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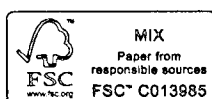
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Contents

<i>List of figures</i>	ix
<i>List of tables</i>	xi
<i>Notes on contributors</i>	xiii
 Introduction <i>Bent Greve</i>	 1
 PART I Key concepts	 3
1 What is welfare and public welfare? <i>Bent Greve</i>	5
2 What is a welfare state? <i>Johanna Kuhlmann</i>	13
3 Fiscal welfare <i>Adrian Sinfield</i>	23
4 Occupational welfare <i>Kevin Farnsworth</i>	34
5 Prevention: the cases of social security and healthcare <i>Jos Berghman, Annelies Debels and Ine Van Hoyweghen</i>	46
6 Poverty <i>Peter Saunders</i>	58
7 Benefits in kind and in cash <i>Manos Matsaganis</i>	71

Contents

8	Gender issues in welfare states <i>Sheila Shaver</i>	81
9	Welfare states and the life course <i>Mara A. Yerkes and Bram Peper</i>	92
10	Well-being and the welfare state <i>Daniel Sage</i>	101
PART II		
	Typologies and methods	113
11	What are welfare state typologies and how are they useful, if at all? <i>Kees van Kersbergen</i>	115
12	Nordic welfare states <i>Olli Kangas and Jon Kvist</i>	124
13	Central European welfare states <i>Daniel Clegg</i>	137
14	Central and Eastern Europe <i>Steven Saxonberg and Tomáš Sirovátka</i>	148
15	Southern Europe <i>Maria Petmesidou</i>	162
16	Liberal welfare states <i>Hugh Bochel</i>	176
17	Third Way <i>Martin Powell</i>	187
18	Welfare states in North America: social citizenship in the United States, Canada and Mexico <i>Robert Henry Cox</i>	198
19	Welfare state changes in China since 1949 <i>Bingqin Li</i>	208
20	India as a post-colonial welfare state <i>Sony Pellissery and T.V.S. Sasidhar</i>	223
21	Inequality, social spending and the state in Latin America <i>Peter Lloyd-Sherlock</i>	232

22	The Middle East <i>Rana Jawad and John Gal</i>	243
23	States of health: welfare regimes, health and healthcare <i>Clare Bambra, Nadine Reibling and Courtney L. McNamara</i>	254
24	How to analyze welfare states and their development? <i>Barbara Vis</i>	267
25	How ideas impact social policy <i>Daniel Béland</i>	278
26	Drivers for change <i>Virginie Guiraudon and Claude Martin</i>	288
27	Ten ideal-typical worlds of welfare regimes and their regime characteristics <i>Christian Aspalter</i>	300
28	Real-typical and ideal-typical methods in comparative social policy <i>Christian Aspalter</i>	314
29	Fiscal crisis, financial crisis and the fragile welfare state <i>Kevin Farnsworth and Zoë Irving</i>	329
30	Globalisation and welfare states <i>Patrick Diamond</i>	340
PART III		
	Central policy areas	353
31	Social security <i>Frans Pennings</i>	355
32	Labour market: focus on active labour market policies <i>Madelene Nordlund and Bent Greve</i>	366
33	Housing policy, the welfare state and social inequality <i>Gregg M. Olsen</i>	378
34	Homelessness and social policy <i>Gregg M. Olsen and Lars Benjaminsen</i>	393
35	Healthcare <i>Claus Wendt</i>	407

Contents

36	Old age and pensions <i>Karl Hinrichs</i>	418
37	Disability <i>Bjørn Hvinden</i>	432
38	Family policies <i>Chiara Saraceno</i>	443
39	Risk and the management of crime <i>David Denney</i>	457
40	Financing the welfare state and the politics of taxation <i>Nathalie Morel and Joakim Palme</i>	467
41	EU social policy and national welfare state reform <i>Caroline de la Porte</i>	477
42	Evaluation, evidence and review <i>Ian Greener</i>	488
43	Long-term care <i>Bent Greve</i>	498
44	The welfare state and international migration: the European challenge <i>Grete Brochmann and Jon Erik Dølvik</i>	508
PART IV		
Future		523
45	Future of the welfare state? <i>Bent Greve</i>	525
<i>Index</i>		<i>534</i>

