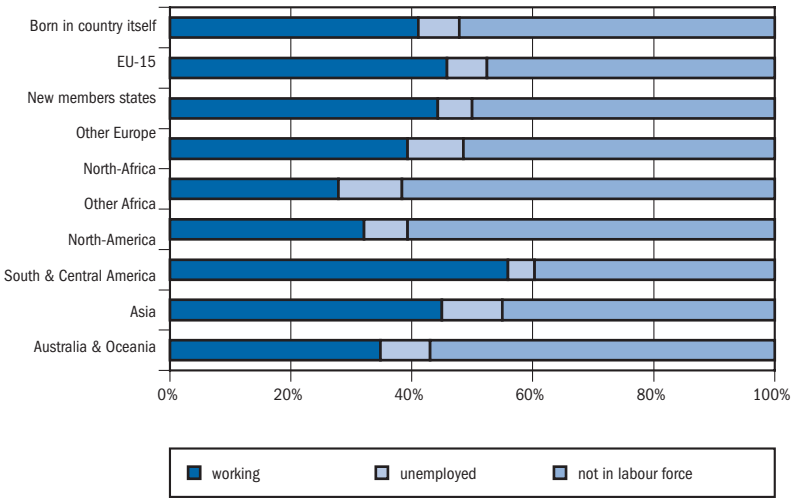
Source : Labour Force Survey, 2002

Immigrants from North America and Asia are relatively frequently self-employed or work in a family firm. In 2002, for example, 16% of this group were self-employed compared with 14% of the indigenous population. The percentage is roughly the same for immigrants from other EU member states. By contrast, immigrants from other countries have their own business relatively less often; around 10% of them were in this position in 2002.

2.5.3 *Employment situation of young immigrants*

The employment situation of immigrants varies according to their age. The position of the younger age group (15-24 years) is especially interesting. Many young people from Western countries move to other Western countries in order to work there. This is evident from the activity rate of young people in the EU, which was more than 51% in 2002 for young immigrants from the EU-15 compared with 46% for indigenous young people. The same applies to an even greater extent for immigrants from North America and Oceania: their activity rate was more than 60%. Immigrants also come to work in the EU from South and Central America: their activity rate was also over 50%. There is however a difference between labour migrants from North America and those from South and Central America: the former group often have a permanent contract, while the latter group are relatively frequently employed on a temporary basis. The activity rate of young (North) Africans is relatively low.

Figure 2.9 Activity rate of 15-24 year-old immigrants

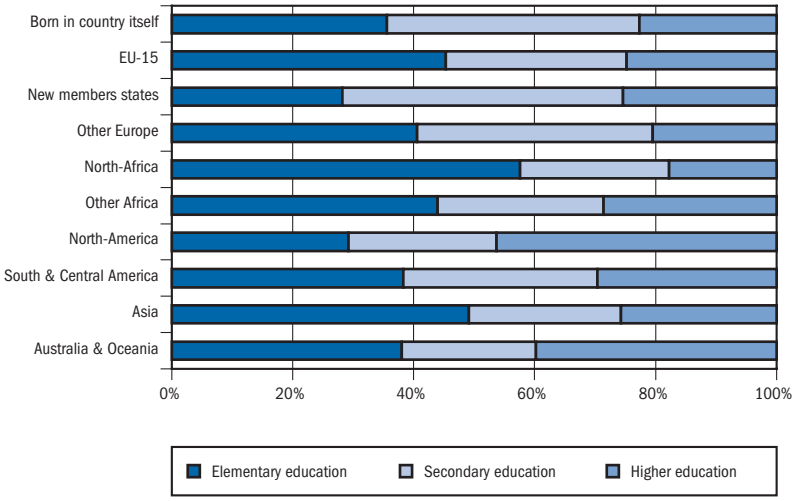


Source : Labour Force Survey, 2002

2.5.4 *Education level of immigrants*

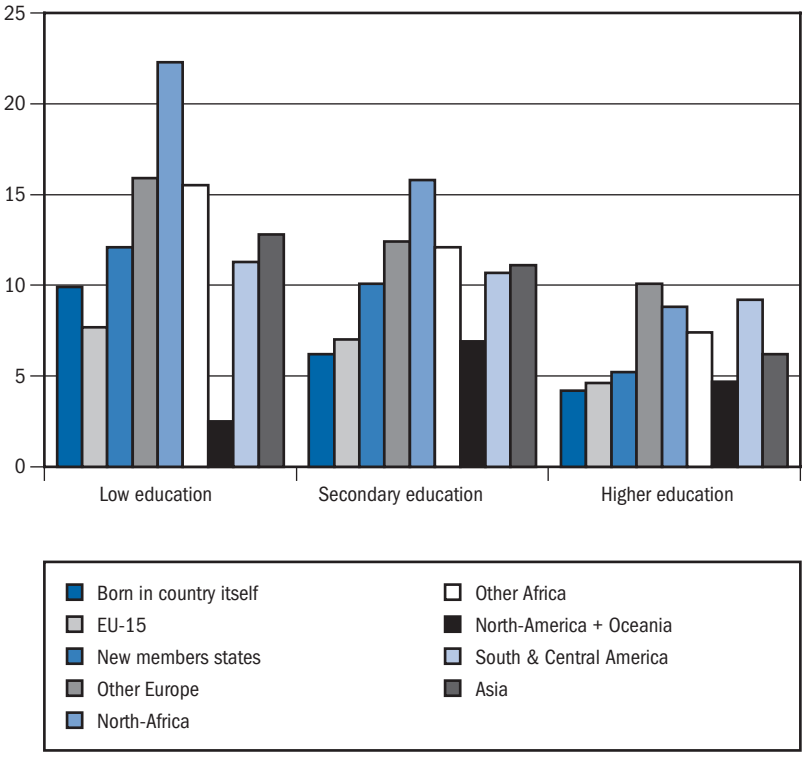
The education level of immigrants varies considerably. Immigrants from North America and Oceania are relatively frequently well educated: in 2002 this applied for over 40% of them, compared with 23% of the indigenous population. Immigrants from South and Central America also more frequently have a higher education background. There are also groups of immigrants who are relatively poorly educated, in particular those from North Africa and Asia: in 2002 this applied for around 50% of these groups, compared with 36% of the indigenous population. The picture for the other countries is more diverse.

Figure 2.10 Immigrants aged 25-64 years, by education level



Source : Labour Force Survey, 2002

Figure 2.11 Unemployment rate of immigrants aged 25-64 years, by education level



Source : Labour Force Survey, 2002

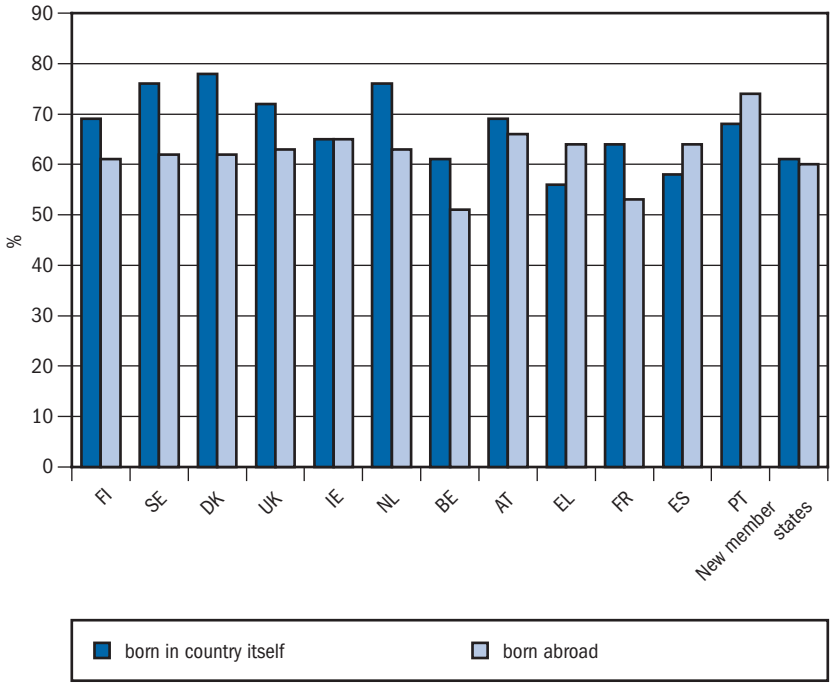
People's education level influences their labour market position. For example, the unemployment rate is considerably higher among the poorly educated than among those with a higher education background. This applies for both immigrants and the indigenous population. However, the differences between immigrants and indigenous

people are greatest among the poorly educated. In 2002, for example, the unemployment rate of people born in North Africa was 22% compared with 10% for the indigenous population. Other poorly educated immigrants from Africa and other European (non-EU) countries are also more frequently unemployed, and the picture is similar for those with a secondary education background. Immigrants from South and Central America and Asia with a secondary education are also more often unemployed: 11% versus 6% of the indigenous population with a comparable education level.

2.5.5 *Differences within the EU*

The EU is not homogenous as regards the labour market situation of immigrants; the picture varies from one member state to another. In the majority of member states immigrants work less frequently than the indigenous population, though this does not apply for the Southern member states: the activity rate of immigrants in Greece, Spain and Portugal is actually higher than that of the indigenous population. In Ireland and the new member states, the labour market participation rate of immigrants in 2002 was the same as that of the indigenous population.

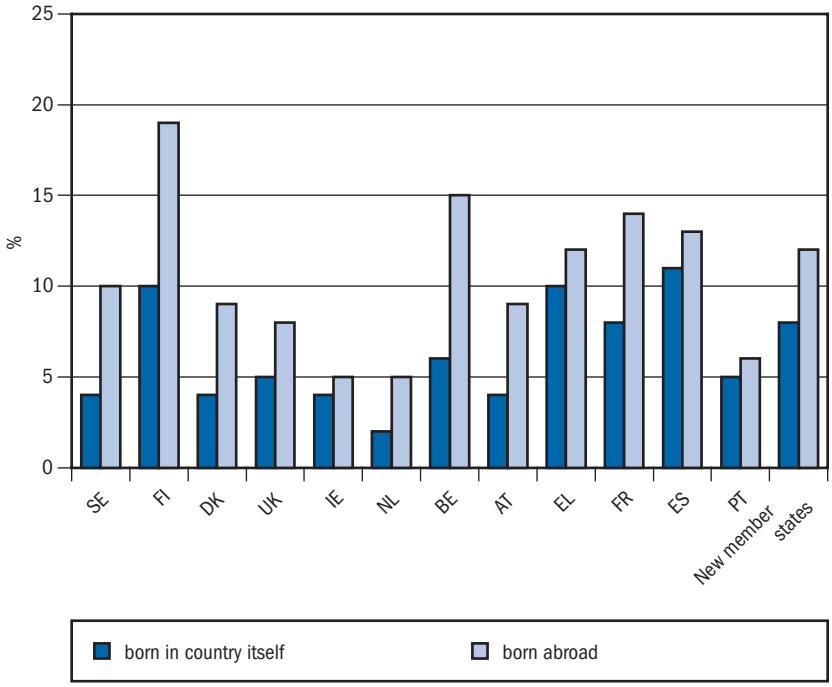
Figure 2.12 Activity rate of immigrants aged 15-64 years, by country



Source : Labour Force Survey, 2002

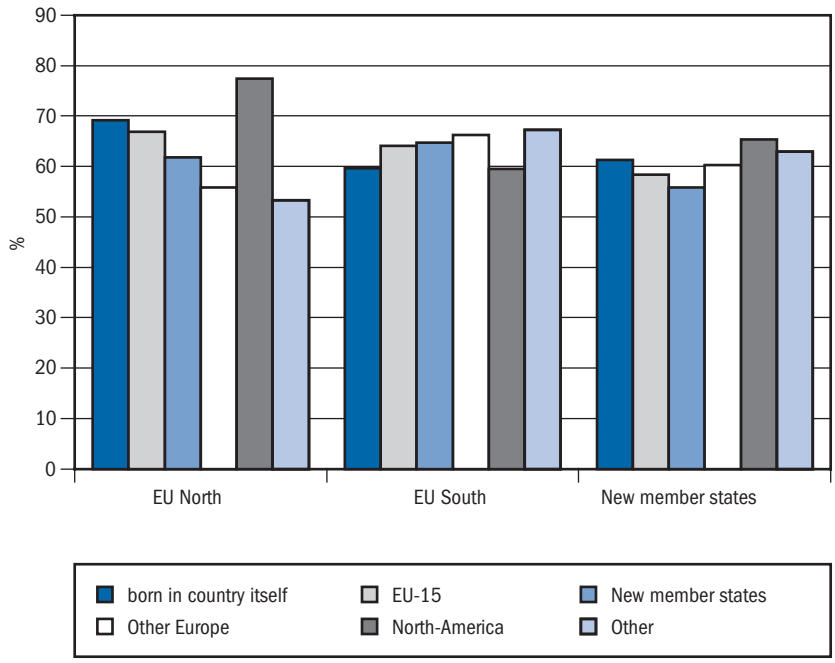
Immigrants in all EU member states are more often unemployed than the indigenous population, though there are differences of degree. The differences are less marked in the Southern member states, for example, than in the majority of other member states. Ireland is the only member state in northern Europe where there is virtually no difference between immigrants and the indigenous population. This is because Ireland has a fairly high proportion of immigrants from North America, who are in a relatively good labour market position.

Figure 2.13 Unemployment rate of immigrants aged 15-64 years, by country



Source : Labour Force Survey, 2002

Figure 2.14 Activity rate of immigrants aged 15-64 years, by EU region

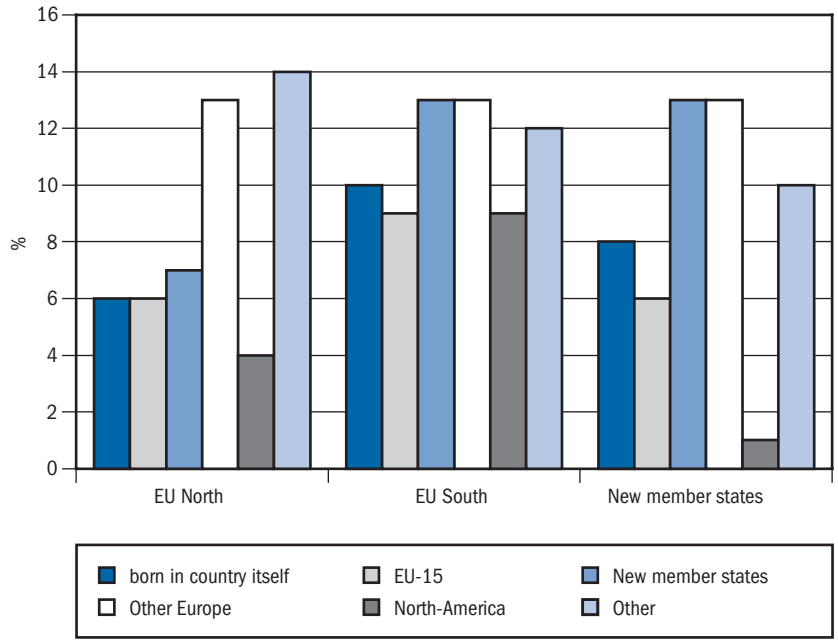


Source : Labour Force Survey, 2002

To establish which immigrants perform better in the EU than the indigenous population, the EU was divided into three categories: EU-North, EU-South and the new member states. Comparison of the activity rates then produces an interesting picture. In the Southern member states, the activity rate of immigrants from all regions is higher than that of the indigenous population. In the North this is only the case for immigrants from North America and Oceania. The activity rate of immigrants from outside the EU – with the exception of North America – is relatively low in Northern Europe, at less than 60%. The percentage in Southern Europe is higher, at 66%. Providing an explanation for this difference between the Southern member states and the rest of the EU is not a simple matter. Chapter 3 looks in more detail at the determinants for the employment situation of immigrants.

Differences are also found in unemployment rates between the Southern member states and the rest of the EU. Immigrants from outside the EU are more often unemployed in all member states, with the exception of immigrants from North America. In the Southern member states and the new member states, however, immigrants from the new member states are also in a weaker labour market position; in 2002 they were unemployed as often as immigrants from outside the EU. This is not the case in Northern Europe: here the unemployment rate of this group is virtually no higher than that of the indigenous population.

Figure 2.15 Unemployment rate of immigrants aged 15-64 years, by EU region



Source : Labour Force Survey, 2002

3 Economic effects

Immigration and the economy are inextricably bound up with one another. On the one hand immigrants are often prompted by economic motives, for example better prospects of finding a job or higher wages. The economic situation in a country therefore has a bearing on the number of immigrants. On the other hand, immigrants in turn affect the economic situation in the host country. They may for example pay taxes and so contribute towards the public finances. At the same time their arrival may be at the expense of (some) native employees. Alternatively, an immigrant may be unable to find a job and may have to draw on social security; as seen in the previous chapter, the rate of unemployment among immigrants is higher than that among natives in all the EU member states, which acts as a drag on the economy in the host country. An increase in the labour force participation rate, i.e. further economic integration, would provide a solution, but what explains the marked differences in the labour market position of immigrants in the various EU member states?

This chapter examines these aspects. To begin with the determinants of migration are discussed. What determinants guide an individual's decision to emigrate to an EU member state? Do these factors also apply in the case of asylum-seekers and illegal migration? The consequences of immigration for the host country are then examined. Does migration lead to the displacement of native employees in the EU? And what does migration mean for public finances in the European member states? The question of economic integration is then examined in more detail. What explains the differences in wages and unemployment between immigrants and natives in Europe? Is this due to differences in level of education or do other factors play a role?

3.1 Determinants of migration

What induces a migrant to move to an EU member state? This is the central question addressed in this section. To begin with a brief overview is provided of the theoretical determinants of the decision to migrate and their empirical importance. The emphasis will be placed on labour migration. In addition asylum flows and illegal immigration will be briefly examined. In theoretical discussions, wage and unemployment differentials between the countries of origin and destination are the most important – economic – determinants of migration decisions. Two approaches are discussed that differ from one another largely in terms of the time-horizon of the migration decision. Under the first approach, labour migration is driven by differences in the current wage level in various countries. The second approach is based on a human capital perspective, in which migrants look not just at current but also future income differentials. This takes into consideration not just income from employment but also other sources of income, such as benefits. Apart from these two theories this section describes a number of other (non-economic) determinants. The empirical findings from the literature are then outlined. The section concludes with an explanation for the increase in illegal immigration.

Wages and unemployment

The first approach is generally ascribed to Harris and Todaro (1970).[1] Their original model describes migration from rural areas to the city in a developing economy but can also be applied more generally to migration, both between regions and between countries. In this model the migration decision is based on the expected earnings from employment; people move if the expected wage is higher than at home. The expected wage depends on the prospects of finding a job and average wages in a particular country. In this model equilibrium is brought about by labour mobility: migration between countries will continue until the expected earnings are the same in each country. According to this theory, high unemployment and lower wages therefore lead to lower immigration into the country in question.

In the Harris-Todaro model the expected wage (after adjustment for migration costs) in all countries is the same in the long term. This is not very realistic. Even between the 15 old member states of the European Union the differences are marked: net hourly wage in the Netherlands is for example over 50% higher than in Portugal, while unemployment in the Netherlands is lower.[2] The outcome becomes more realistic by assuming that better facilities or a pleasant climate compensate for the ensuing differences in wages and unemployment. Not the expected earnings but the expected utility is then ultimately the same.

There are a number of variants on the Harris-Todaro model. Pissarides and McMaster (1990), for example, indicate that if employees are risk-averse, the level of unemployment – apart from the unemployment differentials between countries – will be a decisive factor in the migration flows. The various elaborations of the standard model do not however in any way change the most important implications: high unemployment and lower wages result in less immigration into and more immigration from the country in question.

Income throughout a person's career

The second important school of thought regards migration from a human capital perspective. Sjaastadt (1962) is generally regarded as the founder of this school of thought. Under this approach the expected utility for an individual, which remained implicit in the case of Harris and Todaro, is rendered explicit. Consideration is given not just to the wage that the employee can earn immediately upon arrival in another country but to all expected future income flows. A person will emigrate if the total net cash value – or in fact the expected utility – in the destination country is higher than in the country of origin.

The predictions under this model in relation to the effect of wage and unemployment differentials on the migration decision are no different from those in the Harris-Todaro model, but the broader light in which the migration decision is considered also means that a more extensive collection of potential determinants is examined. Relevant factors will for example also include the age of a potential migrant and his or her ability to build up knowledge. Young people will for example have longer to recoup

1 This approach had a number of early forerunners in Smith (1776), Ravenstein (1889) and Hicks (1932).

2 The differences in relation to the new member states are even more marked (see Ederveen and Thissen, 2004).

the migration costs. The returns for a highly educated migrant may also be higher in one country than in another, while for a low-skilled migrant this may be the other way round.

One determinant to which special attention is paid on account of its potential importance for the EU is the influence of the welfare state. Potential migrants may take the generosity of the social security system into account. Generous facilities make a country attractive to migrants, especially for those with limited prospects (Borjas, 1999). The associated social security charges, however, will inhibit the flow of migration. Migrants with good labour market prospects, in particular, will opt for countries where such charges are low.

The option value of postponing the migration decision has also been modelled in one of the elaborations of the human capital approach (Burda, 1995). A person can postpone the migration decision until more information becomes available, even if migration is expected to lead to gains. This may explain why the migration flows between the EU member states themselves are relatively low despite ongoing differences in prosperity.

Other approaches

Various complementary lines of approach have been developed in the economic literature. One of these is the network approach (Carrington et al., 1996). This theory assumes that the presence of migrants reduces the costs of migration for potential future migrants from the same country. The network can for example help people to find a job or a house or to obtain a work permit. For these reasons potential migrants will have a preference for a destination country where they already have acquaintances or compatriots. This 'friends and family' effect may be viewed as an extension of the previous approaches, in which account is taken of the costs of migration: migrants move if the expected higher income outweighs the costs. An effectively functioning network can reduce these migration costs. A small inflow of migrants can in due course lead to a substantial migrant population via this channel.

Another line of approach is that of the family. Family links can both encourage and inhibit migration. A stimulatory reason is advanced by Stark (1991), who claims that families spread their risk and hence increase their prosperity by getting various family members to work in various countries. Migrants will in these circumstances remit part of their income to their home country. Family links also play a key role in marriage migration, whereby the migration of the breadwinner results in follow-up migration by family members. Family links can act as a brake on migration if the migrants want to move together, so that multiple members of the family – for example husband and wife – must give up their jobs in the country of origin (Mincer, 1978).

Finally it may be noted that a number of aspects are generally left out of account in the theoretical economic literature. The theory is, for example, based on a world without constraints on labour mobility, which is unrealistic, as there are numerous obstacles towards migration between countries. This includes not just linguistic and cultural differences but also the immigration policy, which in practice often imposes explicit restrictions on mobility. Chapter 5 deals in more detail with a number of notable differences in the way in which countries have shaped their immigration policies.

Empirical evidence

A large number of studies have been conducted in order to test the predictions from economic theory in respect of migration flows in the EU. These empirical studies differ widely. Some examine interregional mobility within the one country, others examine regional mobility between countries and others again look at migration from country to country. Some studies consider the migration decision from the perspective of the individual, while others look at migration flows between regions or countries. The diversity of approach makes it difficult to compare the results.

