

Immigrants in the Welfare Hammock?

Some myths never die... like the one about migrants who only come to use our welfare state as a “hammock”. This stereotype persists despite numerous studies to the contrary, including an international IZA study recently prepared for the European Commission. The key finding, which will also be published in the *International Journal of Manpower*, is that the generosity of welfare benefits has no substantial impact on migration in the European Union.

The team of authors analyzed for 19 European countries from 1993 to 2008 whether national differences in unemployment benefits influenced individual decisions to migrate. The result could not be clearer: Such benefits had no impact whatsoever on intra-EU migration – the correlation was zero. Instead, the study showed that the skill level among EU labor migrants is remarkably high. While in some cases migrants are more likely to be unemployed than natives, this is rather due to ill-designed immigration and integration policies than to generous public benefits.

Nonetheless, the German federal government sparked a heated debate in March 2012 when it decided to bar immigrants from EU countries and Turkey from instant access to unemployment assistance (“Hartz IV” benefits). This decision was entirely appropriate. We don’t want welfare migration to Germany – and so far this has not at all been a problem. Excluding potential welfare migrants from instant benefit receipt sends the right signal. The proposed legislative change should finally refute all those who keep claiming that welfare abuse is common practice among immigrants. This myth is still propagated by interest

groups who want to impede or completely prevent (much-needed) labor migration.

Empirically, the situation is quite the opposite. Recent studies show that taxes and social security contributions paid by foreigners in Germany exceed per capita expenditure on welfare benefits for the same group by about 2,000 euros annually. One of the main reasons is the favorable age structure of immigrants. This is also why we should offer job prospects to skilled young people from Greece, Spain and Portugal, as well as from the reform countries of the Arab world, if they are willing to fill the labor shortages that many German employers are already experiencing. After all, we know that the employment of each high-skilled immigrant creates up to three additional jobs in low-skill sectors, such as household services.

Benefit generosity has no impact on EU migration

Why do these objective facts still generate such emotionally charged opposition? What causes those strong sentiments against immigration even though the economic benefits of (properly controlled) immigration are obvious? As American and British researchers have shown, the widespread resentment is not just about the fear of losing one’s job to a foreigner; it is also about a deeper fear of negative changes in one’s cultural and social environment. If we fail to address these concerns adequately, the gap in the minds will widen – up to a point where the term “integration” might evoke a negative connotation.




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