Figures

4.1	Breakdown in non-wage labour costs, EU 27	40
4.2	Scatter plot of statutory versus statutory occupational provision, 2012	41
4.3	Public social expenditure and private mandated expenditure (occupational welfare), 2013	42
4.4	Occupational welfare, various economies	43
5.1	Basic social policy chain	48
6.1	International comparison of poverty rates before and after transfers and taxes in 2010	67
6.1a	Addendum: data for Figure 6.1	67
10.1	The relationship between GDP per capita and life satisfaction	102
12.1	Generosity and universalism of social insurance in 18 OECD countries, 1950, 1970, 1990 and 2010	127
12.2	Poverty rate, material deprivation and poverty gap in Europe, 2015	129
13.1	Social protection expenditure as a percentage of GDP, selected countries and regional averages, 2014	138
15.1	Inequality of income distribution (income quintile share ratio)	173
18.1	Social spending as a percentage of GDP	206
19.1	Urbanisation rate (percentage of urban population)	216
21.1	Analytical framework for the distributional effects of social policy	233
26.1	Projected old age dependency ratio in the EU, 2060	293
26.2	Expenditure on care for the elderly as a percentage of GDP in EU states, 2013	294
29.1	Fiscal balance (percentage of GDP)	332
29.2	The depth of the 2008 crisis compared with others in the recent past	333
29.3	Gross public debt (percentage of GDP)	335
29.4	IMF prescribed adjustment, 2010 to 2020 and average public expenditure, 2000 to 2008	337
34.1	The domains of homelessness/housing exclusion (ETHOS)	396
35.1	Ideas, interests and institutions in healthcare	409
35.2	Total health expenditure (THE) as a percentage of GDP, 1970 to 2015	411
35.3	Public financing and level of total healthcare expenditure, 2010	413
35.4	Health expenditures and healthcare providers, 2003	414
38.1	Length of adequately compensated postnatal maternity, paternity and parental leave in the EU (in weeks)	447
38.2	Proportion of children aged 0 to 2 attending centre-based childcare, 2013	449

Figures

38.3	Proportion of children aged 3 to school age attending centre-based childcare, 2013	449
38.4	Country-specific rates of long-term care recipients as a percentage of the dependent population, 2009 to 2013	452

Tables

5.1	Human damage theory	47
10.1	Indicators of subjective well-being in the annual population survey	109
15.1	Social expenditure	165
15.2	Poverty and severe deprivation, 2009 and 2015 (based on 2008 and 2014 incomes)	166
17.1	An adaptation of the table presented in Powell (1999)	189
19.1	Social expenditure and percentage of total government expenditure	214
20.1	Developmental and social sector expenditure incurred by Union and state governments, 2005 to 2015 (in billion rupees)	228
21.1	Government spending on social policies, selected Latin American countries, 1991 to 2013/2014 (percentage of GDP)	234
21.2	Sectoral allocation of government social spending for selected Latin American countries, 2001/2002 and 2009/2010 (percentage of GDP)	236
21.3	Distribution of government social spending across income quintiles, 1997 to 2004 (percentage of total government social spend)	237
21.4	Allocation of social security budget, Chile and Mexico, 1996	238
21.5	Coverage of social insurance pension programmes for selected Latin American countries	239
21.6	Proportion of income derived from social spending and from primary income sources by income quintile, 1997 to 2004 (percentage of total income for each quintile)	241
23.1	Main welfare state and healthcare typologies used in health research	256
23.2	Infant mortality rates and life expectancy at birth for 30 countries and 6 welfare state regimes, 2003	261
26.1	Social expenditure 1995 to 2016 (aggregated data source OECD)	290
28.1	Advantages and disadvantages of ideal-typical and real-typical methodology compared	316
28.2	Welfare regimes following Wood and Gough (2004)	319
28.3a	A brief outline of the ten ideal-typical worlds of ideal-typical welfare regimes capitalism (identified so far)	323
28.3b	A brief outline of the ten ideal-typical worlds of ideal-typical welfare regimes capitalism (identified so far), <i>continued</i>	324
30.1	Government spending as a percentage of GDP and public sector employment rates	344
30.2	Welfare state responses to the service economy trilemma	348