Virtually all studies take the impact of wages and unemployment into account. In a 'meta-analysis', Ederveen and Bardsley (2004) provide a survey of 26 empirical studies of migration flows in the EU. A meta-analysis systematically examines the similarities and differences between research findings. The most important conclusion to emerge from the analysis is that in the majority of cases, the impact of both wage and unemployment differentials is in the theoretically predicted direction, but that the effects are relatively small. Taken on average a real increase in wages of 10% in an European destination country leads to an increase in immigration into that country of 4%. A lower level of unemployment in a country or area in the EU also leads to additional immigration: 10% less unemployment (i.e. a fall for example from 10% to 9%) in the region in question leads to an increase in immigration of 1.5%. The average, however, conceals wide variations in the results; approximately a quarter of the studies report that a reduction in the wage differential in fact leads to more immigration, while a smaller proportion of the studies find that high unemployment in the host country results in higher immigration.

In the case of wage differentials an unexpected result may be related to the need for a certain level of assets in order to emigrate. In this way Faini and Venturini (1994) explain the sharp increase in Italian emigration from the end of the 19th century onwards. Another indication in this direction is that emigration from poor countries often increases at times of economic growth. Massey (1988) for example notes that emigration follows an inverse U-pattern, being low in generally poor countries, a good deal higher in moderately poor countries, and once again low in rich countries. Migrants from moderately poor countries not only have much to gain from migration but also have the financial capacity to migrate.

Jackman and Savouri (1992) provide an explanation as to why some empirical studies find that an increase in unemployment differentials results in less migration. Rising unemployment differentials often apply at a time of recession. At the same time recruitment is cut back on during an economic downturn. The result is that estimates find an unexpected effect of unemployment on migration, although this observation is consistent with the theory that migrants from regions with high unemployment migrate to regions with low unemployment.

Apart from wage and unemployment differentials, networks are an important determinant of migration flows. Waldorf et al. (1990), for example, show that these had a major bearing on the migration of Turks to (West) Germany. Similarly Pedersen et al. (2004) find in a study of 27 OECD destination countries and 129 countries of origin that migrants relatively often go to a country where there are already a considerable number of compatriots. This effect is the most marked for migrants from low-wage countries, i.e. for those facing relatively high migration costs. Hatton and Williamson (2002) provide an indication of the size of the network effect. Their findings suggest

that the presence of a thousand migrants from a particular country leads to an annual inflow of 23 migrants from that country.

The fact that policy plays an important role is supported in particular in the literature by pointing to major policy changes, such as the cessation of labour migration during the first oil crisis in 1973 or the opening of the borders by former communist countries. These and other events significantly influence migration flows. We are not, however, aware of any systematic research into the influence of policy on migration flows.

In the debate about migration reference is also often made to the possible selection effect of the welfare state: countries with a generous social security system are attractive to deprived migrants. There are, however, few studies in which the impact of benefits has been empirically estimated. In an analysis of migration within Scandinavia, Lundborg (1991) found that the welfare system had a significant impact on immigration. Similarly Borjas (1999) has found evidence in support of the pull effect of generous welfare provision, but Pedersen et al. (2004) concluded in a recent study that selection effects are not a significant factor in explaining migration flows.

Estimates of other determinants of labour migration in the empirical literature are rare. In particular these concern linguistic and cultural differences. In addition, reference are often made in discussions concerning labour mobility within the EU-15 to specific institutional obstacles, such as the portability of pensions and recognition of educational qualifications (see for example Boeri et al., 2002 and SER, 2001). The lack of empirical material makes it difficult to determine the quantitative effect of such determinants. In a new study Belot and Ederveen (to appear later this year as a CPB Discussion Paper) find empirical confirmation for the negative impact of cultural and institutional aspects on labour mobility.

Most empirical studies are concerned with migration in general or labour mobility in particular. Exceptions are an article by Zimmermann (1994) and a recent article by Hatton (2004), which investigate the determinants of asylum flows to Europe. As might be expected, asylum-seekers flee their country of origin when wars and conflicts are looming. For preference they will go to a country where there are already many compatriots: network effects turn out to play an important role in explaining asylum flows. In addition the traditional economic factors have a strong explanatory power: asylum flows are stronger to countries with higher wages and lower unemployment.

Hatton indicates furthermore that stricter asylum policy has a discouraging effect on asylum flows. Stricter policies were, however, unable to prevent the sharp rise in the flow of asylum-seekers during the period investigated (1980-1999). An explanation for the strong growth is the better access of asylum migrants to information on asylum in EU member states. Chapter 2 also indicates that the inflow of asylum-seekers fell significantly in 2003.

To sum up, differences in wages and unemployment and the existence of networks play an important role in the decision by migrants to move and in their choice of where they want to live. Restrictive immigration policies can hold back these economically determined flows. There are less clear-cut indications to support the hypothesis that the welfare state has a pull or selective effect. These economic determinants provide only a partial explanation for the migration flows. Non-economic factors, such as political changes or linguistic and cultural differences, are also a factor.

Illegal workers

Apart from legal migrants, large numbers of illegals also enter Europe. As noted in chapter 2, the number of illegal migrants in the Netherlands is put at between 46,000 and 116,000. The estimates for other EU member states are also substantial: 200,000 in the United Kingdom, 300,000 in France, 500,000 in Germany and no fewer than 800,000 in Italy.[3] The total number of illegal immigrants in the EU is still lower than the estimated 8 million in the US. The annual inflow of illegals into the EU is, however, in line with that into the US: according to estimates by Europol and the Migration Policy Institute, 500,000 illegals enter both the EU and the US each year. The number of illegals is therefore rising more rapidly in relative terms in the EU than in the US.

Many illegal immigrants are taken on as undeclared labour. Djajic (2001) estimates that approximately 70% of the illegal immigrants are employed in the black economy. The problem of illegal labour has recently been near the top of the European political agenda. This has been due on the one hand to increasing concern from within society (from trade unions, human rights organisations, churches and public opinion) and, on the other, to the fact that ever more member states are formalising their policies in respect of legal migration and do not wish those efforts to be thwarted by a major increase in illegal migrants.

There are two possible causes for the increase in illegal immigration. The first places the emphasis on the supply of migrants. The starting point is that the inflow of migrants depends on the situation in the country of origin. If legal migration is prevented by legislation, many of these migrants will end up as illegals.

The second explanation is based on the demand for illegal workers. Illegal labour provides employers with the ability to reduce their labour costs. In this way illegal employment brings economic benefits to employers and hence, potentially, to the economy as a whole. It is sometimes said that governments consequently turn a blind eye to this phenomenon, even though they are not prepared to admit this officially (Cornelius et al., 1994).

Which of the two aforementioned explanations is the better equipped to explain the increase in illegal immigrants in recent decades? Although both arguments are probably important, recent research indicates that the latter explanation is the dominant one: the problem of illegal workers is primarily demand-led. An important indication for this is that the growth in illegal workers has gone hand-in-hand with the growth of the informal economy. Entorf and Moebert (2004) indicate that the percentage growth of the black economy and of illegal immigration has run in parallel in recent years. Illegal immigrants have not therefore supplanted natives in the black economy. This cannot be explained by supply-led illegal immigration.

The increase in illegal immigration appears therefore to be primarily a demand-led phenomenon. Similarly the European Commission (see EC, 2004a) observes that 'undeclared work is an important pull factor'. The development of illegal immigration is closely related to the changing importance of informal activities in general. Explanations for the growth of the black market in the EU point to the effects of globalisation (Overbeek, 2002) and to the rigidity of European labour markets (Jahn and Straubhaar,

3 Europe source: Djajic (2001). US source: Boswell and Straubhaar (2004) and Migration Policy Institute (2002, 2004). The estimate by Schneider (2003) for Germany is much higher: 1.2 million.

1998). In a highly competitive world in which wage costs are an ever bigger factor, smaller businesses, in particular, seek to recruit cheap labour in order to remain competitive. The importance of the black market has consequently increased in recent decades to around 15% of the GDP of the EU, with outliers as high as 25% in Southern Europe.[4]

How can the increase in illegal migration be reined in? The analysis above indicates that illegal immigration is affected to only a limited extent by the policy on legal migration. In order to tackle illegal migration at source the importance of the black market has to be reduced. This can only be achieved by coming down heavily on employers who take on illegals. This approach will not, however, readily lead to results, since the relevant employers are hard to trace (Boswell and Straubhaar, 2004).

3.2 *Impact of migration on the labour market and public finances*

Migration brings significant benefits for the host country.[5] It provides employers with the ability to fill vacancies that would otherwise be difficult to fill, while working migrants pay taxes and so contribute towards the funding of the welfare state. Migration does, however, also have adverse effects for the host country. It can for example lead to greater competition in the labour market and hence to lower wages and potentially to higher unemployment among the native population. Migrants do not just contribute towards but also draw on social security provision.

This section briefly examines the consequences for the labour market and public finances as discussed in the economic literature. The analysis draws in particular on the study by Roodenburg et al. (2003), while also adding a number of new elements. In the first place the survey includes a number of very recent empirical studies. These suggest that the impact of immigration on the wage and employment of natives could well be greater than hitherto assumed, thereby casting doubt on the prevailing consensus. Secondly this section examines the EU as a whole and not – as in the case of Roodenburg – just the Netherlands. The consequences of immigration for the public sector turn out to vary markedly from one member state to another. A particularly important factor in this regard is the labour market participation rate of immigrants.

3.2.1 *Labour market*

Migration increases the supply of labour. For this increase to be absorbed there must be a rise in demand. Companies will create more jobs as labour becomes cheaper. A greater supply therefore requires a fall in wages. Figure 3.1 shows the relationship between the supply of labour, wages and employment in a simple, partial analysis of the labour market.[6] Migration results in a shift to the right of the labour supply curve. In order to restore equilibrium in the labour market and to expand employment, wages must fall.

4 Estimates for the scale of the black market may for example be found in Schneider (2003) and EC (2004a).
5 The consequences for the country of origin are not examined here. On this subject see for example appendix 1 in Roodenburg et al. (2003).
6 This figure is based on a competitive economy with two factors of production, labour and capital, in which the latter is assumed to be constant.

Figure 3.1 Migration and a clearing labour market

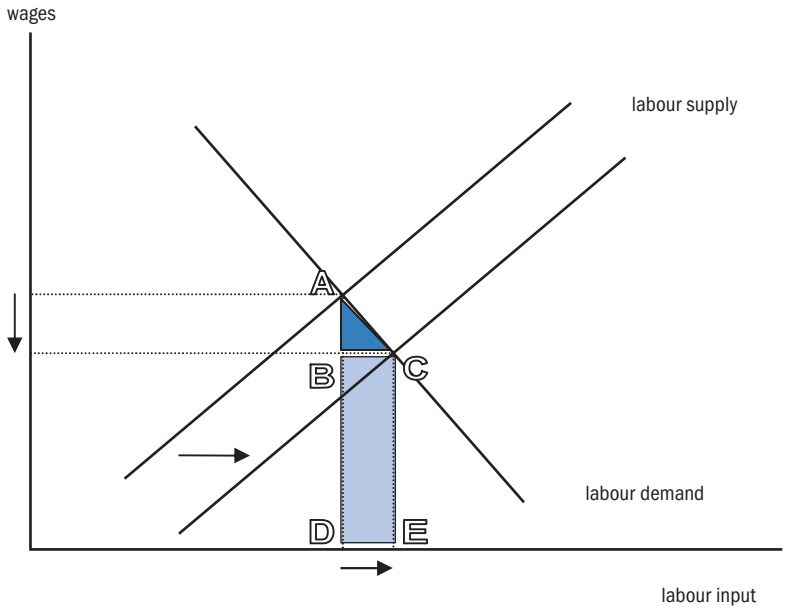


Figure 3.1 indicates that migration leads to an increase in the total output of the economy. The area under the labour demand curve is equal to total output, and grows with the influx of migrants onto the labour market. The increase is to a large extent attributable to the immigrants (rectangle BCDE), but the host country also benefits (triangle ABC). The gains for the host country are sometimes referred to as the immigration surplus. Although simulations for the US (Borjas, 1999) and the Netherlands (Roodenburg et al., 2003) indicate that the immigration surplus is relatively small, these gains should nevertheless be emphasised. The rest of this section is primarily concerned with the negative distribution effects of immigration. This can – unjustifiably – create the impression that immigration is by definition bad for the host country. This simple approach indicates that this need not be so.

Even if immigration is good for the host country this does not necessarily mean that everyone benefits. On the contrary: the distribution of the immigration surplus is unbalanced. Figure 3.1 shows that wages must fall in order to accommodate the greater supply of labour. Even after adjustment, wages in the European countries of destination will still be substantially higher than in most countries of origin. Especially for non-western migrants it is therefore highly attractive to look for a job in an EU member state. Owners of capital also benefit: they obtain access to more and cheaper labour, with a consequent increase in profits. By contrast the native employees are the ones to pay the price, since their average wage falls as a result of immigration.

Figure 3.1 is a highly simplified representation of reality. But even when it is refined the basic message remains unchanged: immigration brings gains in a clearing labour market, but not for everyone. The size of the negative distribution effects for native employees is therefore important, and the rest of this section, consequently concentrates primarily on these effects.

Wages

The simple analysis of the labour market in figure 3.1 indicates that migration should lead to lower wages. This prediction has been extensively tested in the economic literature. In many cases this has involved comparing various regions or industries with one another. The expectation is that wage rates in a particular region or industry will be lower the greater the share of migrants in the labour supply. The message to emerge from these studies – despite all the differences between them – is that the effect of migration on the pay of the indigenous population is negative but small (for a survey see for example Bauer and Zimmermann, 1999).

For various reasons, this may underestimate the actual effect. In the first place studies often look at average wages. There are, however, major differences among employees and the remuneration they receive for labour. An important factor is the level of education, where a distinction is generally drawn between low-skilled, medium-skilled and high-skilled workers. The expectation is that immigrants with a particular level of education and training will mainly compete against natives with a comparable level of education. Thus a high-skilled immigrant is expected to have a negative effect on the wages of high-skilled native employees. Studies drawing a distinction in terms of level of education, however, show a mixed picture (Bauer and Zimmermann, 1999). Sometimes there is a clear competition effect, resulting in lower wages for natives, but in other cases immigrants and natives complement one another, so that the wage rates of the latter in fact rise.

Secondly the studies have difficulty taking account of behavioural responses. In other words, immigration does not just have an impact on wages but also vice versa. Migrants are not spread evenly but choose those regions or industries in which wages are high. This implies that wages will have a positive effect on the proportion of immigrants in a particular region, whereas figure 3.1 points to a negative correlation.

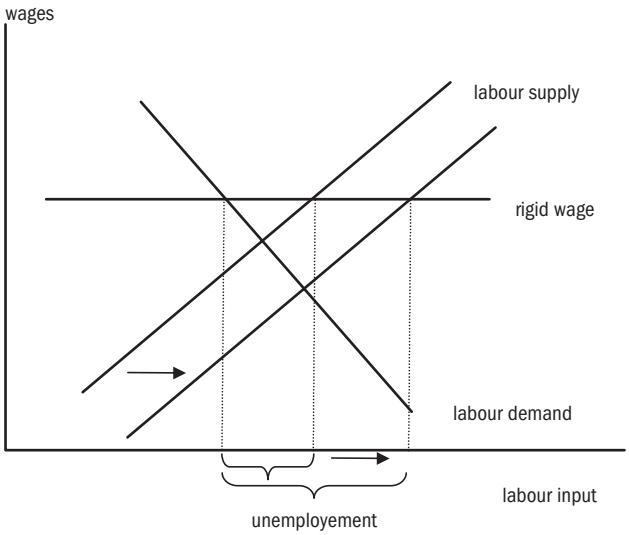
In two recent studies in the US, Borjas (2003, 2004) takes account of the possibility of behavioural responses by conducting an analysis at the country rather than the regional or industry level. In addition Borjas seeks to overcome the non-comparability of employees by subdividing them into groups with the same level of education and experience. He then looks at the extent to which the share of migrants in a group affects the average wages of that group. The result is a greater wage effect than found in most earlier studies. If migration results in a 10% increase in a group, the wages of that group will on average fall by approximately 4%. This relatively high wage effect underlines the importance of an adequate adjustment for the heterogeneity between employees and the possible behavioural responses. It is however still too early to draw definitive conclusions. Thus Card (2004) concludes in a recent article in which he examines these problems that the impact of immigration on the wage of native employees is in fact small.

It may be noted that Borjas's study relates only to the US, where imbalances in the labour market lead relatively rapidly to wage adjustments. In the EU member states, however, wages are much more rigid and the labour markets are less flexible (see for example Nickell, 2003). If wages are unable to adapt, the increased supply of labour will be translated into higher unemployment. This implies that Borjas's results are not directly transferable to the EU member states. It is examined below whether there are indications to suggest that in the EU, immigration has led to higher unemployment among the native population.

Unemployment and employment

In the EU member states the combination of minimum wage and benefits prevents people's income from falling below a certain level. Workers will not be prepared to accept a job at a wage below that level, which is one of the reasons why the labour market fails to clear. This imbalance applies in particular to the bottom end of the labour market. Figure 3.2 portrays that imbalance in stylised form. In the figure it is assumed that there is a rigid wage above the equilibrium level – for example the minimum wage – that prevents supply and demand in the labour market from reaching equilibrium. An extra supply of labour through migration does not in these circumstances lead (or only insufficiently so) to lower wages but to more unemployment. As noted this figure relates in particular to the bottom end of the labour market. Since many immigrants are poorly educated (see chapter 2) or take up work in the new country below their level of education,[7] this is certainly relevant for immigration. In addition the increase in illegal immigration can lead to the displacement of poorly educated domestic workers. Venturini (2004) indicates that the displacement effects are stronger than in the case of legal immigration.

Figure 3.2 Immigration in a restrictive labour market



If immigration merely leads to higher unemployment, the immigration surplus disappears: there is no extra employment, no extra production and hence no increase in national income. The group that is hit first and probably most heavily by the rigidity in the labour market consists of those immigrants without a permanent contract of employment. In addition the working immigrants will to some extent displace indigenous workers.[8]

The extent to which immigration leads to wage adjustments and higher unemployment depends on the rigidity of the labour market. If wages fail to adjust and immigration is translated into rising unemployment this also has implications for the affordability of the welfare state: via this mechanism an increase in the number of

7 This is discussed in more detail in the next section.
8 Section 3.3 examines the explanations for unemployment among immigrants in more detail.

migrants is coupled with an increase in expenditure on unemployment and other benefits, while in the absence of any positive employment effects there will be no increase in taxation and social security contribution revenues. This is important for the sustainability of social provisions. In addition, immigration can have a bearing on the political support for the welfare state. This is examined in more detail in the box below, which discusses the existing empirical research on the impact of migration on unemployment among native workers.

Migration and political support for the welfare state

Migration can have an effect on political and public support for the welfare state. Some indigenous persons have social and economic objections towards migrants. Among other things there are fears that migrants 'steal jobs' or 'generate costs'. These objections may be brought together under the heading of 'perceived threat'. Later, in chapter 4, it will be shown that this 'perceived threat' is associated with the flow of migrants to a particular country. The objections rise as the flow increases. Resistance among the native population will also grow if greater numbers of migrants make claims under the welfare state. This may be translated into a call to cut back on migration and also to limit expenditure on migrants, for example via the social security system.

There is, however, also another, opposing political and economic force. Here again the point of departure is that poorly paid immigrants are major beneficiaries of the welfare state. Together with native workers from the lower income groups they will therefore advocate an extension of the social security system. Given these two conflicting interests the question arises as to the direction in which the political balance will shift given an increase in the number of migrants.

In an empirical study of 11 European countries, Razin et al. (1998) found that the influx of immigrants leads to lower income taxes and less redistribution. If a distinction is drawn by level of education, this effect turns out to be caused in particular by the arrival of low-skilled immigrants. According to their calculations an increase in the share of low-skilled immigrants in the total population of 0.5 percentage points (corresponding for the Netherlands with an increase in the number of low-skilled immigrants by 29 percent) leads to a fall in income-tax rates of around four percentage points. Alesina et al. (1997) reach a similar conclusion: in the US less is spent on welfare in ethnically more fragmented districts. The results of the two empirical surveys suggest therefore that an increase in the number of (primarily low-skilled) immigrants leads to a retrenchment of the welfare state.

Alesina et al. (2001) regard migration is one of the reasons why the US has a less generous welfare system than the EU member states. According to the authors the relatively marked racial diversity and the overrepresentation of ethnic minorities in lower income groups in the US stand in the way of a generous system. Elsewhere Alesina has applied the empirical findings to the EU: 'If Europeans from the middle-class come to believe that a high proportion of the poor consists of recent immigrants, this will erode their entrenched confidence in the virtues of the welfare state'.[9] Whether matters will turn out that way is hard to say. Chapter 4 examines the attitude of indigenous Europeans towards immigrants in more detail. What does appear clear is that political and public support for the welfare state depends in part on immigration.

9 Alesina (2004). 'Racisme verzwakt de verzorgingsstaat', Het Financieele Dagblad, 28 April 2004.

Various empirical studies have been conducted into the relationship between migration and employment or unemployment. On the basis of various European studies Boeri et al. (2002) conclude that 'there is little evidence that immigration involved unemployment', thereby confirming the picture as outlined by Borjas (1994) for the US. Apart from the impact on average unemployment, various studies have investigated whether immigration results in unemployment for specific levels of education. Large groups of poorly educated immigrants are said to produce high unemployment among poorly educated native workers. Here too, however, there is little empirical evidence.

The studies do however grapple with the previously discussed problem that the research findings for particular regions cannot be translated directly into the consequences of migration for individual countries. In addition, migrants' choice in favour of a particular country may depend on the level of unemployment in that country (see section 3.1). Angrist and Kugler (2003) seek to get round this problem in a recent article on immigration in Europe. In the first place their data, like the studies into wage effects by Borjas (2003, 2004), relate to countries. In addition their study includes refugees from the former Yugoslavia. This has the major advantage that these refugees were unable to select their destination but were largely received by countries in the vicinity of Yugoslavia. This leaves the authors better placed to measure the impact of migration on unemployment. They find a marked effect: an increase in the share of non-EU workers by 10% leads to a reduction in the rate of employment among domestic workers by 0.2 to 0.7 percentage points. This means that an increase of 100 immigrants in the working population costs approximately 50 native workers their job.[10] In addition they find indications that the extent of displacement is positively related to the degree of regulation (of labour and product markets) and the level of benefits. The latter finding is notable. It implies that '(. . .) the view that restrictive institutions have insulated native workers from competition with immigrants does not get empirical support' (Angrist and Kugler, 2003, p. 328).

Consequences in the longer term

The analysis of the effects of immigration on the labour market relate to the short term. In the longer term the effects on wages and unemployment are less pronounced, for various reasons.

In the first place the stock of capital goods, which is fixed in the short term, can adjust in the longer term. In due course inflow of capital and entry of new firms mean that the higher supply of labour can be absorbed. In terms of figures 3.1 and 3.2 this means that in the long term the demand for labour curve shifts to the right. This increase in investment produces a rise in labour productivity. The latter in turn makes it possible to pay higher wages. Wages, which initially fell, can therefore rise again.

Secondly, adjustment takes time. In the longer term the sectoral structure can change or employees will retrain so that they can find work in other sectors. To take an example: large groups of immigrants who come from outside the EU are poorly educated.[11]

10 The precise figures vary according to the specification and the percentage of immigrants already in the country.

11 In addition there is a group of immigrants that is well educated but whose qualifications link up poorly with European labour market. These migrants too end up in sectors with low educational requirements, at least in the initial years.

Wages at the bottom end of the distribution consequently come under pressure and unemployment among the poorly educated will rise. There are two possible responses to this, which can only be realised in the longer term: either businesses will step up their activities in sectors where there is a lot of low-skilled labour, or employees will undergo further training. This discussion indicates that in the long term the consequences of migration may not be particularly severe, but that this does involve adjustment costs.

The diversity of skills that immigrants bring with them can in due course serve to boost labour productivity and so benefit the economy. In many cases immigration increases the diversity of the host society. Apart from cultural and social consequences this may also have economic effects. Immigrants may for example bring insights and introduce customs that are complementary to those in the host country. A greater diversity of skills (in the best sense of the word) can consequently promote innovation and stimulate productivity. On the other hand greater diversity can make communication and cooperation more difficult and so have negative economic consequences.

The relationship between diversity and economic performance has been investigated in a number of recent studies. Alesina and La Ferrara (2004), for example, consider that a higher degree of ethnic heterogeneity leads to lower economic growth. This negative effect is, however, weaker for countries with a higher per capita income and a more fully developed democracy. This could suggest that more developed countries are better placed to make productive use of ethnic diversity.

Ottoviano and Peri (2004) seek to quantify the economic value of the cultural diversity of immigrants to US cities. They demonstrate that between 1970 and 1990 a richer diversity of immigrants led to higher wages and higher rents for indigenous Americans. The authors conclude that a more multicultural urban environment makes the native population more productive. This study provides support for the notion that diversity has positive economic effects.

The studies do not give a clear-cut answer to the question as to whether, in what circumstances and by what channels diversity affects productivity. Nevertheless such a relationship deserves to be looked at in the immigration debate. It not only provides a new angle for examining the effects of immigration, but can also provide direction for the necessary immigration/integration policies. Should policy for example aim at the greatest possible diversity of immigrants?[12] Is diversity determined only by nationality, or do education and skills play a major role? Lazear (2000) suggests that the benefits of diversity are greatest when the native population and immigrants have little shared knowledge and this knowledge is relevant (for the other party) and can be transferred at low cost.

3.2.2 *Implications for public finances*

What are the implications of immigration for public finances in the EU member states? This question is of importance in charting immigration policy – particularly if immigration is regarded as a means of solving certain economic problems, as in

12 The US have a scheme (the Diversity Immigrant Visa Lottery) that is aimed at attracting immigrants from low-migration countries.

the case of the report by the Süssmuth Committee[13] published in Germany in 2001. Migration could not only help resolve bottlenecks in the labour market but could also cushion the financial consequences of ageing. This latter notion is based on the assumption that immigration has a positive effect for the public sector. This hypothesis is examined further below, while the accompanying box discusses ageing.

Ageing

The average life expectancy in developed countries is expected to increase by a full year almost every decade. At the same time the natural increase will fall steadily (see chapter 2), so that half the population in various developed countries in 2050 will be aged over 50. In Spain the median age will then be no less than 52. This process of ageing has a major impact on the affordability of the welfare state. As a direct consequence of ageing the costs of pension systems in the EU will rise rapidly, as will welfare spending. These rising costs will also need to be borne by an ever shrinking number of workers. Over the next 50 years, the 'grey pressure' (i.e. the ratio between the number of over 65s and the population aged 15-64) is expected to double in the EU.[14]

It has been suggested that immigration is required in order to keep this ratio at the required level. According to calculations by the UN (2000), the number of immigrants required in order to keep the grey pressure constant is extremely high. The EU-15 would, for example, need to attract 674 million immigrants up to 2050, i.e. 13 million newcomers a year. These numbers are not realistic. Immigration may contribute towards keeping up the level of population but the age structure of the population can scarcely be determined by immigration in the long term. In the short term, however, immigration may have the effect of easing pressures. The UN report accordingly proposes immigration as one of the possible subsolutions, rather than as *the* solution of population contraction and ageing.

In order to absorb the increasing costs, structural reforms will be required in the EU member states. This might include an increase in the pension age and labour market participation, as well as adjustments to the level and nature of old age provision.

A number of studies have attempted to test the hypothesis that immigration benefits the public finances. The studies use the technique of generation accounts in order to identify the net contribution made by an immigrant to the public sector throughout the entire life-cycle.[15] These studies are based around the cash value of the future government income and expenditure attributable to the arrival of an immigrant. A negative balance of income and expenditure implies an additional burden for the public sector, while a positive balance means an easing of the burden.

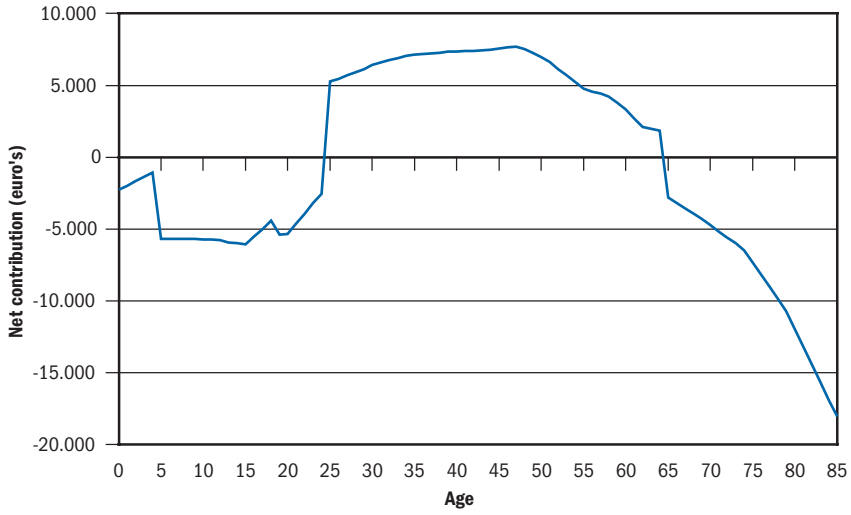
13 'Zuwanderung' Commission, 'Zuwanderung gestalten, Integration fordern', Berlin, July 2001. This report argues that the extent of integration in the labour market helps determine whether the contribution made by migrants to the public sector will be positive or negative (Ter Rele and Roodenburg, 2001).

14 The decisive factor for the sustainability of pension systems is not so much the grey pressure in itself but the ratio between the economically active and inactive. A future fall in unemployment and rise in labour market participation and productivity could ameliorate the financial consequences of demographic trends, but not eliminate them. See also EPC, 2001.

15 See Ter Rele (1998) for a more detailed explanation of this method of calculation.

The idea that immigration can help to alleviate the financial consequences of ageing is related to the relatively young age of most immigrants upon arrival. The figure below, which shows the annual net contribution of an average inhabitant to public finances throughout the life-cycle, illustrates the importance of age.[16] During their childhood years inhabitants cost the government money, for example because they are in education, while they pay little if any taxes or social security contributions. In the figure this translates into a negative net contribution. The picture changes radically once people have completed their education and embark on their working lives. A period now begins in which most inhabitants are employed and pay taxes and contributions to the government. At the same time they make relatively little call on healthcare, education and social security facilities during this period. The net contribution is accordingly at a maximum in this period. From around age 50, the percentage of people in work and hence the average contribution declines. In addition the demand for healthcare rises explosively from around age 65, after which the average inhabitant starts to cost the state money again.

Figure 3.3 Course of annual net contributions over the life-cycle



Source: Roodenburg et al. (2003)

The sustainability of the public sector depends not so much on the annual contribution as on the total contribution over the life-cycle. For an indigenous person this is the cash value of the net contribution calculated from birth. This will normally be approximately zero: the positive contribution in the active years is sufficient to compensate for the negative contribution in youth and old age. For immigrants, however, the meter does not start running at birth but at the point at which they enter the country. As this is often at a relatively young age, their contribution can work out relatively favourably, as they will have completed a proportion of their expensive school years and will spend the employment phase of their life in the destination country. The maximum benefit is obtained if an immigrant enters the country at age 25. In the Netherlands, most of those arriving to form a family are aged between 26 and 35, while most family reunion migrants are aged under 20 (Hartog and Zorlu, 2004). If their contri-

16 This figure has been taken from Roodenburg et al. (2003).

bution follows the pattern of the average inhabitant for the rest of their lives they will therefore make a positive contribution towards the sustainability of the public sector.

This does not however mean that immigration will always be to the benefit of the public finances, as the consequences for the public sector of one additional immigrant will depend on his or her career. If a migrant manages to find a foothold in the labour market, he or she will contribute towards the public coffers via taxation and social security contributions. If the immigrant does not, however, manage to find a job or becomes unemployed he or she will then draw on social security without making any corresponding contribution. In addition a large inflow of migrants can result in external effects such as growing congestion and shortages in the housing market. This latter point is not explored further here.[17]

The participation rate of indigenous members of the community exceeds that of immigrants in most but not all EU member states (see chapter 2). Figure 2.13 brings out the marked difference between the Northern EU and Southern EU. In countries such as Belgium, Sweden and the Netherlands the rate of employment among non-western residents is on average over 20 percent[18] below the indigenous community rate. This is in sharp contrast to the Southern European member states, where the labour market participation rate of non-western residents exceeds that of the native population by around 10 percent.

In order to identify the impact of the major differences in participation rates on the net contributions, two member states at opposite ends of the spectrum, the Netherlands and Spain, may be examined. Studies have recently been conducted for both countries calculating the net contribution to the public sector by non-western immigrants on the basis of their socio-economic characteristics and the specific nature of the social security system.[19]

The rate of participation among non-western immigrants is over 25 percent lower than that of natives in the Netherlands.[20] This implies that immigrants pay less tax and draw more frequently on the social security system. The per capita resort to welfare is in fact four times higher among non-western immigrants than among natives (CBS, 2002). The expenditure on education and healthcare differs less markedly. In total Roodenburg et al. (2003) assume that the average non-western immigrant makes an approximately 20% higher call on 'recipient-based' government expenditure than the average native.

The situation in the Netherlands contrasts strongly with that in Spain, where the participation rate of immigrants from the most important recent countries of origin – primarily from Africa and South America – are around 10 percent higher than that of the

17 Chapter 5 in Roodenburg et al. (2003) provides a more detailed discussion.
18 The average labour force participation for the 'other' category is 53%, as against 69% for natives. This difference of 16 percentage points implies a relative difference of over 20%.
19 Roodenburg et al. (2003) for the Netherlands; Collado et al. (2004) for Spain. Neither study takes account of possible displacement affects, as discussed in the previous section.
20 See table 4.1 in Roodenburg et al. (2003). An adjustment has been made for the age composition.

native populations. The higher participation rate means that the recourse to recipient-based government expenditure for immigrants in Spain is approximately 25% lower than that by the indigenous community (Collado et al., 2004). What does not vary between the two countries is the pay differential for immigrants: on average they earn around 25 percent less than their native colleagues.

On the basis of these differences in socio-economic characteristics it comes as little surprise that the estimated contributions made by immigrants to public finances differ greatly in the two countries. On the assumption that the new immigrants do not differ from the present non-western immigrants in terms of socio-economic characteristics, the calculations for the Netherlands indicate that immigration costs the state money, irrespective of the age at which the immigrants enter the country. For Spain, by contrast, the study indicates that immigration can ease the fiscal pain of ageing: an increase in the annual number of immigrants from 60,000 to 200,000 can reduce the per capita burden by nearly 20%.[21]

If immigrants enter the country at a relatively youthful age and their performance in the labour market does not lag severely behind that of native workers, immigration can make a positive contribution to public finances. This picture is confirmed by the results of studies for other countries.[22] Storesletten (2003) for example finds negative effects for Sweden, where the differences in labour force participation between immigrants and non-immigrants remain wider than in the Netherlands. Nevertheless labour market participation can according to his calculations result in a positive effect among young immigrants in Sweden. In Germany the rate of employment among immigrants is also lower than among native workers, but the ratio is less unfavourable than in the Netherlands. Sinn and Werding (2001) find negative effects, but a positive effect for immigrants who remain in Germany for more than 25 years. Bonin et al. (2000) and Bonin (2001) find however that immigrants in Germany can make a positive contribution in all cases. For countries with an even higher labour market participation rate among immigrants, including Italy and the US, all the known studies report a positive impact of immigration on public finances.[23]

The conclusion to emerge from this discussion is that in many EU member states, immigration need not have any negative consequences for the government budget. If the member states succeed in integrating new groups of immigrants effectively into the labour market they will then make a positive contribution to the sustainability of the welfare system: they pay more taxes and social security contributions and make less use of welfare provision. More important than the precise results of the empirical studies, however, is the observation that immigrants' socio-economic characteristics – especially labour force participation – are the decisive factor for the impact on public

21 In this regard it has been assumed that all new immigrants are aged 34 on arrival and do not differ in terms of labour market position from immigrants already in the country. Even in this case immigration can only be a partial solution; after a few decades the cumulative inflow runs into the millions, while the fiscal gains are limited (approximately 0.5% of GDP). These calculations do not take account of the take-up of space and the congestion that such large-scale migration necessarily involves.

22 The differences in approach between the studies has not been analysed further. See also Roodenburg et al. (2003), pp. 78 and 79.

23 See Moscorola (2001) for Italy and Auerbach and Oreopoulos (1999), Smith and Edmonston (1997) and Storesletten (2000) for the US.

finances. This raises the question as to which factors determine the labour market position of immigrants, which forms the subject of the next section.

3.3 Economic integration

As noted by the Temporary Parliamentary Committee for the Review of Integration Policy (*Tijdelijke Commissie Onderzoek Integratiebeleid*), or Blok Committee (named after its chairman, the MP Stef Blok), the integration of minority groups is a wide-ranging concept. At least two dimensions may be distinguished, namely a structural and a socio-cultural dimension. In the case of socio-cultural integration the concern is with the gap between minorities and the host society. This is not examined further in this study,[24] although the next chapter does investigate the attitude of the native population towards minorities, including the extent to which natives in the various EU member states keep their distance and feel threatened by ethnic groups in society.

This section is concerned with the structural component, which relates to the position of minorities in the social stratification. The emphasis will be placed on the labour market performance of immigrants in comparison with native workers.

Population groups are economically fully integrated if they can longer be distinguished from the native population in terms of participation, unemployment and income.[25] The present study does not examine the desirability of an equal labour market performance by various population groups. The aim of equality is based on a position of disadvantage, which certainly does not apply to all groups of immigrants in all member states. In addition the aim of equality is a political choice, for which this study provides some background information.

The central question in this section is how the differences in labour market performance are to be explained. To begin with immigrants' pay is examined, followed by an analysis of unemployment and the participation rate among immigrants.

Wage differences and the valuation of education and work experience
Immigrants earn less on average than native workers.[26] Roseveare and Jorgensen (2004) show for example that on average workers of foreign origin earn 4 – 29% less (depending on the country of origin) than their Danish colleagues. In the Netherlands immigrants earn between 10% (Antilleans) and 30% (Moroccans) less than their native counterparts (Kee, 1995).

These income differentials may to a significant extent be explained in terms of the relative youthfulness, lower level of education and lack of experience of immigrants. But even after these factors have been adjusted for, immigrants' average wage turns out to

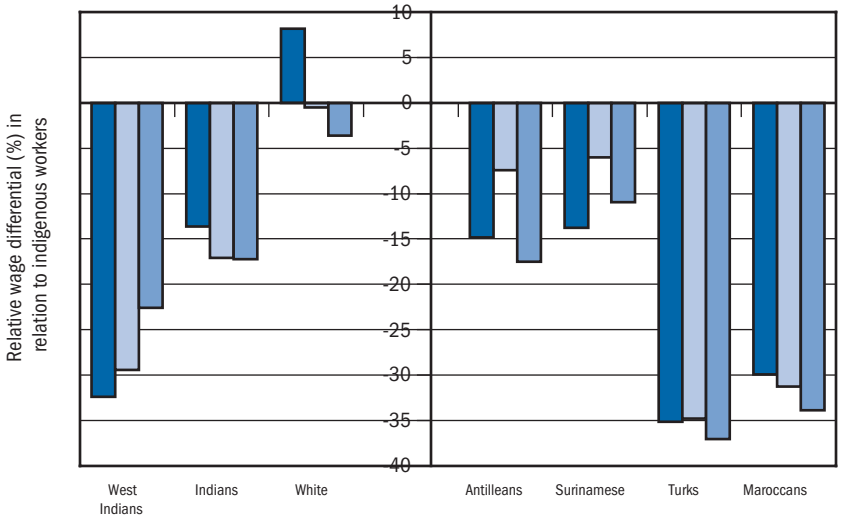
24 See for an analysis of socio-cultural integration in the Netherlands: SCP, 2003, Minorities Report 2003.
25 The geographical distribution of immigrants is not examined in this study.
26 As far as known no comparative study into wage differences in a large number of EU member states has been conducted. Country-specific studies indicate that there are wage differences in Denmark (Roseveare and Jorgensen, 2004), Germany, Italy, the Netherlands, Austria, the UK and Sweden; see Bauer et al. (2000) for references to the literature.

be lower than that of native workers. Card (2004) finds for the US that differences in education can explain approximately half the observed difference in wages of around 20%.

The number of studies in EU member states into the causes of wage differences between native and immigrant workers is limited, in contrast to the US (Borjas, 1994). The available studies do however indicate that upon entering the labour market immigrants earn less than native employees with comparable qualifications and experience. This applies in particular to immigrants from countries in which the education and labour market situation differ markedly from the immigration country. Thus immigrants in Germany earn (on arrival) between 9 and 23 per cent less than native workers with comparable qualifications and experience (Bauer et al., 2000).

There is less consensus concerning the question as to whether these differences are lasting or whether immigrants in due course earn just as much as native workers. Figure 3.4 illustrates this for a number of large immigrant groups in the UK and Netherlands. In the UK, 'West Indians' make up part of their initial wage gap, but this does not apply to 'Indians'. Despite the ground made up, West Indians continue to lag behind substantially. In the Netherlands, Antillean and Surinamese immigrants make up part of the wage gap in the initial years, but the wage gap of Turkish and Moroccan immigrants is not closed. These different experiences are also outlined by Borjas (1994) for the US and Canada: immigrants suffer from a wage gap upon arrival, but the studies do not indicate conclusively whether this gap is later closed.

Figure 3.4 Wage differentials in the UK and the Netherlands



Notes: the figure shows the relative wage differential between immigrant and native workers with the same education (12 years) and work experience (initially 10 years) after a stay of 0 (left-hand column), 10 and 20 (right-hand column) years in the immigration country. The graphs on the left are based on Bell (1997) for the UK and the graphs on the right on Kee (1995) for the Netherlands.

The most important economic theory concerning the integration of immigrants in the labour market is based on the human transferability of knowledge and experience or 'human capital'. This theory provides an explanation for the fact that immigrants' entry wage is lower than the wages of native workers with comparable education and experience. The central hypothesis in this theory is that knowledge and experience in

the country of origin are not directly or fully transferable to the new labour market. A lawyer from Russia will retain his legal way of thinking, but will need to familiarise himself with the legislation in the host country. A farmer from Africa will have little knowledge of tending European plants, even though – at least potentially – he will have valuable experience. These examples indicate that there are diverse reasons why immigrants are not fully employable straightaway in their new labour market. They lack specialist knowledge and experience, so that their general knowledge is also not readily usable. In addition, finding suitable work also takes time, in turn widening the gap between immigrants and native workers in terms of pay and productivity.

The empirical studies[27] confirm the hypothesis that education and experience gained in the country of origin are barely reflected in immigrants' wages. This applies in particular to immigrants from countries that differ markedly from the member states in terms of language and education system. In practice this comes down to indirect wage discrimination: the immigrants are working below their true level as based on their education and experience, but are earning the same as native workers at the same occupational level. By contrast an extra year's education for experience gained by an immigrant in the new European will often be additionally rewarded.

Immigrants' low wages also make further training relatively cheap, as the lost wage earnings are relatively low. As against this, immigrants will often lack the means to fund their own further training, for their income will be so low that they will grasp any opportunity to earn some income. The expected returns from further training can, however, be high, particularly if an immigrant has knowledge and experience that can be productively employed after additional training (Duleep and Regets, 1999). Additional training for specific purposes, such as knowledge of a second language or familiarisation with the country in question, make it possible for the immigrant's general knowledge and experience to be employed more productively.

Wage differentials are much more prominently on the agenda of both academics and politicians in the US than they are in the EU. One possible reason is that institutions in the member states prevent productivity differences between employees with comparable education and experience from being translated fully into wage differentials. This places the participation of immigrants under pressure, so that the low participation and high unemployment among immigrants is experienced as a more urgent problem than the wage differentials between immigrants and native workers.

Unemployment and participation

When it comes to economic integration, the prime concern in the EU is the high unemployment rate (on average 3%-points higher) and the low participation rate (on average 5%-points lower) among immigrants. This contrasts with the experience in the US, where the rates of unemployment and participation among immigrants and natives barely differ (OECD, 2001). A comparative study between the Netherlands and the US concludes that in the US 'unemployment among immigrants is not considered to be a major issue' (Van het Loo et al. 2001, p. 75).

The unemployment and participation rates vary markedly from one EU member state to another (see figures 2.11 and 2.12 in chapter 2). At one end of the spectrum are Denmark, Sweden, Belgium, the Netherlands and France, where the participation of the

27 Especially Bauer et al. (2000) for Germany, Kee (1995) for the Netherlands, Chiswick (1980) and Bell (1997) for the United Kingdom and Eckstein and Weiss (2004) for Israel.

immigrant population is more than 10 percentage points lower than that of the native population, while unemployment rates are three times as high. At the other extreme are the four 'old' southern European member states and Ireland, where the differences in unemployment are small and the immigrant population in fact participates more actively in the labour market than the native population.

This section seeks to provide an insight into the reasons for these differences in labour market performance between the EU member states. First, consideration is given to whether high unemployment among immigrants is attributable to an unfavourable mix of countries of origin. The analysis reveals that this is not the case. Attention then turns to whether differences in the education level and age of immigrants explain the unemployment differentials. These characteristics do have a bearing but are unable to explain the difference entirely. Finally the impact of the social security provisions is examined. Although there appears to be a relationship between the specific features of the welfare state and immigrant unemployment, it is not clear what the most important underlying mechanism is.

The discussion of the various possible explanations is based on studies for the individual member states supplemented by own calculations on the basis of the Labour Force Survey of 2000-2002, which is available for the EU-15 and a number of new member states.

Country of origin

As indicated by figure 2.6 in chapter 2, the rate of unemployment differs substantially among the various migrant groups. The rate of participation is particularly low and unemployment particularly high among immigrants from Africa and, to a somewhat lesser extent, from Asia and 'other Europe', while the labour market participation rate is in fact higher among immigrants from North America and Australia. It may be that the overrepresentation of immigrants from certain continents explains the differences in unemployment among immigrants in the various EU member states. In other words, is it possible for the differences between the member states to be traced back to immigrants' countries of origin?