Tables

34.1	Conceptualizing and operationalizing homelessness and housing exclusion (ETHOS)	395
36.1	Labor force participation rates in OECD countries, selected years	420
36.2	Population aging in selected countries (2030 and 2050 projections)	420
36.3	Design of pension systems	421
36.4	Income situation of the elderly population, net pension replacement rates and pension expenditure in selected OECD countries	424
36.5	Pension reform measures	426
41.1	EU social policy: three modes of governance	479
43.1	Development in spending on long-term care as percentages of GDP	502
43.2	Development in marketisation, austerity, role of civil society, rehabilitation, etc.	505

The welfare state and international migration

The European challenge

Grete Brochmann and Jon Erik Dølvik

Introduction

The past years' upheavals have bred sentiments that the European welfare states are under threat from immigration. The populist rise in the wake of the euro crisis was reinforced by the heavy 2015 refugee inflow and accentuated by the campaign leading to Brexit where claims to restore national control over immigration featured centrally. Faced with unprecedented migratory movements into Europe from war- and crisis-ridden neighbour regions along with high labour migration within the borderless EU/EEA area – mostly from East and South to North – European citizens and politicians have become painfully aware of the challenges facing their ailing welfare states.

Although the post-war European welfare states evolved during an era of liberalization of trade and investment, they were premised on national control with access to welfare state rights and limited migration; that is, in a context of relative social closure. In a pioneering essay on 'Migration and the Political Economy of the Welfare State' in the mid-1980s, Gary Freeman (1986) thus posed a deep-seated contradiction between inclusive, generous welfare policies and comprehensive international migration. Emphasizing that welfare states need to be closed to protect 'the collective good component' from overutilization from outsiders, Freeman argued in a twofold manner. First, immigrants would undermine the position of national workers in accepting jobs at wages and standards below the established norms; and second, immigrants would have a tendency to erode the 'normative consensus' on which generous welfare systems depend. "When the welfare state is seen as something for 'them' paid by 'us', its days as a consensual solution to societal problems are numbered" (Freeman 1986: 62).

The 30 years passing since then have brought profound changes in the political, regulative, demographic and economic frameworks of the national welfare states and their immigration policies in Europe. The 1992 single-market 'sans frontières' propelling free movement of capital, goods, services, labour, and, eventually, people, was complemented by the Schengen accord (1995) about the abolishment of internal borders and common policing of the external EU borders, while the successive Dublin conventions of the 1990s and 2000s determined that applications of asylum seekers should be handled in the country of first arrival, in practice

disproportionally the Mediterranean member states. The establishment of the monetary union with a common currency in 1999 imposed strict rules for public budget deficits and debt, while the ceding of national monetary policies meant that the only tools left for handling economic recessions in euro countries were so-called internal devaluations, i.e. cuts in public (welfare) spending, wages and taxes. The evolution of a global regime for humanitarian migration anchored in the UN 1951 Refugee Convention required better treatment and equal welfare rights of the rising flows of refugees coming to Europe. From 2004, the Eastward enlargements of EU/EEA unleashed unprecedented movements of labour within Europe. Combined with fast-ageing populations and shrinking workforces in many member states, the dramatic social and political consequences of the European crises in the wake of the global financial meltdown in 2008 have underscored how dependent the 'semi-sovereign' European welfare states (Leibfried and Pierson 1995) have become on each other, on EU policies and on broader global developments.

The conflicts and controversies over the relationship between immigration and the welfare state presently shaking European politics cannot be understood without taking the implications of these momentous changes into account.