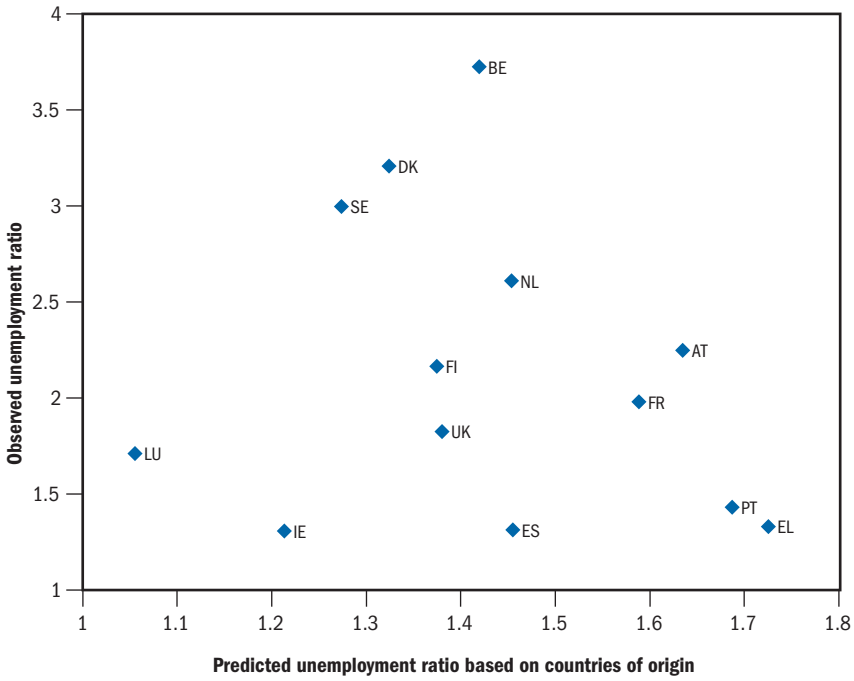
In order to answer this question the mix of regions of origin for member states has been analysed. On average immigrants from North Africa perform worst in the labour market, with a rate of unemployment more than twice that of the native population. This group of immigrants is the most heavily represented in Portugal, where no fewer than 51% of immigrants come from North Africa. Even so the differences in unemployment between immigrants and natives in Portugal is limited: the rate of unemployment is less than one and a half times as high among immigrants. This is significantly less than the composition of countries of origin would suggest and also compares favourably with most other member states.

The difference in unemployment among immigrants and natives is the greatest in Belgium: an immigrant is almost four times as likely to be unemployed as an indigenous worker. Easily the largest group of immigrants in Belgium comes from the other member states and the EU-15. Taken on average throughout the EU this group performs fractionally better in the labour market than the indigenous population (see figure 2.6 in chapter 2). The composition of countries of origin is therefore relatively favourable in Belgium and cannot provide an explanation for the marked difference in unemployment between immigrants and others.

These examples show that the composition of the immigration population by country of origin does not provide a good explanation for the differences in unemployment among the member states. The forecasts made on the basis of the composition by origin (on the x-axis) bear little if any relation to the observed unemployment ratio between immigrants and indigenous workers (on the y-axis). While an unemployment ratio of more than two would not be predicted for any member state on the basis of the average performance by immigrants according to region of origin, there are no fewer than six member states in which this is in fact the case.

A limitation in this analysis is the use of broadly defined regions of origin such as Asia or North Africa. More detailed figures, however, also reveal that the composition of countries of origin does not provide an adequate explanation for the differences in labour market performance from one country to another. Turks in Germany, for example, perform significantly better in the labour market than they do in the Netherlands. The Netherlands Bureau for Economic Policy Analysis (CPB) and Social and Cultural Planning Office (SCP) recently launched a study in order to identify the causes of these differences more clearly.

Figure 3.5 Predicted unemployment ratio on the basis of countries of origin versus observed unemployment ratio



Notes: the y-axis shows the rate of unemployment among immigrants in relation to unemployment among the indigenous population; the x-axis shows the explanation for this overrepresentation in terms of differences by country of origin. Source: Labour Force Survey 2002.

A further limitation in the above analysis is that it provides only a partial picture. Ideally, the analysis should be adjusted for other relevant characteristics, such as differences in age and sex. While the available data do not permit this, the findings from our analysis are supported by a number of other studies. Thus Böcker and Thränhardt (2002), Kempton (2002) and Brücker et al. (2001) also concluded that the country of

origin is not in itself an explanatory factor (see the literature survey by De Lange et al., 2003).

Nevertheless the differences in origin and background between the member states are too great to be totally disregarded. Each member state namely contains various groups of immigrants, of which some perform well and others poorly in the labour market. In the case of the UK, for example, Hatton and Wheatley Price (1999) indicate that finding a job is the most important labour market problem for non-white males, whereas this barely applies to white immigrants. Similarly in the Netherlands there are major differences in labour market performance between various groups of immigrants: the participation of Surinamese, for example, is substantially higher than that of Moroccans (SCP, 2003). In Sweden labour migrants turn out hardly to lag behind indigenous people, whereas former refugees are much more likely to be unemployed (Hansen, 2000).

Individual characteristics of immigrants

A second possibility is that individual characteristics of immigrants, such as education and experience, age and length of residence, explain the differences between EU member states. Immigrants' level of education can work to their disadvantage if unemployment among low-skilled personnel is relatively high in member states. This reasoning is based on the assumption that immigrants' level of education is relatively low. This however fails to do justice to the immigrants: although the percentage of low-skilled immigrants is relatively high, the same applies to the percentage of high-skilled immigrants. Only those with secondary education are relatively underrepresented among immigrants.

The importance of level of education for the labour market position was demonstrated in chapter 2. Calculations on the basis of the data from the Labour Force Survey also indicate that level of education can help explain the unemployment differentials between immigrants and native workers: the greater the number of high-skilled immigrants, the smaller the unemployment differentials, while the greater the number of low-skilled immigrants, the greater the unemployment differentials.[28] The effects are, however, are relatively limited and are as such able to explain only part of the large observed differences.

An additional problem is the fact that the education received by immigrants in their country of origin is less highly valued than that received by native workers. Possible reasons are a lack of match between the foreign education and the labour market in EU member states, or the fact that employers find it difficult to assess immigrants' level of education.[29] The low valuation of education received abroad manifests itself not just in lower pay for immigrants but also in the reduced prospects of finding a job. In a study on Sweden, Hansen (2004) indicates that finding a job is easier for indigenous unemployed persons with higher education. In the case of immigrants this study suggests that higher education does not increase a person's prospects in the labour market but in fact reduces them. A comparable pattern was found by Wheatley Price (2001) for non-white immigrants – generally from non-western countries – in Britain.

28 These calculations have not been included here but are available on request from the authors.

29 In addition low-skilled immigrants also include those with only a few years of education or no education at all. Immigrants' level of education can therefore be overestimated.

However, in the case of white immigrants – generally from English-speaking countries – their education can be effectively used in Britain, so that their labour market prospects are comparable to those of the native population. Generally speaking the level of education has positive effects on labour market participation, but the skills acquired in the country of origin will be less highly valued than knowledge gained in the country of destination.

As in the case of the analysis of the differences between countries of origin, adjustments also need to be made for other characteristics than the level of education. The available data, however, provide an obstacle, although a number of studies have managed to go one step further. The best example for the EU is a study by Boeri et al. (2002), who try to explain the unemployment benefits in 11 European countries in terms of five demographic characteristics: education, age, experience, sex and marital status. For some countries, including Germany and the UK, the observed level of unemployment among the immigrant population can be effectively explained in terms of these characteristics. For most countries, including the Netherlands, however, a large part of the unemployment among the immigrant population remains unexplained. The authors therefore conclude that the relationship between the observed characteristics of migrants and their entitlement to unemployment benefits is not a strong one.

One qualification with regard to the limited importance of the observed individual characteristics is that the studies do not generally take language proficiency into account, whereas language problems could be a significant factor. Dagevos (2001) concludes for example on the basis of empirical research in the Netherlands that some 70% of the Turks and 60% of the Moroccans in the Netherlands regularly have problems reading and speaking Dutch.

The study by Dustmann and Fabbri (2003) into non-white immigrants in the UK is one of the few explicitly to examine the impact of language proficiency. They indicate that an effective command of the language increases the probability of finding work by 22 percentage points. Similarly, Bleakley and Chin (2004) find in a recent article that language skills have a significant positive effect on immigrants' labour market position. They conclude, however, that mastery of the language translates into higher pay primarily through better education. This indicates that the individual effects of education and language skills cannot be readily separated. It is unlikely that language proficiency alone provides a sufficient explanation for the remaining differences; even immigrants who have been in the host country for many years are more likely to be unemployed and have a lower participation rate.

The level of education, and also other observable characteristics such as age, experience, length of residence and sex, only partly explain immigrants' poorer labour market performance. Nor is marriage migration the core of the integration problem in the EU. Figures by the SCP (2003) show this for the Netherlands: the labour market participation rate of marriage migrants is higher than the average participation rate of all immigrants. Other factors, such as communication skills in general, motivation, differences in work attitude and familiarity with the normal channels for finding work, may also play a role (Van Praag and Tesser, 2000; Hansen, 2004). These characteristics are, however, less clearly observable and are therefore difficult to include in an empirical analysis.

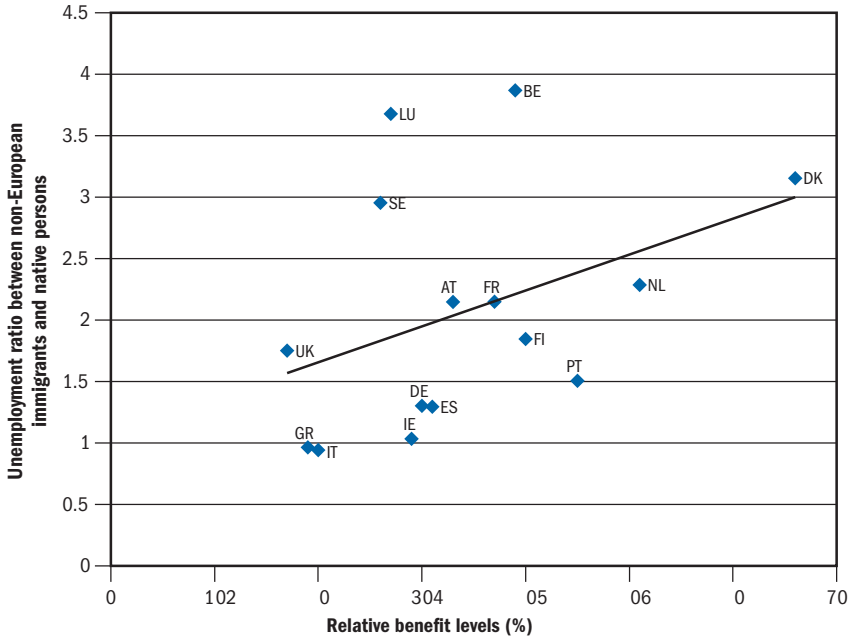
While observable characteristics of immigrants such as education, language proficiency and experience can therefore explain part of the difference in labour market performance between the member states, they cannot explain all of it. The lower valuation of educational qualifications provides a supplementary reason for the generally poor performance of immigrants. Another possible explanation concerns the specific features of the welfare state. This possibility is explored further below.

Social security provisions as an explanation for high unemployment among immigrants

The most important explanation for the contrast between the EU and the US is the lack of labour market flexibility in EU member states. It was seen in the previous section that immigrants' pay is below that of their native colleagues with comparable education and experience. In many cases, however, employers are unable to draw a distinction between the two categories as they are bound by a collective labour agreement (CAO) or the minimum wage (Molle and Zandvliet, 1993). In the EU, productivity differentials between employees will therefore manifest themselves particularly in higher unemployment or lower participation, whereas in the US these are translated into wage differentials.

The differences between the EU and the US are also reflected in the specific features of the welfare state. The facilities in the EU member states are substantially more generous than those in the US. There are also major differences in social welfare between the member states themselves (see also the former European Outlook; CPB/SCP, 2003). It is often suggested that there is a relationship between the level of social security and the resort to unemployment benefits by immigrants. This picture is confirmed by figure 3.6, which compares the unemployment gap of immigrants against relative benefit levels. This indicates that immigrant unemployment is higher in countries with higher relative benefits.

Figure 3.6 Relative benefit levels and unemployment among immigrants



Sources: Labour Force Survey (2002) for unemployment; OECD, for benefit rates

No adjustment whatever is made in the above figure for differences in immigrants' individual characteristics, such as education and language proficiency, the importance of which has been described above. This figure can therefore only provide an initial indication for a possible relationship with the welfare state. A further indication for such an association is provided by Boeri et al. (2002). In their study, described above, the authors sought to explain the higher level of unemployment among immigrants in terms of a number of specific characteristics such as education and age. This did not, however, enable them to come up with satisfactory results for all countries. In Belgium, Denmark, Finland, France, the Netherlands and Austria, immigrants make a disproportionate call on unemployment benefits that cannot be explained in terms of immigrants' specific characteristics. Most of these countries have generous social security provision. Boeri et al. conclude that '. . . residual effects are strong in countries with generous welfare systems' (Boeri et al., 2002, p. 89).

Our own empirical analysis confirms the close correlation between the welfare state and unemployment among immigrants in comparison with unemployment among the native population. The figures relate to six countries (Belgium, Denmark, Germany, France, the Netherlands and the UK) and to observations made during odd-numbered years during the period 1983-1999 (with the exception of 1997). The analysis distinguishes four structural aspects: benefit level, benefit duration, employment protection and active labour market policies. The latter heading includes spending on employment placement measures, training, public-sector jobs and wage-cost subsidies. Account is taken of cyclical fluctuations in the economy by including the growth in output in the equation for each country. In addition a specific constant is included for each country. Without explicitly weighting for differences in level of education, some adjustment is made in this way for various characteristics, in that these differences are reflected in the country-specific constant. The analysis consequently shows how labour market instruments have contributed towards the development of the unemployment differential, against the background of cyclical fluctuations.

Table 3.1 shows the estimated results. Since the benefit level is closely correlated with the duration of benefits, two estimates have been performed, one with unemployment benefits as an explanatory variable and one without. The table does not show the country-specific constants but does show the effects of the growth in output per country as well, of course, as the effects of the labour market institutions in question. What stands out in the first place is that the benefit level does not make any significant contribution towards the development of the unemployment differentials over time. The benefit duration, by contrast, is an important factor: the longer the duration the narrower the differences in unemployment between immigrants and native workers. In addition the overrepresentation of immigrants in the unemployment figures is smaller in countries with active labour market policies and less employment protection, although the latter effect is not statistically significant. Put differently, the results suggest that a system that seeks to promote labour market participation is even more in the interests of immigrants than it is in the interests of the native population. This is because immigrants are less familiar with the normal channels for finding a job and so stand to benefit more from employment promotion and placement measures. Similarly education and training – another component of an active labour market policy – may be to the particular benefit of immigrants as it can help strike a bridge between the knowledge gained in the country of origin and the skills required in the destination country.

Apart from the impact of labour market institutions, the state of the economy also turns out to exert a significant effect. On account of immigrants' weak position in the labour market, immigrants' prospects depend more than usually on the state of the economy. In all four (of the six) countries in which the effect is significant, the growth in production has a negative effect on the unemployment differential. In these countries, therefore, the rate of unemployment among immigrants rises more rapidly than that for native workers at a time of recession.

Table 3.1 Estimated results of relationship between the welfare state and unemployment differentials

Dependent variable: Difference in rates of unemployment between immigrants and indigenous persons		
Benefit level	0.059 (0.29)	
Benefit duration	8.382 (1.17)	9.494 * (1.70)
Employment protection	2.841 (0.93)	3.123 (1.05)
Active labour market policies	-24.22 *(-1.86)	-23.44 * (-1.87)
Growth in output		
- Belgium	0.299 (1.03)	0.299 (1.05)
- Denmark	-1.494 * (-2.43)	-1.332 * (-1.92)
- France	-0.308 * (-1.95)	-0.303 * (-1.91)
- Germany	-0.532 * (-1.92)	-0.529 * (-1.97)
- Netherlands	-0.011 (-0.01)	0.027 (0.03)
- United Kingdom	-0.299 * (-1.94)	-0.292 * (-2.08)
R^2	0.809	0.808
number of observations	45	45

The heteroscedasticity-consistent t-values are shown between brackets.
* indicates not statistically significant at the 10% level.

The various analyses therefore reveal that the specific features of the welfare state have a bearing on the unemployment differentials between immigrants and native workers. What explanation can be provided for the fact that immigrants have a high rate of unemployment in countries with generous welfare systems? An initial possible explanation is that countries with generous social welfare are attractive to immigrants with no more than moderate labour market prospects. The idea is that the most capable migrants opt for countries with good career prospects (but also a greater risk of failure). Migrants with fewer prospects will be more inclined to select a country with a good social security safety net. A supporting indication is the presence of a large group of low-skilled immigrants in the aforementioned countries where there is generous welfare provision and high unemployment.

Various studies have attempted to investigate the empirical validity of this argument (see also section 3.1). Research by Borjas (1999) provides support for this hypothesis. Pedersen et al. (2004) conclude however that this effect is nullified when network effects are controlled for.

An alternative explanation for the correlation between social security provision and the high rate of unemployment among immigrants starts with the observation that immigrants – particularly in the initial years, but also if they are poorly educated – are at high risk of unemployment. In countries with generous social security provisions there are few incentives to re-enter the labour market. Put differently, immigrants are caught in the 'benefit trap', in which the difference between earnings from employment and benefit levels for low-skilled workers is small (Roseveare and Jorgensen, 2004). This effect may be further accentuated by the high degree of employment pro-

tection in many countries with generous welfare provision, which has the effect of widening the gap between those in work and the unemployed (see also CPB/SCP, 2003). The regression results in table 3.1 provide empirical support for this explanation.

A third possible explanation is that good social provisions act as a brake on remigration. An unemployed immigrant facing the choice of returning to his or her country of origin will be less inclined to opt for remigration if this means loss of benefit.

To conclude, there are therefore clear indications that high unemployment among immigrants in various member states is related to the generous social security provision in those countries. No explanation can be provided concerning the mechanism behind this effect, i.e. whether this is due to the pull effect of the generous welfare state on migrants lacking prospects, or to the limited incentives provided by generous social security provision. The regression results presented, in which employment placement promotion is relatively favourable for immigrants, provides some support for the latter explanation.

Other explanations

Finally, there are three further aspects that have not so far been examined and which could also help explain the unemployment differentials between immigrants and native workers. These are the composition of the group of immigrants, the influence of the sectoral structure and the possibility of discrimination in the labour market.

In much of the analysis above it is not possible to draw a distinction between the various groups of immigrants. In particular it is not possible to separate out asylum-seekers. This may explain the differences, because asylum-seekers perform relatively poorly in the labour market and are relatively dependent on welfare (see for example Hansen, 2000). An important factor in this regard is that they are not allowed to work in most countries during the sometimes lengthy asylum procedure, so that they lose connection with the labour market. Adjustment for this factor results in small unemployment differentials but does not eliminate them.

In addition demand factors may also play a role in explaining the unemployment differentials between immigrants and native workers. The explanations noted in this section relate especially to the supply side of the economy. The sectoral structure, in particular, is frequently cited as a possible determinant. The underlying notion is that immigrants are seen as being disproportionately employed in the agricultural and industrial sectors, whereas the services sector is growing in importance for the European economy and agriculture and industry are on the decline. It is however difficult to find empirical support for this theory. The available statistics do not point to overrepresentation by immigrant workers in the primary and secondary sectors. For the time being there is therefore no reason to assume that the sectoral structure is an important explanatory factor for unemployment differentials.

Finally, discrimination in the labour market does appear to be an important reason for the lack of integration of immigrants in the labour market. Various studies for the Netherlands have indicated that employers discriminate against immigrants in their search for a job (Van Beek en Van Praag, 1992; Bovenkerk et al., 1995). The ILO (Zegers de Beijl, 2000) recently conducted a comparative survey into discrimination on the shop floor in four European countries (the Netherlands, Germany, France and the UK). This indicates that the employment opportunities for minorities do indeed

suffer appreciably from discrimination: applicants from minority groups are discriminated against in approximately one in three cases. The measured level of discrimination was highest in the Netherlands and lowest in Germany. This study suggests that discrimination is an important supplementary reason for the high level of unemployment among immigrants. An important factor for the degree of discrimination is the attitude of native population towards ethnic minorities, which is examined in the next chapter.

3.4 Concluding remarks

The economic situation in the EU has an effect on migration. Migrants will be more inclined to move to member states where wages are higher and unemployment lower. The presence of compatriots in the destination country also increases the migrant flow, which can be curbed by a restrictive immigration policy.

While the relatively favourable economic situation in the member states is a significant pull factor for immigrants, immigration in its turn has economic consequences for the EU. The influx of immigrants produces an increase in the supply of labour. This means that production can rise, but also greater competition in the labour market, which can translate into lower wages. If, however, wages are reduced, this can result in greater unemployment. The latter would appear to be particularly important for EU member states. Recent empirical studies suggest that this effect should not be underestimated in the short term. In the long term these effects will disappear, but that will then involve adjustment costs.

The impact of immigration is also discernible on public finances. If immigrants move to an EU member state at a young age and find a job there they can make a positive contribution to public finances in that country. If, however, the labour market participation of the immigrants is well below the level of the native population a negative effect arises. The challenge for most member states is therefore one of improving the economic integration of immigrants.

To succeed in this, insight into the determinants of the unemployment differentials between immigrants and native workers is indispensable. The analysis in the previous section indicates that the explanation needs to be sought in a combination of factors. The most important of these are probably education and language skills, the organisation of the welfare state and discrimination. Higher education has a positive effect on immigrants' labour market performance but, on account of the poor transferability of knowledge, does not come fully into its own. Unemployment among immigrants is relatively high in member states with generous social security provision. It is unclear whether this is due to the pull effect of such provision on migrants lacking prospects or to the limited incentives provided by a generous system. Finally there are clear indications of discrimination against immigrants in European labour markets, which provides an additional explanation for the unemployment differentials.

4 Public support for social integration

In chapter 3 it was argued that less successful economic integration by migrants can be explained not only by factors relating to their origin or discernible individual characteristics, but possibly also by resistance among the indigenous population to ethnic minorities. This resistance could have consequences for the position of those minorities and their degree of integration into the host society. The most tangible form of this resistance, but also the most difficult to measure, is discrimination on the labour market. Recent studies by the International Labour Organisation (ILO) and the European Monitoring Centre on Racism and Xenophobia (EUMC) suggest that the degree of this discrimination varies between EU member states (Jandl et al. 2003). One determining factor for (intended) discrimination against minorities is the extent to which indigenous people distance themselves from ethnic minorities ('ethnic distance') and perceive the arrival and presence of immigrants as a threat. The current public debate in the EU appears to focus mainly on the question of how the integration of immigrants can be promoted. What seems to be ignored in this debate is how willing the indigenous population of the EU is to accept the social integration of immigrants, to what extent they are prepared to engage and interact with minorities. This chapter explores this public support and examines the degree of resistance shown by the indigenous population of the EU to social interaction with members of ethnic minorities: to what extent do Europeans avoid contact with members of ethnic minorities at work and in their personal lives? To answer this question, the chapter looks at the strength of this resistance in different population groups. It also focuses on the role played by the economic and cultural interests of the indigenous population and the extent to which people believe that migrants harm those interests. Attention then turns to the extent to which differences between member states in ethnic distance and perceived ethnic threat relate with differences in economic conditions and the presence of minorities. Finally, the issue discussed in chapter 1 is revisited, namely the level at which indigenous residents would like decisions on immigration to be taken; this is linked to the perceived threat from ethnic minorities to ascertain whether there is a relation between these feelings and whether indigenous residents wish to keep decisions on immigration within their national borders or would prefer a common European approach. To answer these questions data were analysed from the European Social Survey (ESS), gathered in the winter of 2002-2003.

4.1 Theory

Ethnic exclusion has often come to the surface as a reaction to the arrival of large groups of immigrants. In the early 1980s and 1990s strong growth in the number of immigrants, especially asylum-seekers, more than once caused commotion and unrest among a growing group of Europeans (Coenders and Scheepers 1998). However, reaction to the arrival of immigrants is only one of the many facets of ethnic exclusion. Research on this facet can largely be seen as a European tradition (Pettigrew 1998). On other aspects pioneering research has been carried out largely in the United States, where a strong research tradition has grown aimed at explaining ethnocentrism, a term that is used to describe a situation where positive prejudices about one's own group are accompanied by negative prejudices about other groups (Sumner 1906; Jones 1997). Another tradition is concerned with research on resistance to the presence of immigrants and on the contacts between different groups in society. This aspect is often referred to as social or ethnic distance. It was first studied by Bogardus (1933). He expected that the more closely members of ethnic minorities approached

the majority, the more members of that majority would seek to maintain a distance and avoid actual contact (Hagendoorn 1995; Parillo and Donoghue 2002). This research approach is an interesting one for the recent situation in Europe, where the focus is mainly on the integration of migrants who are already present.

Differences between countries in the degree of ethnic distance can be explained among other things on the basis of the Ethnic Competition Theory (Blalock 1967; Olzak 1992). Briefly, this theory states that increased competition between ethnic groups puts interethnic relations under pressure. This occurs where people are competing for scarce (cultural or economic) goods, or where fewer such goods are available for distribution, something which the theory posits happens during immigration waves or at times of economic recession. As chapters 2 and 3 of this Outlook have already shown that there are differences between member states in the degree to which these circumstances occur, this could explain differences between those member states in the degree of resistance to minorities.

In addition to a European comparative perspective, differences between population groups within a given society are also key. Earlier research has shown that certain population groups exclude ethnic minorities to a greater extent than other groups (see e.g. Coenders 2001). This heightened degree of ethnic exclusionism is often assumed to relate with the extent to which these groups perceive ethnic minorities as a threat (Quillian 1995; Scheepers et al. 2002), with groups that have more contacts with ethnic minorities perceiving a greater threat from them.

4.2 *Ethnic distance*

The traditional method for measuring ethnic distance is to gauge the degree of resistance to social interaction with members of ethnic groups in various domains, such as within the residential neighbourhood, at work and in personal relationships. In the European Social Survey, respondents were asked how much they would object to having an immigrant as a boss at work. They were also asked how much they would object if a member of their family were to marry an immigrant.[1] Roughly 20% of the population of the EU member states – in other words a substantial minority – exhibited ethnic distance in their working or private lives. Figure 4.1 shows the average scores on ethnic distance for 19 member states.[2] All 'old member states' are represented in the study; the new member states included are Poland, the Czech Republic, Hungary and Slovenia. The results show that the indigenous Dutch are close to the European average in their resistance to social interaction with ethnic minorities.[3]

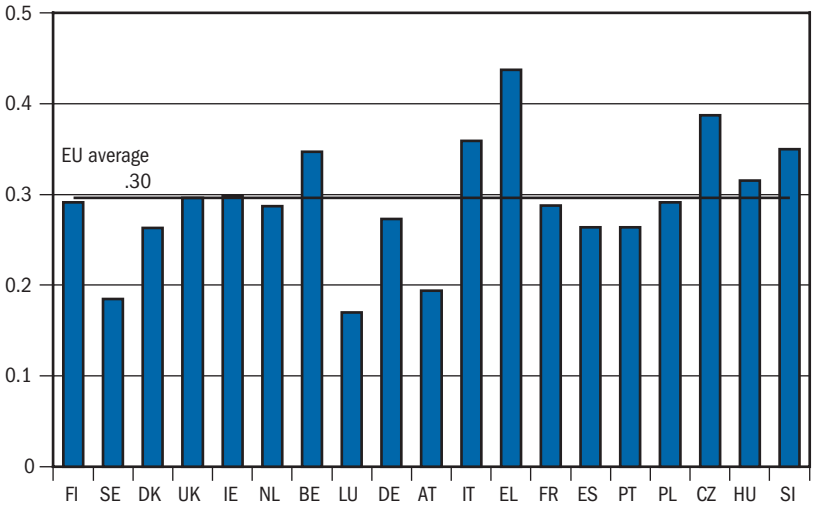
1 The actual question put to respondents (in Dutch) was: 'Thinking about people who have come to live in the Netherlands from another country and who are of a different race or ethnic group from the majority of Dutch people, to what extent do you object or not object to such a person being appointed as your boss, or to such a person marrying a close member of your family?' Both questions were also put with respect to immigrants of the same race or ethnic group. Factor and LISREL analyses showed that all four items referred to the same concept of ethnic distance. Moreover, this measurement was found to exhibit cross-national equivalence, with the factor loadings being cross-nationally invariant.

2 The figures shown are the averages on the constructed scale, not percentages. The items that refer to ethnic distance were added together and the scale reduced to a scale ranging from 0 to 1.

3 Respondents have the nationality of the country studied. For a detailed report of the findings and an explanation of the methods used and comparison of the measurement models, see Coenders et al. (2004).

The position of the Scandinavian countries corresponds with the findings of previous research into ethnic exclusion. In Sweden and Denmark, in particular, the ethnic distance is smaller than the European average. The same applies in Western and Central European countries such as Luxembourg, France, Germany and Austria. The position of Austria is striking given its less positive position in earlier comparative research and given the strong support for the right-wing populist FPÖ (Freedom Party of Austria) led by Jörg Haider.[4]

Figure 4.1 Ethnic distance in 19 EU member states



The ethnic distance in Spain and Portugal is also below the European average. However, this smaller ethnic distance cannot be seen as a Mediterranean phenomenon, because ethnic distance is higher than average in Italy and especially in Greece. This exceptional position of Greece also emerges in other comparative research, where other aspects of ethnic exclusion are taken into account (Coenders et al. 2004). The fact that the immigrant population in Greece is proportionately many times greater than in the other three Mediterranean countries may be a factor here.[5] A frequently posited *post hoc* explanation for the position of Greece is that the high proportion of illegal immigrants is related to the years of unrest in the Balkans in the 1990s. Comparative figures on percentages of illegal immigrants are however not available (or not reliable), so that this explanation cannot be investigated further.

Belgium is the only Western European member state where the ethnic distance is greater than average. The idea that the right-wing Vlaams Blok party spreads ideas

4 Historical explanations may also play a role, but are difficult to test empirically and were therefore left out of consideration.

5 Although this is not shown in the Eurostat figures presented in chapter 2. Those figures are based on statistics from the 1990s; the higher percentage reported here is taken from the Greek census from 2001 (General Secretariat of National Statistical Services of Greece, 2004), in which the percentage of Albanians is considerably higher than in the earlier statistics.

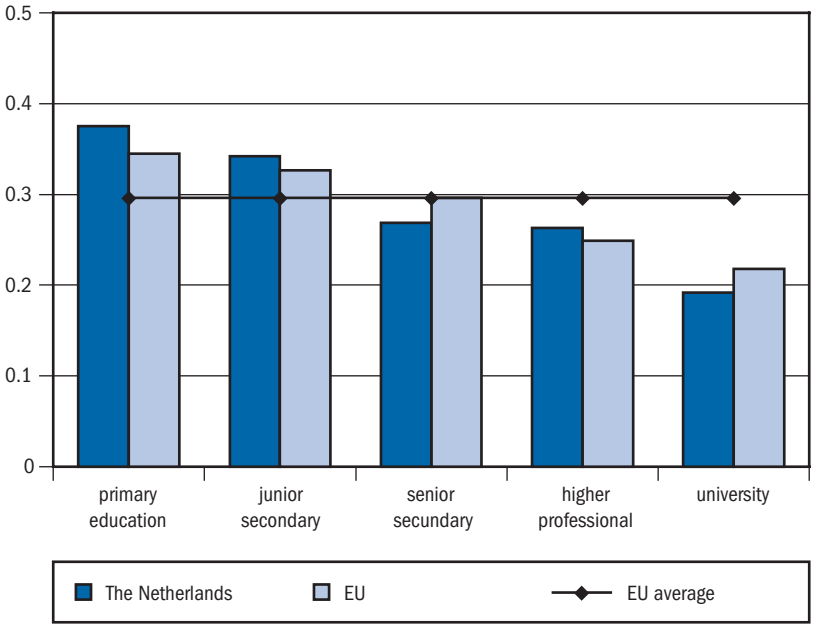
bordering on racism appears plausible, but runs into problems when extrapolated to other member states with strong or strengthening anti-immigration parties, such as France, Denmark and Austria: the ethnic distance in these countries is no higher than average, even though their anti-immigration parties are comparable in size to the Vlaams Blok.

In the new member states studied, ethnic distance is stronger than average in the Czech Republic and Slovenia, and barely deviates from the average in Poland and Hungary. It is striking in this respect that the findings of the ILO on the level of discrimination in the four countries studied – the Netherlands, Germany, France and the UK – cannot simply be superimposed on the findings presented here. There is virtually no difference between the above four member states in the degree to which residents distance themselves from ethnic minorities.

4.3 *Differences between population groups in ethnic distance*

This section presents an impression of the ethnic distance shown by different population groups in the total group of EU member states studied. The differences in ethnic distance between population groups are also shown for the member state where these differences are most marked.[6]

Figure 4.2 Ethnic distance by education level[7]



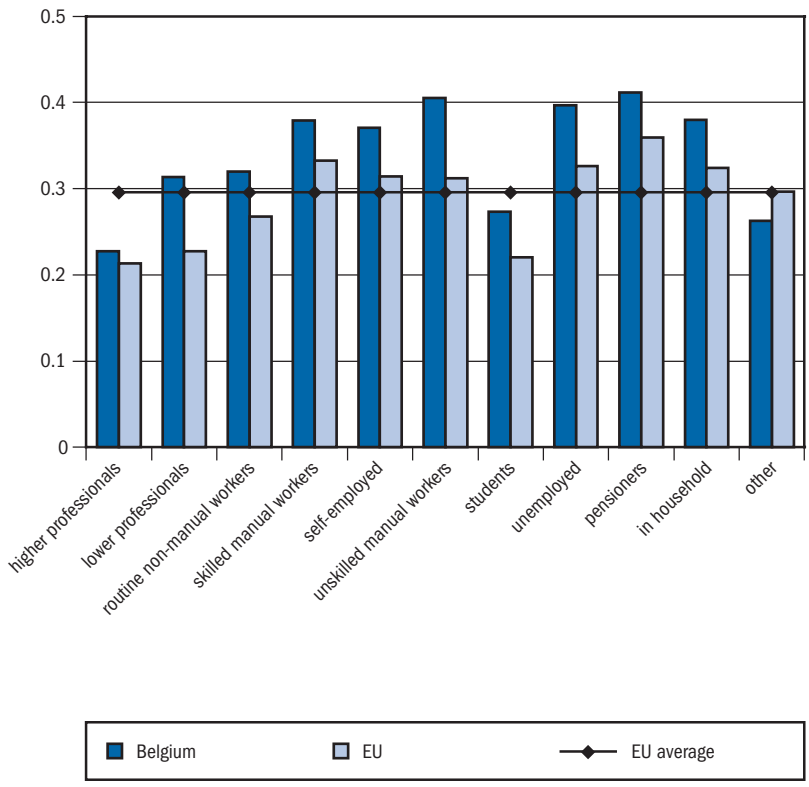
6 Coefficients of association were used to investigate in which member state the correlation between a characteristic and ethnic distance was strongest; the member state concerned was then included in the figure.

7 The Dutch categories of secondary education MBO (senior secondary vocational education), HAVO (senior general secondary education) and VWO (pre-university education) were combined to facilitate a European comparison. If these categories are studied separately for the Netherlands, people with an MBO education display a greater ethnic distance than the Dutch average.

The relationship between education level and degree of resistance to ethnic minorities is as expected and corresponds with findings from earlier research: the lower the education level, the more strongly ethnic distance is endorsed (see figure 4.2). The difference between people with a high and low education level is a large one: twice as many people with a low education level support ethnic distance than university graduates. This difference is found in all member states, but is most pronounced in the Netherlands.

Differences in the degree of ethnic distance between people in different social positions – measured by the chief activity of respondents – lend themselves well to comparison between EU member states. As figure 4.3 illustrates, among the working population, higher and lower-level professionals exhibit less ethnic distance. Manual workers (skilled and unskilled) and self-employed persons, by contrast, show greater ethnic distance. As the differences between the categories are most marked in Belgium, the findings for that country are shown in the figure. Not only is the average higher in Belgium, but it also scores higher in almost every category shown. Despite this, the pattern is comparable with the picture for all member states. Exceptions within countries to the general pattern are found when the position of routine non-manual workers is taken into consideration. In Denmark, the Netherlands, the Czech Republic, Hungary and Slovenia the ethnic distance among this group of workers is higher than the average for these countries.

Figure 4.3 Ethnic distance by social position



The general pattern suggests that in occupational groups containing relatively more immigrants (Kiehl and Werner 1999), the ethnic distance is actually stronger. This fits in with the fact that the proportion of immigrants is above average among (skilled and unskilled) manual workers and self-employed persons, and that the ethnic distance is greater in these groups. This finding is also in line with the expectation that a higher presence of ethnic groups poses a threat to those occupational groups which have more contacts with ethnic minorities in practice. In other words, it would seem that it is easy to profess little ethnic distance when one has few contacts with ethnic minorities, as is the case for (lower and higher-level) professionals. The earlier chapters showed that the labour market structure is not the same in all countries and that in Southern Europe in particular ethnic minorities perform relatively well in terms of labour market participation. According to Kiehl and Werner (1999), in these member states, too, minorities from outside the EU are also employed mainly in 'elementary occupations', and it is plausible that it is mainly indigenous manual workers who therefore perceive ethnic minorities as a threat.

When the groups who are not active on the labour market are considered, it is striking that pensioners and housewives/househusbands ('in household' in the figure) show more ethnic distance than average. Finally, the unemployed in the member states studied also show an above-average distance to ethnic minorities, though there are differences of degree. In the new member states studied, for example, the unemployed show a lower ethnic distance than average.

Figure 4.4 shows the relationship between income and ethnic distance.[8] The fact that low-income groups show slightly more evidence of ethnic distance than the higher income categories fits in with the above findings with regard to education and social position. Yet the differences between the income categories are smaller than the differences found between different education categories or the groups distinguished by social position. In fact in many member states there is virtually no relationship to be found. This applies in particular for the Eastern and Southern European member states. The biggest differences between income categories are found in the UK, and are therefore included in the figure.

Older persons show much more ethnic distance than younger people (see figure 4.5). People aged over 70 have the least desire to have anything to do with members of ethnic minorities; this feeling is almost twice as strong as among those in their twenties. It is striking to note however that in many member states a change is taking place in the youngest age group: the ethnic distance among teenagers is greater than among people in their twenties and thirties. The UK serves as an example in the figure.

8 Income was measured as net household income. As a relatively large number of respondents did not state their income, the missing value substitution technique was used, with income being estimated on the basis of education level, social position, age, sex, civil status and presence of a partner or children.

Figure 4.4 Ethnic distance by income quartile

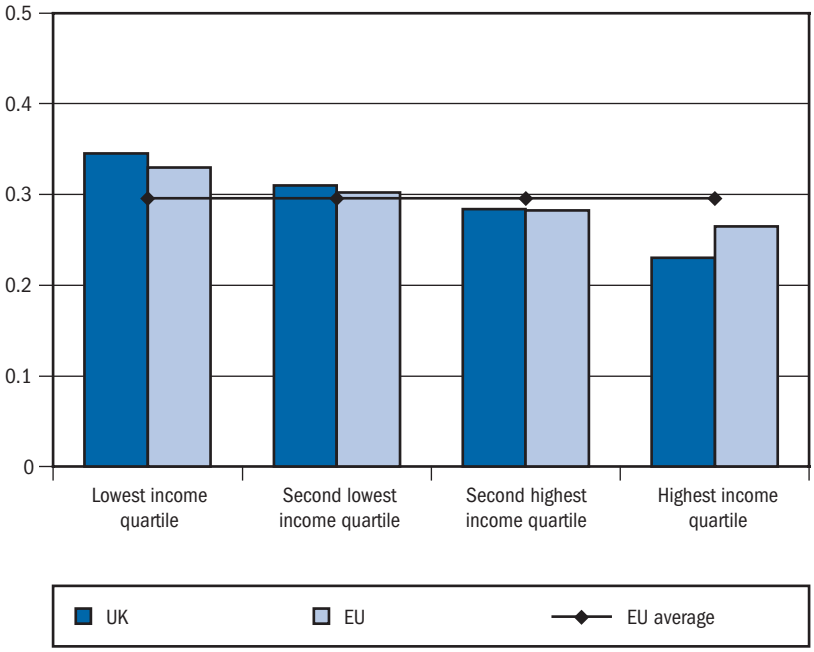


Figure 4.5 Ethnic distance by age category

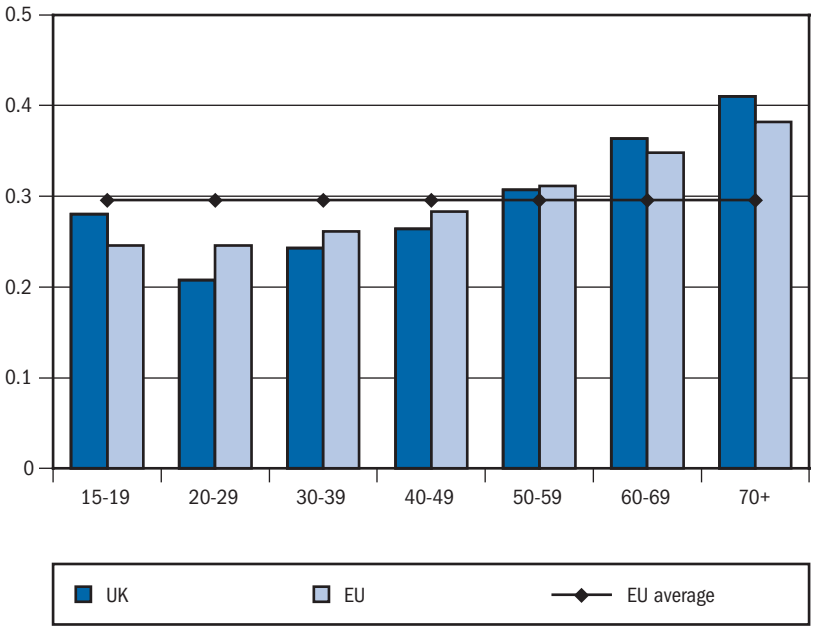
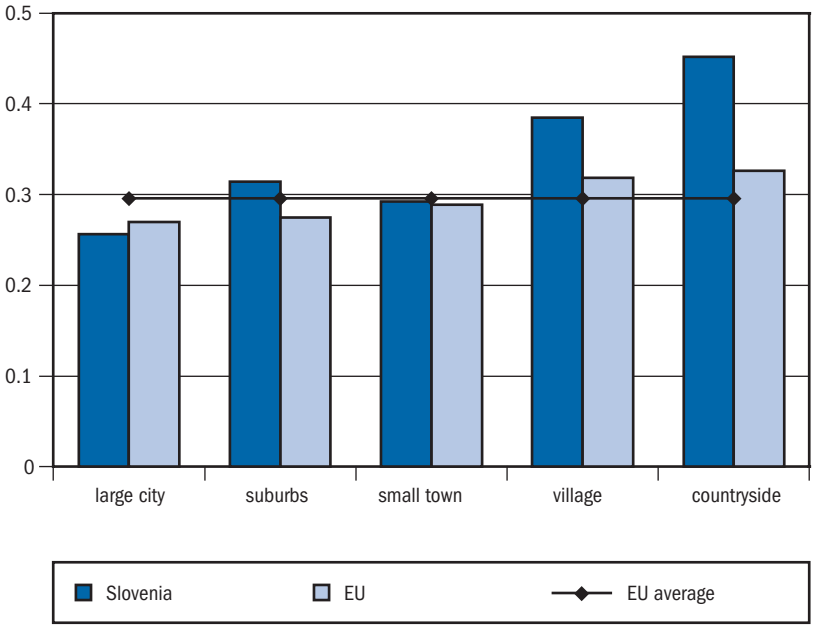


Figure 4.6 portrays the degree of ethnic distance according to degree of urbanisation. Interestingly, ethnic distance is found to be strongest in villages and rural areas. This applies particularly in Austria and Slovenia, but a similar pattern is also found in most

other member states.[9] In contrast to the picture portrayed in the (West-European) media, namely that resistance to minorities is greatest in the large cities, these findings show that ethnic distance in the largest cities is actually the lowest. Although the ethnic competition theory suggested that the presence of minorities leads to a greater degree of competition, another mechanism may be at work here. Opportunities for contacts with ethnic minorities are greater in the towns and cities because of the concentration of immigrants in urban areas, especially in Western Europe. The 'contact theory' posits that actual contact can reduce the perceived threat from ethnic groups (Allport 1954; Gijsberts and Dagevos 2004). Distrust of the unfamiliar could then feature more strongly in rural areas than for people living in urban districts. In the countries of Eastern Europe, where ethnic groups including Roma are also relatively strongly represented outside the major cities, it is plausible that the competition theory does apply.

Figure 4.6 Ethnic distance by degree of urbanisation



4.4 *Explanations for ethnic distance*

The next step in the analysis is to explain differences between countries in the degree of ethnic distance and to identify the determinants.[10] This will indicate the extent to which ethnic distance can be explained on the basis of individual and national char-

9 Italy forms an exception here, as the ethnic distance is slightly greater in the large cities. In Greece, the ethnic distance is greatest in villages, in line with the general finding, but after this is strongest in the large cities.

10 This multivariate analysis is a multilevel analysis in which the variance components are separated at individual and country level. For a description of the model structure and the goodness of fit, see Coenders et al. (2004).

acteristics. The analyses are based on data on 18 member states drawn from the European Social Survey.[11]

The individual characteristics that explain ethnic distance are shown in Appendix 4.1 (table 4.1, first model). The effect of education is especially strong, with people with a higher education background showing less ethnic distance. The difference observed earlier between income categories disappears, however: the difference in ethnic distance shown by high and low income categories is attributable to differences in their education and social position. The differences between population groups are also virtually the same as the earlier findings. Variation in the population profile between countries gives an indication for differences in their degree of ethnic distance: countries with a higher proportion of indigenous people with a low education level show a higher degree of ethnic distance. These are referred to as composition effects.[12]

Interestingly enough, virtually no relation is found between ethnic distance and low GDP or high unemployment.[13] Even the percentage of ethnic minorities, the net migration in the second half of the 1990s and the influx of asylum-seekers tell us little – within this selection of member states – about the extent of differences in resistance to ethnic minorities between member states.

The extent to which people perceive ethnic minorities as a threat proves to be highly relevant in explaining ethnic distance. In model three in table 4.1 (Appendix 4.1) this explanation is included alongside other perceptions. The effect is very strong, with people who perceive a greater threat from ethnic minorities maintaining a greater distance to them. Interestingly, social and political distrust have no direct effect on ethnic distance.[14] People who *feel* unsafe do however show greater ethnic distance.[15] Finally, there is confirmation that people with a 'right-wing' political orientation have a stronger desire to keep ethnic minorities at a distance than people on the left of the political spectrum.

11 It should be noted that France was left out of these multivariate analyses because the French data were published just before the appearance of this report. France is however included in the European average described earlier. In addition, the former East and West Germany were treated separately in the multivariate analysis.

12 At the bottom of table 4.1 in Appendix 4.1 it is stated that 20.7% of the variance in ethnic distance between member states is explained by including individual characteristics.

13 The measures used for the country characteristics are described in Appendix 4.2.

14 Social distrust was measured on the basis of three items, which together form a reliable scale (Cronbachs alpha =.77); 'Generally speaking, do you think that most people can be trusted or that you cannot be careful enough in dealing with people?'; 'Do you think that most people would try to take advantage of you if they had the chance, or would they try to be honest?'; 'Do you think that most people try to be helpful or do you think that they usually think only of themselves?'.
Political distrust was measured using four items, which together form a reliable scale (Cronbachs alpha = .76); 'Generally speaking, do think that politicians are concerned about what people like you think?'; 'Do you think that politicians are interested only in getting people's votes, and less interested in people's views?'; 'On a scale of 0 to 10, can you indicate how much trust you have in the Dutch parliament?'; 'On a scale of 0 to 10, can you indicate how much trust you have in politicians?'.

15 Perceived lack of personal safety was measured using the question: 'How safe do you feel – or would you feel – if you (were to) walk around this neighbourhood in the dark?'. It should be noted that actual victimhood does *not* have a (direct) effect on ethnic distance; this effect is not included in the table. Actual victimhood was measured using the question: 'Have you or has anyone in your household been a victim of a burglary or of physical violence during the last five years?'.

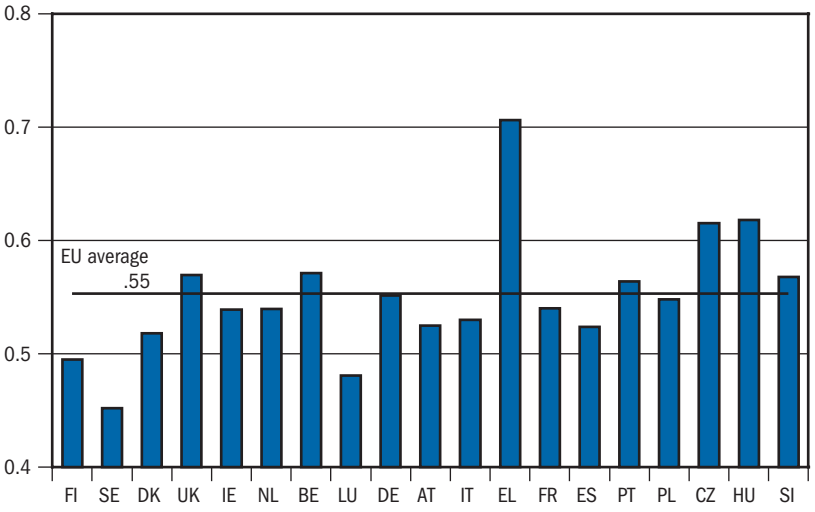
As countries differ in the extent of perceived ethnic threat, this aspect also offers an explanation for differences between countries in the degree of ethnic distance. In other words, the ethnic distance in a given country is greater because people there perceive a greater threat from ethnic minorities. Time, then, to look in more depth at this perceived threat.

4.5 *Perceived threat from ethnic minorities*

The questions put to respondents refer both to economic and cultural ethnic threat. They explore whether people fear that immigrants 'steal jobs', 'cost more than they contribute' and 'are bad for the economy', or whether migrants 'undermine their culture' or 'make the country a worse place to live'. One question looks at the relationship between immigrants and crime, and asks respondents whether the problem of crime has become worse due to the arrival of people from other countries. Despite these different domains in which perceived ethnic threat can be situated, the response patterns relate so strongly that it can confidently be said that all these aspects refer to the overarching concept of a 'perceived threat from ethnic minorities'. More than half the population of the EU perceive some level of threat from the immigrants in their country. There are however wide differences between member states, with – once again – the position of the Greeks standing out (see figure 4.7);[16] there is no other country where the perceived ethnic threat is as high as in Greece.

Apart from Greece, the new member states Hungary and the Czech Republic also stand out, with a perceived threat from ethnic minorities that is above the European average. The sensitive relations with the large Roma minority play a role in these countries, but evidently people also see the arrival and presence of immigrants in general as a threat. In Poland and Slovenia – the other new member states considered in this study – the perceived ethnic threat is close to the European average.

Figure 4.7 Perceived threat from ethnic minorities in 19 EU member states



16 The figures shown are the averages on the constructed scale, not percentages. The items that refer to ethnic threat were added together and the scale reduced to a scale ranging from 0 to 1.

In the West-European member states, the perceived ethnic threat is somewhat stronger in the UK and Belgium. In Denmark and Austria, two member states which occasionally recorded above-average scores in the 1990s for negative attitudes towards ethnic minorities (Quillian 1995), the perceived ethnic threat is in fact below the average. This is also the case in the other Scandinavian member states and in Luxembourg. It would seem that to some degree people in the wealthier member states see ethnic minorities as less of a threat than people in the less prosperous countries.

4.6 *Explanations for perceived ethnic threat*

Like ethnic distance, perceived ethnic threat is greater among people with a low education level and people with a low income (see Table 4.2 in Appendix 4.1). These groups are more afraid that ethnic minorities will harm the economy, 'steal' jobs and 'undermine' the culture of the host country. Self-employed persons and manual workers feel this threat to greater extent than people working in professions at the upper end of the social ladder. The unemployed, pensioners and people working in the household also see a greater threat from ethnic minorities. The rural population perceive a greater threat than people living in towns.

The perceived threat from ethnic minorities can be clearly linked to the national context. It is significantly smaller in countries with stronger economies, measured by the size of their GDP, though to some extent the influence of GDP is cancelled out by the presence and arrival of ethnic minorities; this is not surprising given that – as described in chapters 2 and 3 – the wealthier member states attract more immigrants. The analyses show that in member states where the percentage of ethnic minorities is higher and where net migration has been stronger, the perceived threat from ethnic minorities is also higher. The unemployment rate and number of asylum requests are found to have no influence on the perceived ethnic threat.

Finally, the study looked at the importance of individual perceptions for the perceived threat from ethnic minorities. People who regard themselves as being on the political right perceive a greater ethnic threat. In addition, a general distrust of others is accompanied by a higher perceived ethnic threat; people who feel unsafe also perceive a greater ethnic threat. As became clear for the Dutch situation in chapter 1 of this report, there is moreover a fairly strong correlation between distrust of politics and the perceived threat from ethnic minorities. There is a dilemma here, in that it will be difficult for the government and/or establishment politics to remove perceived ethnic threat, whereas the group who perceive this threat will readily respond to the messages of populist political leaders.

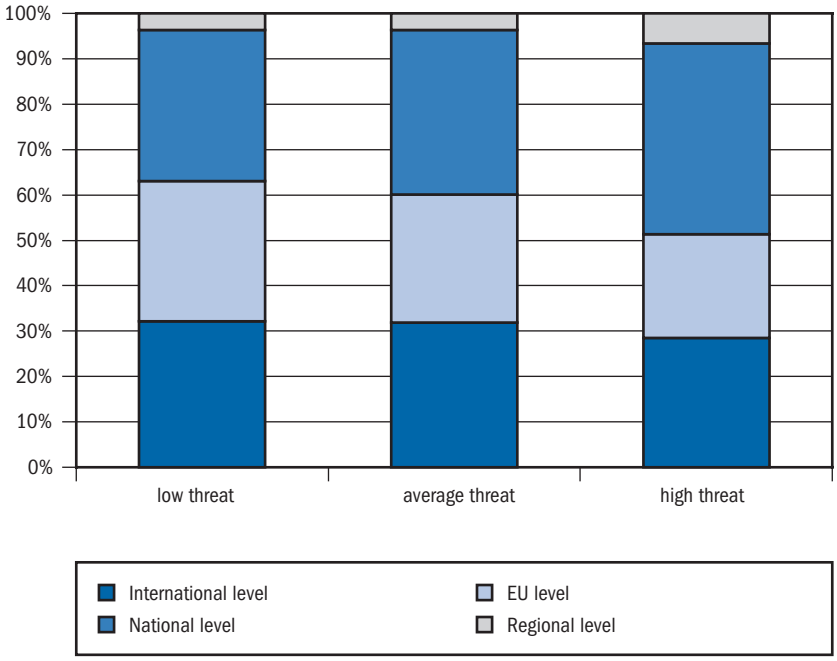
4.7 *Perceived ethnic threat and allocation of responsibility for immigration policy*

Finally, this chapter shows the extent to which perceived ethnic threat determines people's preference as to where decisions on immigration policy are taken. Do Europeans want decisions on immigration to be taken by their own national governments or would they prefer a European or international approach, and to what extent does ethnic threat play a role in these preferences? One finding that can be stated straight away is that most people support a multinational approach to immigration; the degree of perceived ethnic threat has little influence on this. Differences are however found when preferences for the EU and for the national state are compared (see figure 4.8). It then emerges that people who perceive a threat from ethnic minorities are more in

favour of keeping decisions on immigration at the national level and are less inclined to favour a European approach.

The relation found between perceived ethnic threat and the preferred level of decision-making is particularly strong in France, but a comparable pattern is found in all member states included in the study, with the striking exception of Italy, Portugal and Spain, where such a relation is virtually absent. It may be that the specific experiences in these member states with overseas refugees mean that even people who perceive immigrants as a threat would like to see European or other international cooperation on immigration.

Figure 4.8 Preferred decision-making level on immigration



Preferred decision-making level on immigration by the population of the EU member states, subdivided into three sub-populations: those who perceive no threat from ethnic minorities, those who perceive an average threat and those who perceive a high threat.

4.8 *Concluding remarks*

The population of the EU member states perceive a fairly high level of economic and cultural threat from ethnic minorities. This perceived threat is in turn a major reason for keeping ethnic minorities at a distance in people's day-to-day lives. This phenomenon is particularly strong in Greece, where people feel very threatened by the arrival and presence of ethnic minorities. The perceived threat in the Czech Republic and Hungary is also significantly greater than in the other member states. Among the West-European member states, only Belgium records both a higher than average perceived ethnic threat *and* ethnic distance.

The empirical findings for 2002-2003 suggest that the resistance to ethnic minorities in the Netherlands after the turbulent year 2002 is not exceptionally high compared with other member states. While the findings confirm that the Netherlands has no reason to congratulate itself on account of the tolerance for which it was once famed,

the figures do not support the idea that the Netherlands has 'swung too far the other way' and become especially intolerant. In a European perspective, the Netherlands occupies a solid middle position. People in the Scandinavian countries, Austria and Luxembourg are less troubled by ethnic distance. Moreover, people in the Scandinavian member states and in Luxembourg perceive an economic and cultural threat from ethnic minorities to a much lesser extent than in the other member states.

Differences in ethnic distance between the member states could not be explained in this study by the country characteristics included in the study. The degree to which residents of the different member states vary in the perceived threat from ethnic minorities does however offer an explanation for differences in ethnic distance. To some extent, this economic and cultural threat is determined directly by the context. In countries with a weaker economy (expressed as a lower GDP) and in countries where net migration has been higher and where the percentage of ethnic minorities living in the country is larger, there is a greater perceived ethnic threat. For Greece, which has a lower GDP and has seen a relatively large increase in its immigrant population, this could explain the high level of perceived threat from ethnic minorities.

If the findings in chapters 2 and 3 on unemployment and the activity rate of immigrants are extrapolated to this chapter, it becomes apparent that the perceived ethnic threat is lower in member states where ethnic minorities are doing less well on the labour market. International differences in the degree of ethnic distance and ethnic threat thus appear unable to explain why ethnic minorities perform less well on the labour market in these member states. It may be that a trend study could offer a more pertinent answer to this question. Based on the present findings it could be concluded that when ethnic minorities perform relatively well on the labour market in comparison to the indigenous population, and when new migrants enter the jobs market, the perceived threat from ethnic minorities will be high. Admitting immigrants in order to make up for the decline in the indigenous population brings the danger that tensions will arise between the two groups if native citizens have the idea that they are being passed over in favour of ethnic minorities. Finally, it should be noted that although there is wide variation between member states, the perceived threat from ethnic minorities is considerable in all countries studied, including in the Scandinavian member states.

The differences found between population groups are reasonably consistent: people with a limited education level are found to exhibit stronger resistance to ethnic minorities than people with a higher education background. The same applies for manual workers and self-employed persons. The explanation found for this is that these groups perceive a greater threat from ethnic minorities than other sections of the population. To some extent the same applies for people living in villages and in the countryside because – strikingly enough – the perceived threat from ethnic minorities was found to be higher precisely in these areas.

The importance of social and political distrust also became clear; both aspects relate strongly with perceived threat from ethnic minorities. This means that policymakers will have a difficult task in reaching people who perceive a threat from ethnic minorities. Finally, people who perceive a threat from ethnic minorities are more strongly in favour than people who perceive little ethnic threat of keeping immigration policy decisions at national level.

5 European policy directions

Virtually all member states are currently engaged in a debate on the best policy to be pursued with regard to immigration and integration. The way in which other countries, such as Canada, have shaped their policy is cited with increasing frequency. It is also regularly suggested that a common European policy is needed.

This chapter attempts to make a contribution to this debate. It describes the pros and cons of a number of possible policy directions against the background of recent developments in policy. The first section outlines developments towards a common European immigration, asylum and integration policy and examines the question of whether further cooperation is really desirable. The conclusion is that there are good reasons for working towards a common EU asylum policy, but that a national approach would seem to be preferable for immigration and integration policy. Section 5.2 looks in more depth at the national policy options with regard to immigration and integration. Three broad policy directions are identified, and for each a description is given of the ways in which different countries have designed their policy and of the possible lessons that EU member states could draw from this. The best chance of a successful policy lies in strengthening the economic integration of immigrants and reforming the social security system. The final section recaps the main conclusions from this chapter.

5.1 Towards a common policy?

Since the Treaty of Amsterdam (1997) and the Tampere European Council (1999), the possibility of a common European immigration and asylum policy has been high on the political agenda, and during the Thessaloniki European Council in 2003 integration policy was also added. During the Tampere Summit it was concluded that '*The separate but closely related issues of asylum and migration call for the development of a common EU policy*'. Chapter 1 made clear that this view is shared by roughly half the European population. Since then, great strides have been taken towards a common policy. This will be discussed briefly in the final section of this chapter.

It is however by no means certain that a common policy would turn out to be better than a national approach. There are key advantages to a national approach. For example, national governments are better able than the EU to tailor their policy to the specific needs of their country; this is important where there are substantial differences between countries, as is the case in the EU. While it is true that the challenges facing the different member states are comparable in some respects, especially the generally high unemployment rate among immigrants, the differences are more striking than the similarities. The diversity of the member states has been discussed extensively in earlier chapters. There are for example wide differences in the numbers of immigrants and asylum-seekers, in their labour market situation and in the attitude of the indigenous population to them. All these differences imply that the most appropriate policy measures may vary from one member state to another. This idea is supported by the wide differences in the preference shown in different member states for a common immigration policy, varying from 16% in favour in Finland to 73% in Italy (see table 1.2 in chapter 1).

In view of the advantages of a national approach, the principle adopted in the EU is that powers will only be transferred to a higher level if there are sound indications that

this will produce better results. This is the subsidiarity principle. However, it would be a misunderstanding to think that the subsidiarity principle by definition means that national policy should always be preferred; there may be very good reasons for opting for European coordination. In the economic literature these reasons are often summarised by the terms 'external effects' and 'economies of scale'. External effects occur when the policy of one member state has consequences for the achievement of policy objectives in another member state, without any possibility of the first member state being held accountable. This is the case, for example, if a restrictive asylum policy in Germany causes the flow of asylum-seekers to switch to the Netherlands. Economies of scale arise when policy can be carried out more efficiently in a joint approach. For example, it is more efficient and cheaper to carry out border controls on Europe's external borders than in each individual member state.

The choice between common or national policy requires that the potential economies of scale and external effects are weighed against the diverse interests of the member states. The pros and cons of centralisation of policy are an explicit part of this process. Ultimately, how much importance is accorded to the various arguments is a political judgement. An intermediate form may also be chosen, for example cooperation between a limited group of member states (lead group) or a 'soft' form of coordination (without explicit sanctions).[1]

The judgement as to the best form of cooperation can vary from one policy domain to another. For this reason, an explicit distinction is drawn here between immigration policy, asylum policy and integration policy. For each of these policy domains, the theoretical outcome of the judgement is examined and actual developments are described on the path towards further European cooperation.

5.1.1 *Immigration policy*

The main migration flows to member states originate outside the EU. Where intra-EU migration has a long tradition of common policy (see box), regulation of the migration flows from outside the EU was until recently the exclusive domain of national politicians. It was not until the Treaty of Maastricht that immigration was first mentioned as a subject of common policy. The Treaty of Amsterdam (1997) went a step further and transferred immigration and asylum policy to the first Community pillar of the Treaty on European Union.[2] The Tampere Summit in October 1999 established the importance of this new EU policy domain. The Summit conclusions argued that 'The European Union must ensure fair treatment of third country nationals who reside legally on the territory of its Member States. A more vigorous integration policy should aim at granting them rights and obligations comparable to those of EU citizens'. The Summit stressed that the policy should offer a comprehensive approach, in which attention was not limited to the economic and social aspects of the influx of migrants. It stated that a common EU asylum and immigration policy should include the following elements: (i) partnership with countries of origin; (ii) a common European asylum system; (iii) fair treatment of third-country nationals; and (iv) management of migration flows. In November 2000 the European Commission gave tangible form to these intentions in its Communication 'On a Community Immigration Policy' (EC, 2000). The principle was a recognition that the existing 'zero policy' on immigration was no longer tenable – though in practice that policy had in fact long been abandoned.

1 See WRR (2003) for a detailed description of the various governance models.
2 Denmark, the United Kingdom and Ireland negotiated an opt-out clause (see also WRR (2003), p. 176). The Treaty came into force in May 1999.

Labour mobility within Europe

From the founding of the European Economic Community (EEC) in 1957, unrestricted movement of workers within Europe had been seen as an essential element of the internal European market. In the Treaty of Rome, which marked the start of the European Community, the free movement of workers was listed as one of the four fundamental freedoms. In 1968 this ideal was realised with the creation of a Customs union in the six original member states. This made it possible for 185 million people to look for work without restriction in one of the other member states.

With the enlargement of the EEC and later the EU, the number of participating countries gradually increased. Thus in 1971 free movement became possible for workers from Denmark, Ireland and the UK. On the accession of less prosperous member states such as Greece, free movement of workers was permitted only after an initial transitional period. The recent enlargement of the EU is no exception, and a transitional period applies for the eight new member states from Central Europe (but not for Cyprus and Malta). After this transitional period, the free movement of persons will apply for more than 450 million people: 375 million in the EU-15, 75 million in the new member states and a further 5 million in the countries of the European Economic Area (Iceland, Norway and Liechtenstein).

In practice there are still a few obstacles to labour mobility within the EU. The Social and Economic Council of the Netherlands (SER) (2001) draws a distinction between impediments that make mobility impossible, such as lack of full recognition of diplomas, and impediments that discourage labour mobility, such as limited portability of pensions.

The introduction to this section stated that it should not be taken for granted that a common policy is necessarily better than a national approach. The question is therefore whether it is desirable for immigration policy to be centralised in a common EU policy. The subsidiarity test can be helpful in answering this question. This is made explicit below and is followed by a discussion of what has actually taken place since the Tampere Summit.

Subsidiarity and immigration policy

Applying the subsidiarity principle to immigration policy requires that the advantages of national policy freedom be weighed against the advantages of a common approach. National policy freedom enables member states to design policy to match their different starting positions and preferences. An important observation in this regard is that the labour market in the various member states differ widely (see also European Outlook 1, 'Social Europe'; CPB/SCP, 2003). The question now is whether there are any important external effects and economies of scale which call for a common immigration policy.

The main potential external effect of a national immigration policy is probably that disadvantaged immigrants, after being admitted to one member state, will migrate to another member state. In practice, however, this effect is not very significant. Third-country nationals are not permitted to settle freely in another member state during the first five years of their employment residence, and even after that they are only allowed to move freely under certain conditions. This policy is not expected to change in the

foreseeable future. Moreover, in practice only a small percentage of EU residents actually migrate to another member state.[3] Fears that immigrants admitted to one country will then move *en masse* to member states with relatively more generous social security systems therefore appear unfounded.

Another effect is suggested by Boeri et al. (2002). They call for a common immigration policy as a way of escaping the vicious circle in which ever stricter national immigration policy generates ever more illegal immigrants, which in turn prompts the electors to vote for an even stricter policy. According to this reasoning, national governments are held hostage by their electorates. In our view, however, this is not a convincing argument for transferring responsibility to a higher administrative level. With a little exaggeration it could be said that in reality it is more an argument for replacing democracy with a benevolent dictator.

Another frequently heard argument is that a common immigration policy is necessary because European labour markets are so closely interwoven. There is little empirical evidence to support this, however. Moreover, the national governments of the EU member states have the freedom to structure their labour markets, and there is no immediate reason to change this.

The conclusion is that immigration policy engenders only a few external effects. Economies of scale are also difficult to find. They might perhaps be achievable if a large number of countries were to switch to a comparable system of selecting highly skilled labour migrants, which is already happening in a number of countries (see next section for a further discussion of this policy option).

Ranged against the relatively weak arguments in favour of a common immigration policy are important arguments against it. The labour markets and socio-demographic characteristics of member states differ widely. Where immigration can be a useful means of cushioning the pain of population ageing in one member state, in another it can place unjustified demands on the national welfare state. And where one member state may have a shortage of ICT professionals, it may be that another member state suffers from a shortage of horticultural workers. In short, each member state has a well-founded interest in developing policy geared to its own situation. A common immigration policy would stand in the way of this, as well as being less flexible and therefore less easily adapted to changing needs.

All in all, the arguments against a common immigration policy appear to win the day. According to a Communication from 2000 the European Commission (2000) shares this view: '*The responsibility for deciding on the need for different categories of migrant labour must remain with the member states.*'. This also corresponds with the recommendation of the Dutch Advisory Committee on Aliens Affairs (ACVZ) (2004). There is however one point on which their opinions differ: the ACVZ makes an exception for 'knowledge migrants'. Its reasoning is that they will enable the EU to strengthen its overall competitive position. However, if all member states are eager to attract highly skilled knowledge migrants, each of them individually will already benefit from attracting these people with attractive regulations. Harmonisation of those regulations is not needed for this. At the same time, a national approach gives individual member states

3 This could change if the populations of the new member states were to emigrate to the EU-15 *en masse* after the transitional period, but this is unlikely to happen (see e.g. CPB, 2004).

an opportunity to keep these knowledge migrants out, for example to prevent competition with their own population.

Immigration policy: developments since Tampere

The foregoing makes clear that a common immigration policy is by no means an obvious choice. The way in which EU policy has developed in practice since the Tampere Summit is discussed below. Among other things, the development of a common legislative framework is highlighted. First, however, the open method of coordination of national policy is described.

The European Commission is strongly in favour of the development of a common immigration policy (EC, 2000; EC, 2001a). In practice, however, this has for the time being proved to be a step too far. This is hardly surprising, given the wide differences between the member states. In 2001 the Commission therefore defended a temporary deviation from the Community method of cooperation as the main integration method for the common integration policy (EC, 2001a). Since then the open method of coordination has been applied to immigration policy. This method is also used in many other EU policy domains (e.g. social policy, see CPB/SCP, 2003). The idea is that national policy is adjusted to take account of standards and practices in other countries. This means that the member states remain free to select the measures that best suit their society, while the Commission assesses the extent to which the achievements of member states correspond with the agreed common aims. Periodic peer reviews take place with the same aim in mind. If necessary, the European Council can also make recommendations. Although there are no sanctions, political pressures mean that this method goes further than voluntary forms of benchmarking.

The open method of coordination has as yet produced little tangible results. This is not necessarily a bad thing, however. The subsidiarity test has shown that there are important advantages to a national immigration policy. The benefits of a common EU integration policy lie more at the level of 'efficient management of migration flows' (EC, 2001b). The exchange of information has, however improved since 2001. In 2002, for example, the Commission set up a European Migration Network to improve the analysis of and research into migration and asylum in the EU. And recently the Commission published its first annual report on migration and integration. It has already become clear from the foregoing chapters that there is a great need for better and more comparable figures on migration in the EU member states. This improved information exchange will enable the progress and consistency of national and European policy to be monitored more effectively.

Notwithstanding the practice of open coordination, the Commission is still seeking to create a common legislative framework for a number of aspects of immigration policy. The Commission has proposed several guidelines to this end over the last five years. The three guidelines that affect the biggest group of immigrants relate to (i) family reunification; (ii) the status of long-term residents and (iii) labour migration of third-country nationals.[4]

4 In addition, guidelines are envisaged to simplify the admission of students and researchers.

The right to family reunification is an important element of the policy and has led to a considerable amount of discussion within the Union. Disagreement on the definition of family members and the conditions for family reunification have led to a number of amendments to the Commission's original proposal. The eventual directive gives member states the right to require family members to comply with the conditions set by the national legislation with regard to integration. This may for example mean that they have to successfully complete the national integration programmes.

The status of long-term residents is strengthened in the new policy. Immigrants who have lived in a member state for an uninterrupted period of five years and who meet the requirements of the relevant national integration programme are entitled to the same treatment as EU subjects.

The proposed directives for labour migrants from third countries are also intended to strengthen their legal position and to offer them a better prospect of permanent residency status. Negotiations in this matter have so far produced little (OECD, 2004). A case-by-case view will probably be taken on whether a labour migrant is eligible for admission. The most important criterion is whether there are suitable candidates within the EU itself. In other words, EU nationals still receive explicit preferential treatment.

5.1.2 *Asylum policy*

The developments in asylum policy are closely linked to those in immigration policy. The European Commission favours an integrated approach incorporating both immigration and asylum policy and, as outlined in the previous section, the common framework for immigration policy is also important for asylum policy. In Tampere the EU decided to develop a common asylum policy. This policy consists of two phases: in the first phase minimum standards for asylum procedures and reception of asylum-seekers are agreed, while in the second phase a common asylum system are adopted. The principles of the common asylum policy are based on the full honouring of relevant international treaties, such as the Geneva Convention and the European Convention on Human Rights and Fundamental Freedoms.

For asylum policy, too, various forms of coordination are possible. Is a Community asylum policy the most desirable option? This question is weighed up below on the basis of the subsidiarity test.

Subsidiarity and asylum policy

Asylum policy is costly for individual member states, which have a legitimate interest in maintaining their own policy freedom in seeking ways to control these costs. Greater flexibility is also a reason for keeping asylum policy at national level. What external effects and economies of scale can be set against these considerations?

One important potential external effect of asylum policy relates to negative policy competition. The thinking runs that tightening up of the asylum policy in one member state leads to a higher influx of asylum-seekers in neighbouring member states. In the literature this is sometimes referred to as the 'waterbed effect'. According to this theory, the total number of asylum-seekers in the EU has remained virtually constant despite the wide fluctuations in numbers between member states. This redirection of asylum-seekers to other member states can result in a spiral in which asylum policy is continually tightened up even further. This is referred to as negative policy competition. Indices constructed by Hatton (2004) to measure the restrictiveness of dif-

ferent components of asylum policy show that EU member states have indeed made their asylum policy much stricter as time has gone by: on all four aspects (admission, procedures, conditions, granting of residency status), the average index value in the EU-14 (Luxembourg is missing from the figures) has risen. It appears that policy became more restrictive in the 1990s in particular; although the timing varied from one member state to another, ultimately they all introduced similar rafts of measures (Hatton, 2004).

Yet this tightening up of policy cannot simply be explained by negative policy competition. Although it is often suggested that the data support the existence of a waterbed effect,[5] this is in fact anything but clear. Graph 2.2 in chapter 2 shows that the number of asylum requests in Europe has been anything but constant; there is an enormous peak in the number of applications in 1992, for example. The fall in the number of asylum applications in recent years also suggests that further analysis is needed. Hatton (2004) tries to meet this need in his article by estimating the extent to which policy responds to the increase in the number of asylum-seekers in an individual member state and to policy changes in other member states. Although he finds significant effects of both variables, a striking result of his analysis is that the effect of the total number of asylum-seekers in the EU is more significant. This suggests that the asylum policy has been tightened up not only in response to external effects, but also – and above all – due to independent but corresponding policy decisions in different member states, all of which are confronted with corresponding trends. Negative policy competition offers substantial support to a common asylum policy, but according to this analysis the effect is more limited than is often assumed.

In addition to negative policy competition, a number of related reasons are cited for introducing a common policy. Chief among these is the 'free-rider' problem: the member state which provides the reception facilities for asylum-seekers bears the costs itself, while all member states benefit from the provision of those reception services. This makes it attractive for individual member states to leave the reception of asylum-seekers to other member states and thus to 'get a free ride'. When configuring their national policy, member states do not consider the benefits of reception for other member states. In economic language this means that those benefits are not internalised, but constitute an external effect for the other member states. As a result, the benefits are underestimated in national decision-making and the policy will ultimately be more restrictive than would be optimal for the society as a whole. This reasoning, too, leads to the conclusion that a common asylum policy can offer advantages.

Apart from external effects, economies of scale also play a role in asylum policy. Scale effects can be achieved through the coordination of screening and, where appropriate, expulsion of asylum-seekers. Negotiations with third countries on taking back or taking charge of asylum-seekers, and the assessment of safe regions, can also benefit from a common approach. These are thus additional reasons for situating asylum policy at European level.

Harmonisation of asylum policy is also desirable in the context of the 'Dublin Regulation' (Council Regulation (EC) No. 343/2003). Under this Regulation, a member state can refer an asylum-seeker back to another member state without any further assessment if that other member state is responsible for processing the asylum application.

5 See e.g. ACVZ, 2004; p. 18.

However, this can only be done on the proviso that the rights of the asylum-seeker are guaranteed. According to a report by the Dutch Advisory Committee on Aliens Affairs ACVZ (2004) and the recommendation of the Dutch Council of State cited therein, this proviso is currently not being adequately met. Further harmonisation could offer a solution to this.

Looking at all the arguments, the advantages of a common European asylum policy appear significant, and stand up well against the advantages of national policy freedom. This endorses the views expressed by ACVZ and the Advisory Council on International Affairs (AIV) in their recent reports (ACVZ, 2004; AIV, 2004). One key condition is that further harmonisation must be accompanied by a balanced distribution of the financial burden.

Asylum policy: developments since Tampere

The foregoing suggests that a common asylum policy offers key advantages. However, national sensitivities and differences in the specific issues facing member states (the 'asylum problem' in the Northern member states versus the 'illegal immigration problem' in the Southern member states) have so far proved insurmountable obstacles to the formulation of a common asylum policy. In an attempt to avoid the threatened stagnation, the Commission published a Communication in 2001 on the use of the open method of coordination in asylum matters. In doing so, the Commission partially distanced itself from the Community method of coordination.

As with immigration policy, the open method of coordination has since then been applied to asylum policy as well. It can contribute to standardisation in the implementation of asylum policy by offering a forum for the exchange of information. For the Commission, the purpose of the method is 'to support legislative policy and accompany the convergence process' (EC 2001b). The hope is that this will help ensure a smooth transition to a genuine common asylum policy. The danger, however, is that the open method will be used to give the impression that something is happening, whereas in reality the convergence process is stagnating or has ground to a halt. In view of the strong arguments in favour of a common asylum policy, this would be a missed opportunity. It is doubtful whether the open method of coordination, which is not backed up by real sanctions, will ultimately prove an adequate precursor to a common asylum procedure and a common, uniform status for those who have been granted a right of asylum.

Although the European asylum regime as it has developed over recent years could at best be described as an incomplete structure, there have been some achievements since Tampere. Minimum standards have been agreed for the reception of asylum-seekers and agreements have been reached on the individual responsibilities of member states in the processing of asylum applications. The negotiations on minimum standards for the granting of refugee status and the procedures to be followed have also been completed. The proportional distribution of the financial costs of the reception of asylum-seekers remains an issue, though the establishment of the European Refugee Fund (ERF) and its successor ERF II are useful first steps in this regard.

Another aspect of a common asylum policy is the return policy, including the common expulsion of failed asylum-seekers and a common border control system. Reasonable progress has been made in these areas in recent years; for example, border controls are carried out by one member state on behalf of all member states, and the expulsion of failed asylum-seekers now takes place under the auspices of the EU.

5.1.3 *Integration policy*

The EU integration policy is linked to the immigration policy. As a result, one of the elements of the policy is fair treatment of migrants from outside the EU, as agreed at the Tampere Summit in 1999.

The Thessaloniki European Council in 2003 stressed the importance of this principle yet again, highlighting the need for a comprehensive approach taking in not only the economic and social aspects of integration, but also cultural, religious and political dimensions. Although the specific needs of individual migrant groups must be met, integration is ultimately aimed at granting full access to migrants to existing institutions.

Integration is a gradual process. According to the Commission this should be reflected in an 'incremental' approach, in which the rights and obligations of migrants increase in line with the duration of their residence. The Commission also identifies several keys to a successful integration policy. Two aspects will be highlighted here. First, the Commission states that access to the labour market is crucial for social integration. Obstacles such as problems with the recognition and the evaluation of qualifications, must therefore be eliminated as far as possible. In order to derive maximum benefit from the contribution made by migrants, the Commission believes it is important to build on the knowledge and experiences possessed by migrants on entering a member state.

Secondly, the Commission believes that education and training are an essential part of a successful integration policy. Acquiring a command of the language of the host country is of particular importance. In addition to imparting formal knowledge, the education system contributes to the acquisition of informal knowledge of the social and cultural values of the host country. It is therefore an important aid in promoting respect between migrants and the indigenous population.

The Commission has proposed a number of measures designed to foster the integration of migrants. It is not clear in advance, however, whether a common approach is a necessary condition for a successful integration policy in the EU. This is examined below by applying the subsidiarity test to integration policy.

Subsidiarity and integration policy

A national approach offers clear advantages for integration policy. The purpose of integration is to enable immigrants to assimilate in their new environment. To achieve this it is desirable, for example, that immigrants acquire a knowledge of the language and culture of their new home country. There are wide differences between member states in both these areas, and a common integration policy is therefore not necessarily the most logical choice.

There are also other reasons for preferring a national approach. The foregoing chapters have revealed wide differences between the characteristics of immigrants in the different EU member states (different countries of origin, education level, etc), as well as in public opinion towards immigrants. All these differences point to the advisability of keeping integration policy at the lowest possible level, so that the needs of each individual member state and its particular mix of native and immigrant residents can be met as adequately as possible.

What advantages of a common integration policy can be set against this? Economies of scale appear difficult to achieve given the specific demands that the language and culture of individual countries place on an integration policy. External effects could, however offer an argument for situating policy at a higher level. As with immigration policy, the most important potential external effect is that immigrants admitted to one member state migrate to a second member state, investing more in integration policy. In this way immigrants could benefit indirectly from the efforts made by a particular country to ensure the success of its integration policy. In practice, however, this argument will probably play virtually no role. As mentioned during the discussion of immigration policy, third-country nationals are not able to settle freely in another member state during the first five years of being admitted to one member state to work, and even after this period has expired, only a small percentage migrate within the EU. The present diversity of institutions in the EU member states does not therefore lead to large-scale migration between them. This potential external effect therefore appears to carry little weight.

Integration policy: developments since Tampere

As with immigration policy, integration policy can be broken down into two parts: (i) the coordination of the policy; and (ii) the development of a common legislative framework. Both aspects are briefly discussed below.

A good deal has been achieved in recent years in improving the coordination of integration measures between member states. The path has not however been taken towards a common policy; instead, since July 2001 the emphasis has been on open coordination, just as with immigration policy. For example, national contact points for integration have been set up within the EU to promote the exchange of knowledge and information on integration. The importance of this was stressed by the Thessaloniki European Council in 2003. These national contact points are currently developing a policy manual, the first edition of which is expected to appear this year.

In addition, a European Job Mobility Portal has been set up to improve the provision of information about working in other member states. And recently the Commission published its first annual report on migration and integration (EC, 2004b). Finally, the open method of coordination also provides for national action plans in a number of areas that are important for both indigenous people and immigrants. Examples include the action plans to combat poverty and social exclusion (see CPB/SCP, 2003 for a detailed discussion). The box below provides some insight into the financial policy instruments used by the EU to promote integration.

Financial policy instruments to promote integration in the EU

The EU has a number of financial instruments at its disposal to promote integration, employment and social cohesion. In the first place there are the Structural Funds, and in particular the European Social Fund (ESF). Some of the priorities of the ESF are also relevant for the integration of immigrants. For example, in the period 2000-2006 the ESF is spending almost EUR 12.5 billion (20% of the total budget) on promoting equal opportunities on the labour market. Although this money is not targeted specifically at immigrants, it nonetheless helps promote integration.

A number of other programmes also support integration. They include the EQUAL programme, the URBAN II initiative for urban revival, and programmes to promote equality of the sexes and to combat social exclusion and discrimination. The EQUAL programme, for example, provides support for disadvantaged groups on the labour market to the tune of EUR 225 million; to some extent this support also benefits immigrants and asylum-seekers.

In addition, the EU Multiannual Programme for Enterprise and Entrepreneurship, with particular reference to Small and Medium-sized Enterprises (2002-2005), targets ethnic entrepreneurs, among others, partly through its activities in connection with the BEST procedure. Under this Programme funds are also made available from the European Investment Fund (EIF) to facilitate micro-loans to immigrant entrepreneurs. A number of programmes focus on education and culture (e.g. SOCRATES, LEONARDO DA VINCI, Comenius, YOUTH and the CULTURE 2000 programme) also contain elements focusing specifically on the integration of immigrants.

Following on from the Tampere Summit, the Council established a European Refugee Fund (ERF) to support national measures aimed at promoting the integration of refugees. In the period 2000-2002, 28.3% of the available funds (EUR 19 million) were targeted at such measures.

INTI is the latest European initiative aimed at promoting the integration of migrants. Under the initiative, a number of trial projects were set up in 2003 aimed at offering support to networks between member states and thus improving the dialogue on a consistent approach to integration in Europe. EUR 12 million has been earmarked for this initiative over the next three years.

One of the measures for creating a legislative framework is the directive on the right to family reunification (see section 5.1.1 on immigration policy). In addition the Commission tabled a raft of proposals in November 1999 aimed at combating discrimination. These included a directive to combat discrimination on the grounds of race or ethnic origin; an action programme against discrimination; and a framework directive aimed at combating discrimination in employment on the grounds of religion or conviction, disability, age or sexual orientation. Political consensus has now been reached on these proposals.

The Commission has made progress on ensuring the equal treatment of third-country nationals and EU employees who relocate within the EU. The implementation of the new Regulation 1408/71 gives legally resident third-country nationals the same rights as EU subjects when moving within the EU.

5.2 *Design of national immigration and integration policy*

The migration debate focuses attention on a number of global challenges (see also De Mooij and Tang, 2003) such as globalisation, technological advances and demographic trends. Without a restrictive immigration policy, ongoing globalisation will lead to increasing migration. The world appears to be getting ever smaller; distances which in the past would have been virtually impossible to bridge now hardly present a barrier at all. Many migrants have already found their way to the EU in recent decades.

Chapter 3 has shown that the resultant networks can further reinforce migratory flows.

Technological developments are related to internationalisation. Countries specialise more and more in activities that bolster their comparative advantage. For the wealthy EU member states this largely means a focus on knowledge-intensive activities. This leads to a relative increase in the demand for highly skilled workers – a process that could be reinforced by technological developments in fields such as ICT.

Chapter 2 provides an insight into the demographic trends in the EU. The influence of population ageing will impact on the labour markets of member states in the coming decades. An ever smaller workforce will have to bear the growing costs of healthcare and pensions. This is likely to boost demand for young labour migrants from outside the EU.

All these developments suggest that migration is set to play an increasingly important role in the future. However, if this leads to a large influx of relatively disadvantaged migrants, the welfare state will in all likelihood eventually become financially unsustainable. The previous European Outlook (CPB/SCP, 2003) pointed out that the relatively generous social provisions in EU member states are already under pressure due to a number of structural developments, including population ageing. Chapter 3 also shows that the political and public supporting base for the welfare state reduces as the number of immigrants in a country increases. The challenge for policymakers is to design immigration and integration policy in such a way that the social security system remains sustainable.

In the previous section it was concluded that there are good reasons for keeping immigration and integration policy at the national level. However, how should this policy be designed in the light of the pressure on the welfare state? A large influx of disadvantaged migrants, who remain permanently and place disproportionately heavy demands on social assistance benefit, will make social security systems in EU member states unsustainable. To avoid this spectre, at least three policy directions seem possible: influencing the influx of migrants; limiting the rights of immigrants; and improving integration by reforming social security systems. These policy options are not by definition mutually exclusive and can sometimes actually reinforce each other. All three options are discussed in this section. Experiences in other countries, including outside Europe, are included in this discussion.[6] In this way this section contributes to the process of open coordination and provides an insight into the scope for shaping immigration and integration policy in EU member states.

5.2.1 *Influencing the influx of migrants*

Whatever form the immigration policy takes, some degree of restriction will be necessary. An unchecked influx of immigrants is not an option, if only because of lack of space. Member states will therefore have to continue trying to influence the flow of migrants. There are two essentially different options for this. The first consists simply of imposing a limit on the number of migrants; the second is geared to the selection of highly skilled migrants. Both options are discussed below.

6 For the description of international policy practice in this section, information was taken from De Lange et al. (2002).

Achieving a substantial reduction in migration flows is not a simple matter, for several reasons. In the first place member states have a humanitarian and social duty to permit a reasonable amount of family reunification and family formation (and to accept refugees). Secondly, the existence of a certain trade-off between legal and illegal immigration implies that restricting the flow of legal migrants leads to an increase in the influx of illegal immigrants. Thirdly, the free movement of workers is one of the fundamental freedoms of the internal market. Completely sealing the borders is therefore not a serious option; moreover, it ignores the economic benefits of immigration. Particularly in the light of population ageing, an increase in immigration will be unavoidable in many member states. The standpoint of the Commission, namely that a 'zero policy' on immigration is no longer tenable, indicates that this is not the direction in which a solution sought within the EU.

An alternative way of keeping migration flows under control is to apply quotas. This system is used in several countries, including in the EU; Spain, for example, has used quotas since 2002 to control labour migration. In other countries quotas are generally used only for specific groups, such as seasonal workers in the UK and for specialists in Norway and Germany. The main disadvantage of a quota system is that it is not flexible enough and is therefore unable to respond adequately to changes in the labour market. There is consequently a good deal of dissatisfaction with the system in Spain: in some sectors the quota is not fully used, while in other sectors there is a need for more foreign workers. This does not therefore appear to be a promising instrument.

A more interesting option is the selection of high-potential immigrants. The relatively poor labour market position of immigrants is partly due to their low level of training. If young and highly skilled immigrants were to come to the EU, the activity rate of migrants would improve both in quantitative and qualitative terms, which raises their contribution to the collective sector in the member states. Moreover, demand for highly skilled workers is likely to increase in the future as a result of globalisation and technological advances.

Many member states have therefore focused their immigration policy on attracting highly skilled foreign workers. In the Netherlands, for example, the compulsory period during which newcomers had to report to the employment office was abolished in 2000 to make it easier to recruit foreign ICT staff with higher professional and university qualifications.[7] Germany also introduced a special 'Green Card' scheme in August 2000 for highly skilled IT specialists from outside the EU. The Green Card, which must be applied for by a German employer, comprises a residence and work permit for five years and can in principle not be converted into a permanent residence permit.[8] The scheme is designed to make it easier to attract IT specialists by shortening the application procedure and by enabling employees to change ones job at a later stage without having to reapply. The results of the German IT scheme have been mixed. On the one hand, an evaluation of the first six months of the scheme has shown that a large majority of participating businesses believe their competitiveness has improved (Dieper, 2004). On the other hand, despite the shortage of IT specialists,

7 Though this relaxation was ended in 2003.
8 The new German immigration law which comes into effect on 1 January 2005 does in fact provide for the immediate granting of residence permits to highly qualified immigrants.

the total quota of 20,000 has not been filled and the number of visas issued is falling. One reason for this is the high income requirement; this prevents medium-sized and smaller companies in particular from making use of the scheme. In addition, the limited period of residence is seen as a disadvantage both by employers and by foreign workers.

More fundamental than relaxation of procedures is a change from a demand-driven to a supply-driven system. In a supply-driven policy, the host country selects from the available pool of potential immigrants, whereas with a demand-led system the emphasis lies on the needs of the host country. In the latter system, accordingly, the future employer applies for a work permit. In practice, this distinction is not entirely watertight, and immigration policy often consists of a mix of both supply and demand-driven mechanisms. The demand-driven system is dominant in the EU member states.[9] In addition, member states must comply with a labour market test which examines whether there are any employees within the EU itself who could fill the vacancy. In the US, too, the majority of labour migrants are nominated by their future employers.

The most common example of a supply-driven selection model is the point system.[10] Under this system, immigrants are selected on the basis of the number of points they obtain for their profile and skills. To be eligible for a residence permit, a minimum number of points is often required.

Canada has operated a point system since 1967 for the selection of permanent labour migrants. A maximum of 100 points can be attained, with a minimum of 75 points needed for a visa. The emphasis is on education (maximum 25 points), language skills (maximum 24 points) and work experience (maximum 21 points). In addition, a maximum of 10 points are awarded for age, having an offer of work and adaptability (CIC Canada, 2002).

Borjas (1993) compares immigrants in Canada and the United States and demonstrates that the skills and productivity of Canadian immigrants are better than those of immigrants in the US. However, this difference is explained largely by the difference in the mix of countries of origin. The Canadian point system does not result in immigrants with a higher education level or higher relative pay *from a given country of origin*. According to this analysis, the role of the point system is more subtle: it changes the composition of the immigration flow to the advantage of immigrants from countries with higher education and income levels.

In principle, the point system can be relatively easily adapted to the needs of the host country. For example, Australia awards extra points to occupations for which there is a demand at that particular moment. It can also be decided to exclude certain groups

9 In the run-up to a new immigration law in Germany, a point system was used for a long time for highly skilled immigrants. This was dropped from the final version of the law, however.

10 A more theoretical alternative to the point system is an 'auction' of residence and work permits. Visas could be auctioned to immigrants themselves or to companies willing to employ them. The attraction of such a system lies in the self-selection mechanism which ensures that only potentially successful immigrants are attracted. The practical feasibility of this idea is however open to doubt.

of migrants from the system and thus allow them unlimited access. The point system offers a degree of control over the occupational mix of immigrants, but its effectiveness is limited in practice by the number of other characteristics on which immigrants are selected (Green and Green, 1995).

The point system has also recently made its way into the EU: in early 2002 the UK introduced the 'Highly Skilled Migrants Programme' aimed at attracting high-calibre immigrants. The Programme awards points for qualifications, work experience, income and special achievements. A successful application results in a residence entitlement for one year, which is generally extended for three years and after four years can be converted into a permanent residence permit. More than 2,500 applications were received in 2002, roughly half of which were granted. Initially this was intended as a pilot programme for one year, but in view of its success it now forms part of the UK's immigration regime.

Despite these promising experiences Martin and Martin (1999) see clear advantages in a demand-led system. This, they argue, will lead to lower unemployment among immigrants because they are already assured of a job on entry to the host country. Moreover, (potential) employers can assess the economic value of an immigrant more accurately than through a generic point system. Moreover, in the demand-driven system in Europe, employers must first investigate whether suitable candidates can be found within the EU. This provides opportunities for unemployed people already living there, something that a supply-driven system does not do. There are fears that a point system leads to greater competition between highly skilled candidates and therefore to negative effects for highly skilled native workers.

The challenges facing immigration policy in the EU suggest that a switch towards more selection of more promising immigrants is a good choice. This does not mean that a point system is necessarily the best way of doing this, however. Although there have been positive experiences in countries such as Canada and, more recently, the UK, there are also clear advantages in a demand-led policy. Relaxing the restrictions placed on highly skilled workers, for example by allowing their partners immediate access to the labour market, would therefore seem to be a sensible way forward. In addition, in a demand-driven system, too, the growing demand for highly skilled workers is likely to lead to a concentration of immigration by members of this group.

In all attempts to influence the immigration flow it has to be remembered that direct labour migration is only part of the story. Family immigration (by family members and future spouses) can mean that the ultimate number of immigrants is considerably greater than the direct labour migration figures would suggest. In chapter 2 it was stated that labour migrants in the Netherlands are followed on average by an equal number of family members or future spouses. The different ways in which the policy on family reunification is configured in different countries are described in the box below.

Family reunification in an international perspective

A permanent residence permit generally confers a right to family reunification. In Canada and the United Kingdom, family members of temporary labour migrants are also usually allowed into the country. In Belgium, immigrants with a residence permit for three months are allowed to bring over their partner and any minor children from the country of origin (OECD, 2001). In Germany the right to family reunification depends on the type of residence permit held by the labour migrant. A temporary residence permit does not confer a right to family reunification. Holders of a Green Card do have this right, provided they have sufficient accommodation and financial means. Children aged over 16 are only granted a residence permit in Germany if they have an adequate command of the German language. Temporary labour migrants in Norway and Spain also have no right to family reunification.

Not only does the right to family reunification vary from country to country, but also the rights of newly arrived family members. In the UK, a partner has immediate access to the labour market. In Canada a work permit first has to be issued and in Spain and Germany a spouse is only allowed to enter the labour market after a year. Canada, the UK and Spain do not apply a labour market test for family members, whereas Norway and (for two years after arrival) Germany do. The European Commission has proposed that family members of immigrants from outside the EU should be given the same rights of access to education, work and vocational training as the original labour migrant.

There are also wide differences between countries as regards those covered by the right to family reunification. In Australia these rights extend to a much larger group of people than in, say, Germany and France, with parents, brothers and sisters and children of brothers and sisters of original migrants all being eligible for family reunification. In Germany and France, family reunification rights are limited to the spouse and minor children (OECD, 2001).

The immigration policy of the United States is strongly focused on family reunification. This preference for immigration based on family ties has led to concerns about the degree of selectivity of the American policy, because education is largely left out of consideration (Van het Loo et al., 2001). In 2002, for example, only 16% of immigrants were admitted on the basis of employment preferences.

5.2.2 *Limited rights for immigrants*

Another policy option does not seek to influence the flow of immigrants directly, but instead aims to reduce the demands placed by immigrants on social provisions. There are at least two ways of doing this: by admitting migrants temporarily rather than permanently and by restricting the rights of immigrants to social security. Both options are closely related in international policy practice.

The first option is temporary admission. All countries make a distinction between temporary and permanent admission, but there is great variation in the extent to which temporary and permanent migrants are admitted. In Canada, for example, permanent immigrants account for a substantial part of the total immigration flow, whereas in the UK immigrants are in principle eligible only for temporary residence, which can only be converted to a permanent residence permit after four years (and mainly for highly skilled immigrants). In Norway, only skilled migrants, referred to as 'special-

ists', and self-employed entrepreneurs are eligible for permanent residency status; unskilled migrants are entitled only to temporary residency. In both Norway and the UK the right to permanent residency is thus partly linked to education level. This creates a mixed policy that combines with elements of the selection of highly skilled migrants described in the previous section.

The rights of temporary workers are often very limited. In all countries studied by De Lange et al. (2003) (the Netherlands, Germany, Spain, Norway, Canada and the UK) the residence permit of an immigrant with a temporary right of residence is confiscated if they end up on social assistance benefit. In the UK, labour migrants moreover run the risk of losing their residence permit from the moment they lose their job. De Lange et al. (2003; p. 103) also observe that in all countries studied, controls and enforcement of temporary status are generally not carried out.

In all countries, temporary immigrants have only a limited entitlement to social security, whereas in most countries permanent immigrants have the same access to social security as native workers. In the Netherlands, Germany and the UK, for example, temporary migrants have no entitlement to unemployment benefit, even though they have to pay contributions towards it. In Spain, too, seasonal workers do not have this right, but they are also not required to contribute. In the years preceding the granting of permanent residency status, immigrants in many countries have little or no entitlement to unemployment benefit.

The foregoing demonstrates that the temporary migration option is closely related to the idea of limiting the entitlement of immigrants to social security. This latter approach was recently suggested in the Dutch context by De Beer (2004), among others. He distinguishes between newcomers and established immigrants. Migrants are welcome to come to an EU member state to work, but are not immediately granted all rights that established residents have. After a number of years, in which the immigrant has no entitlement to social assistance benefit, his or her status can be converted to full citizenship with unrestricted access to social security provisions. If migrants depart before this happens, the social insurance premiums they have paid are returned to them as a leaving bonus. A sensitive aspect of this 'prospective citizenship' proposal is the creation of first-class and second-class citizens. In another contribution to this debate, Van der Meer (2003) defends this inequality by referring to existing practice, in which illegal immigrants and asylum-seekers already have fewer rights.

In principle, limiting the rights of immigrants means that large-scale immigration can be reconciled with generous social provisions. This policy option therefore comes down to increased opportunities for immigrants to enter the country, but with limited rights. Boeri et al. (2002) embrace this idea and suggest that to start by increasing the number of seasonal workers.

It is however doubtful whether the envisaged aims will ultimately be achieved with these proposals. Both proposals seek to avoid a repeat of European history involving guest workers, in which large groups of immigrants took up low-skilled jobs and later ended up on social security benefit. However, it is by no means certain that the proposal for prospective citizenship would prevent this: most guest workers from the 1960s had worked for several years before they applied for social security, and under this proposal would undoubtedly have already earned full citizenship.

As regards the proposals for temporary migration, it would be virtually impossible to verify that migrants had actually left the country. In many cases they would simply disappear into the illegal circuit. This proposal, too, could therefore fail to achieve its aims.

The main objection to this policy option, however, is the risk of displacement of indigenous workers, especially those at the bottom end of the labour market. Both limiting the duration of admission and restricting the rights to social provisions would lead to more competition between the increased influx of migrants with limited rights and unskilled native workers. The empirical evidence discussed in chapter 3 shows that this competition can be significant. In the United States it will lead to lower wages (see Borjas, 2003); in the EU member states, with their relatively generous social security systems, the result will be rising unemployment. The risk of displacement is a real one and is an important disadvantage of proposals for temporary migration or curbing entitlements to social security.

5.2.3 *Integration policy*

The commotion surrounding immigration is inextricably linked with (economic) integration, or rather a lack thereof. The policy of seeking better (economic) integration is an obvious one, but this does not mean it is easy to achieve. The open method of coordination offers the possibility of learning from each other's experiences in order to strive for economic integration in the most effective way. Training and increasing immigrants' language skills will be an important element of this policy. Findings relating to the transferability of knowledge suggest that these investments can be relatively effective. In-service training offers immigrants in addition the opportunity to use knowledge and experience gained in their country of origin in their host country.

There are several key differences in the integration policy adopted by different countries. Some countries, like the UK and Germany, have no specific integration programmes, while others like Spain and Norway do offer such programmes (in the country of origin). In Canada, integration efforts are focused mainly on permanent immigrants.

The degree of willingness to participate in integration courses also varies. In France, Austria and Denmark immigrants have to sign an 'integration contract' which provides for sanctions in the event of insufficient attendance and absenteeism. Generally, failure to meet the requirements has negative consequences for the granting of a residence permit. For example, successful completion of the French integration programme confers the right to a residence permit for ten years, whereas failure to do so results in a residence permit for only one year (Zappi, 2003). In Sweden, foreign children and immigrants who apply for social assistance benefit are required to follow integration courses. Others are entitled to take part in such a programme, which not only includes a course on the host language and society, but also promotes contacts between immigrants and potential employers with a view to increasing their chances on the labour market.

Another policy option might be to restructure the social security system. The labour market position of low-skilled workers in general and of immigrants in particular would benefit from a system focused more on taking people from 'welfare to work'. Possible ways of achieving this include shortening the duration of benefits and placing emphasis on an active labour market policy (e.g. help with job application and training). In the previous European Outlook (CPB/SCP, 2003) it was observed that sensible

reform of the welfare state would in many member states create opportunities for reconciling social and economic objectives. The analysis in chapter 3 shows that this is definitely also in the interests of immigrants. Help with placement on the labour market would be especially useful for people who are less familiar with the usual ways of looking for work in their host country. Training, another component of an active labour market policy, could also generate additional benefits for immigrants by helping them to build a bridge between experience they have gained in their country of origin and the skills needed in the host country. This option thus offers opportunities for increasing the participation of both migrants and lower-skilled indigenous workers.

5.3 *Concluding remarks*

Since the Tampere Summit in 1999, cooperation on immigration and asylum has been high on the European political agenda. The Thessaloniki European Council in 2003 added integration policy to this. Chapter 1 shows that Dutch public opinion supports a common immigration and asylum policy. The choice between a Community and a national policy requires that potential economies of scale and external effects be weighed against the diverse interests of member states. The pros and cons of the centralisation of policy are explicitly cited in this subsidiarity test.

The analysis in this chapter shows that there are strong arguments for a common asylum policy, but that the benefits are less clear when it comes to immigration and integration policy, for which a national approach appears to be a better option. National governments will after all be better able to tailor their policy to the specific needs of their population than the EU. This is an important consideration in the light of the wide differences in the numbers of immigrants, in their labour market situation and in the labour market institutions in the different EU member states. The open method of coordination does appear to offer a useful means of learning from experiences in other member states.

The policy on immigration and integration is a huge focus of attention. Immigration is a sensitive subject in European societies. This is partly for economic reasons; a widely shared view is that immigration exacerbates unemployment. Some immigrants compete with indigenous workers, who therefore fear for their jobs. The analysis in chapter 4 shows that the resultant perceived threat is stronger when the economy is weaker or where there are more immigrants. Other immigrants are, however, unable to find or keep a job and are forced to rely on social security benefits. In many member states the position of migrants on the labour market is relatively poor, even when adjusted for education and age. This is unfortunate for the immigrants themselves, and also sits ill with European standards of fairness and justice. It also means that these immigrants make little or no contribution to the sustainability of the welfare state, which is already under growing pressure due to various structural trends. The relatively high unemployment rate among immigrants does not only have a net negative impact on their financial contribution, but may also undermine the political and public supporting base for the welfare state.

It is the task of each national government to create a proper structure for immigration and integration. There are at least three possible policy options: limiting the number of migrants admitted, limiting their rights and ensuring better integration by reforming social security systems, among other things. These policy options are not by definition mutually exclusive and may sometimes even reinforce each other.

Immigration policy will to some extent have to be restrictive. It would therefore seem a sensible choice to select migrants with better prospects. This selection could be achieved by a switch from a demand-driven to a supply-driven system. The point system is a relatively successful means of selecting highly skilled workers. On the other hand, immigrants selected in a demand-driven system are already assured of a job. Moreover, the economic value of an immigrant is more easily assessed by (potential) employers under such a system than in a generic point system.

Another option is to reduce the demands immigrants place on social provisions. One way of doing this is to admit immigrants temporarily rather than permanently or to curb their rights to social security. However, both alternatives carry the risk of displacement of indigenous workers, especially at the lower end of the labour market. This could lead to rising unemployment among the low-skilled in EU member states. This is a key disadvantage of this policy option.

A third policy option focuses on better (economic) integration. Evidence regarding the transferability of knowledge suggest that investments in language and skills can be relatively effective. Another option is to restructure social security systems; the labour market position of low-skilled workers in general and of immigrants in particular would benefit from a system focused more on integrating people into work. This policy option offers opportunities for raising the labour market participation of both immigrants and low-skilled native workers.

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Appendix 4.1 Explanatory models (Chapter 4)

This Appendix contains the explanatory models for ethnic distance (table 4.1) and perceived ethnic threat (table 4.2).

Table 4.1. Parameter estimates (*100) and variance components of multilevel models of ethnic distance in 18 EU member states (N=30,915)

	Model 1	Model 2	Model 3
Intercept	26.5	26.2	26.7
Individual characteristics			
Education: (in years)	**-1.0**	**-1.0**	**-0.5**
Social position: (higher professional = ref.)			
Lower professionals	0.8	0.8	0.7
Routine non-manual workers	**3.2**	**3.2**	**2.5**
Self-employed	**4.9**	**4.9**	**2.8**
Skilled manual workers	**5.3**	**5.3**	**3.4**
Unskilled manual workers	**4.9**	**4.9**	**3.1**
Students	0.2	0.2	**1.8**
Unemployed	**7.3**	**7.3**	**4.4**
Pensioners	**4.3**	**4.3**	**2.2**
Work in household	**3.9**	**3.9**	**2.0**
Other. not working	**4.6**	**4.6**	**3.9**
Income	-0.2	-0.2	0.2
Age	**0.1**	**0.1**	**0.1**
Sex: Male (female = ref.)	**1.4**	**1.4**	**2.1**
Urbanisation: (rural = ref.)			
Village	**-1.7**	**-1.7**	**-1.2**
Small town	**-2.8**	**-2.8**	**-2.3**
Suburbs	**-3.4**	**-3.5**	**-2.8**
Large town/city	**-4.3**	**-4.4**	**-2.8**
Church attendance: (never = ref.)			
Once per week	**4.8**	**4.8**	**4.3**
Once per month	**3.1**	**3.1**	**3.1**
Occasionally	**1.6**	**1.6**	**1.4**
Country characteristics			
Unemployment rate: 2002		-0.1	-0.1
Gross Domestic Product per capita: 2002		-0.5	0.1
% ethnic minorities: 2000		-0.3	-0.4
Net migration: 1995-2000		1.0	-0.2
Asylum requests: 2001-2		0.3	0.1
Intermediary characteristics			
Left-right positioning			**0.9**
Perceived personal lack of safety			**1.8**
Social distrust			0.1
Political distrust			-0.0
Perceived ethnic threat			**56.8**
Variance components			
Individual	0.066	0.066	0.058
(Percentage explained)	(5.11)	(5.11)	(17.16)
Country	0.003	0.003	0.001
(Percentage explained)	(20.74)	(39.26)	(69.05)

Note: parameters shown in bold are significant.
Ref.= reference category.

Source: *European Social Survey*; own calculations

Table 4.2 Parameter estimates (*100) and variance components of multilevel models of perceived ethnic threat in 18 EU member states (N=30,915)

	Model 1	Model 2	Model 3
Intercept	55.6	55.6	56.2
Individual characteristics			
Education (in years)	**-0.8**	**-0.8**	**-0.6**
Social position: (higher professional = ref.)			
Lower professionals	0.1	0.1	0.0
Routine non-manual workers	**1.3**	**1.3**	**0.9**
Self-employed	**2.9**	**2.9**	**1.9**
Skilled manual workers	**3.1**	**3.1**	**2.2**
Unskilled manual workers	**3.0**	**3.0**	**1.7**
Students	**-2.4**	**-2.4**	**-1.5**
Unemployed	**3.9**	**3.9**	**2.1**
Pensioners	**3.2**	**3.2**	**2.0**
Work in household	**2.5**	**2.5**	**1.3**
Other. not working	1.2	1.2	0.5
Income	**-0.7**	**-0.7**	**-0.3**
Age	-0.0	-0.0	-0.0
Sex: Male (female = ref.)	-0.3	-0.3	-0.3
Urbanisation: (rural = ref.)			
Village	**-0.9**	**-0.9**	**-1.0**
Small town	**-1.6**	**-1.6**	**-2.2**
Suburbs	**-1.8**	**-1.8**	**-2.6**
Large town/city	**-3.2**	**-3.2**	**-4.1**
Church attendance: (never = ref.)			
Once per week	-0.7	-0.8	-0.2
Once per month	**-1.0**	**-1.0**	-0.4
Occasionally	-0.4	-0.4	0.1
Country characteristics			
Unemployment rate: 2002		-0.3	-0.4
Gross Domestic Product per capita: 2002		**-1.1**	**-0.7**
% ethnic minorities: 2000		**0.4**	0.4
Net migration: 1995-2000		**2.0**	**1.1**
Asylum requests: 2001-2		0.4	0.3
Intermediary characteristics			
Left-right positioning			**0.8**
Perceived personal lack of safety			**1.6**
Social distrust			**1.4**
Political distrust			**1.7**
Variance components			
Individual	0.023	0.023	0.020
(Percentage explained)	(7.74)	(7.74)	(18.16)
Country	0.003	0.001	0.001
(Percentage explained)	(6.74)	(59.29)	(62.05)

Note: parameters shown in bold are significant.
Ref.= reference category.

Source: *European Social Survey*; own calculations

Appendix 4.2 Measurements of country characteristics

Unemployment rate. *Source:* Eurostat 2003. Figures on the unemployment rate in 2002 were obtained via Eurostat (2003a) and are comparable with the figures used in chapter 2. These figures refer to the number of unemployed persons in a country divided by the total labour force. The number of unemployed persons is derived from the European Union Labour Force Survey. Unemployed persons are persons who were without work in the two weeks following the reference week and who were actively seeking work at any moment during the preceding four weeks, or who found a job commencing within a maximum of three months.

Gross Domestic Product. *Source:* Eurostat 2003. Figures on GDP in 2002 were obtained via Eurostat (2003b). GDP was measured per head of the population in PPS (Purchasing Power Standards * 1000) at current prices, set at an index of 100 for the EU-15 member states in 2002. The other countries were also plotted against this. These relative statistics – which were not available in any other form during the analysis – were multiplied by the absolute GDP per head of the population for the EU-15 (Eurostat 2003c) in order to obtain the actual GDP per country.

Percentage of ethnic minorities. To measure the presence of ethnic minorities in the Western European member states, in line with the figures used in chapter 2 the statistics on the number of residents were taken without the nationality of the member state concerned, but applying the criterion of non-Western nationality. Residents with a passport from a developed nation are not included in the ethnic minority population here; in this measurement these are residents of the EU-15, EFTA, the US, Canada, Australia and New Zealand. For Austria and Luxembourg the figures refer to the number of persons with a non-EU-15 nationality were plotted against the total population. On top of this, the number of naturalisations in the last 15 years was taken into account, because this number varies widely between the member states and this particularly high in Sweden, Belgium and the Netherlands (Eurostat 2002a; OECD 2004) and because the majority of naturalisations are granted to members of non-Western minorities (OECD 2004). The most recent figures from Eurostat (2002a) date from 1 January 2000. These figures therefore differ from the statistics presented in chapter 2, which do not include the figures on naturalisation. The most recent Eurostat figures available for Greece dated from 1998. These statistics differ markedly from the more recent Greek census data from 2001, which reports the number of residents by nationality; the number of naturalisations as reported by Eurostat was added to this (General Secretariat of National Statistical Services of Greece 2004; Eurostat 2002a). Identical measurements by Eurostat were not available for Poland, the Czech Republic, Hungary and Slovenia. The proportion of foreign citizens as reported by the OECD was taken for the first three countries, and for Slovenia the proportion of minorities as reported by the United Nations Population Division (2002).

Net migration. The average annual net migration per 1,000 inhabitants between 1995 and 2000 was obtained from the United Nations Population Division (2002). This is the annual number of immigrants less the annual number of emigrants, and includes both people with and without the nationality of the member state concerned.

Asylum-seekers. Finally, the average number of asylum requests 2001 and 2002 per 1,000 inhabitants was included as an explanatory country characteristic. These figures are relatively easy to compare between member states. Figures on the actual granting

of residency status are much more difficult to compare cross-nationally. The number of asylum requests was recorded by the United Nations High Commission for Refugees (2002, 2003). To take account of annual fluctuations, the average number of requests was calculated in the two years preceding the surveys.

Publications of CPB, SCP and CBS

The following list contains a selection of recent publications by the Netherlands Bureau for Economic Policy Analysis (CPB), the Social and Cultural Planning Office of the Netherlands (SCP) and Statistics Netherlands (CBS) which pertain to Europe and the theme of this European Outlook (immigration and integration). A complete list of publications can be found on the websites of CPB (www.cpb.nl), SCP (www.scp.nl) and CBS (www.cbs.nl).

CPB publications

Bollen, J., T. Manders and M. Mulder, 2004, *Four futures for energy markets and climate change*. ISBN 90-5833-171-7

CPB, 2004, *Arbeidsmigratie uit de Midden- en Oost-Europese toetredingslanden*, CPB Notitie, 14 January 2004

Ederveen, S. and L. Thissen, 2004, *Can labour market institutions explain unemployment rates in new EU member states?*, CPB Document 59. ISBN 90-5833-174-X

Lejour, A., R. de Mooij and C. Capel, 2004, *Assessing the economic implications of Turkish accession to the EU*, CPB Document 56. ISBN 90-5833-166-0

Mooij, R. de, and P. Tang, 2003, *Four futures of Europe*. ISBN 90-5833-135-0

Roodenburg, H., R. Euwals and H. ter Rele, 2003, *Immigration and the Dutch economy*. ISBN 90-5833-129-6

SCP publications

Dagevos, J., M. Gijsberts and C. van Praag, 2003, *Rapportage minderheden 2003. Onderwijs, arbeid en sociaal-culturele integratie*. ISBN 90-377-0139-6

Dekker, P., P. Schnabel, C. Capel, L. van Dun and H. Vinken, 2002, *Leeft Europa wel?* ISBN 90-377-0117-5

Gijsberts, M. and A. Merens (eds.), 2004, *Emancipatie in estafette. De positie van vrouwen uit etnische minderheden*. ISBN 90-377-0162-0

Phalet, K. and J. ter Wal (eds.), 2004, *Moslim in Nederland. Een onderzoek naar de religieuze betrokkenheid van Turken en Marokkanen*. ISBN 90-377-0178-7

SCP, 2000, *The Netherlands in a European Perspective. Social and Cultural Report 2000*. ISBN 90-377-0015-2

CBS publications

CBS, 2003, *Allochtonen in Nederland 2003*. CBS, Voorburg/Heerlen. ISBN 90-357-2728-2

Garssen, J., J. de Beer, L. Hoeksma, K. Prins and R. Verhoef, 1999, *Vital events. Past, present and future of the Dutch population*. Statistics Netherlands, Voorburg/Heerlen. ISBN 90-357-2787-8

Jong, A.H. de, and H.B.M. Hilderink (red.), 2004, *Lange-termijn bevolkingsscenario's voor Nederland*. RIVM/CBS in collaboration with CPB, RPB, SCP and NIDI.

Schulte Nordholt, E., M. Hartgers and R. Gircour (eds.), 2004, *The Dutch Virtual Census of 2001, Analysis and Methodology*. Statistics Netherlands, Voorburg/Heerlen. ISBN 90-357-2469-0