Being differently affected by the influx of refugees and the lopsided migratory flows within EU/EEA, the diverse family of European welfare states is unequally equipped to cope with the economic, political and institutional challenges arising in this context. While most of the richer, Northern European welfare states rode off the euro crisis without major systemic inflections, the evolving Mediterranean welfare states – where the bulk of immigrants coming to Europe arrive – became subject to draconian roll-backs and structural reforms during the crisis. The same pertained to the weak welfare systems in many Central and Eastern European (CEE) countries – most pronouncedly in the Baltic States, Rumania and Bulgaria – reinforcing the drain on their human resources caused by mass emigration to Western Europe. Corollary, the diversity in national economic development, geography, historical legacies, as well as social, institutional and political configurations within the EU/EEA, preclude easy generalizations about the relationship between immigration and the welfare states – and the political responses to the quandaries arising. Further, the dilemmas and conflicts facing EU/EEA states in governing the immigration/welfare state nexus must be addressed within a multi-level policy regime where national, European and international regulations have become increasingly interdependent and intertwined. Under the past years of heightened external and economic pressures, these ties have generated mounting tension – as illustrated by Brexit – between the logic of global solidarity embedded in the UN conventions, the logic of transnational, regional solidarity enshrined in the EU project, and the logic of national solidarity – the bounded social contract – that underlies the European welfare states: globalization and Europeanization versus renationalization of social citizenship.

This chapter briefly reviews the tension that may emerge between international migration and welfare states, drawing upon conceptual tools from political economy, the citizenship discourse and institutional theory. The second section presents central theoretical approaches to the study of the relationship between migration and welfare states. The third section addresses the huge diversity of European welfare states and points to their varying capacity and vulnerabilities in coping with high immigration. The fourth section describes the EU regime conditioning national immigration and welfare policies. Finally, the fifth section discusses the political dilemmas and conflicts arising in this area, briefly using Scandinavian experiences to illustrate the challenges facing affluent, encompassing welfare states faced with high immigration from poorer countries.

Theoretical approaches to the welfare state's relation to immigration

Very basically, national social citizenship assigned by sovereign states has been a major instigator of social integration and cohesion in European societies following the Second World War. Equal access to social rights is a cornerstone of modern welfare states and is an important prerequisite if the ideals of a constitutional state are to be fulfilled for all its members. At the same time, there is a need for welfare states to control their geographical borders in order to delimit access to membership in the entity in which economic and social redistribution takes place. The more generous rights, the more caution, as has materialized in both (intentional) border control and selectivity in terms of immigrants allowed citizenship. *Boundaries and bonds*, the American philosopher Michael Walzer claims, interact in the area of social justice: "The idea of distributive justice presupposes a bounded world within which distributions take place: a group of people committed to dividing, exchanging, and sharing social goods, first of all among themselves" (Walzer 1983: 31). This 'generalized' or 'impersonal reciprocity' has been perceived as a prerequisite for the establishment of the trust-based social citizenship of modern welfare states (Rothstein 2017; Ferrera 2005; Putnam 1993). Citizenship is by definition exclusive – it distinguishes foreigners from natives. The significance of boundaries and thus state sovereignty is particularly pronounced in relation to social citizenship, as it relates to material redistribution, thus involving difficult questions as to justice, equity and reciprocity (Ferrera 2005). Despite this historical fact, migration theory was for long dominated by thinking related to pure market dynamics; the 'push and pull' dichotomy (Lewis 1954; Collier 2013; Dustman *et al.* 2016). Economic push-and-pull forces still linger in the background of much theorizing on migration, even though the limitations of this approach have been in focus for some decades now. Differentials between states in job availability, wages, welfare rights, security as well as migratory networks and infrastructure do constitute push-and-pull factors in the current international schism. This chapter presupposes the attractiveness of advanced European welfare states for migrants, without specifying or discussing how and to what extent this influences flows as compared to other determinants.¹ Thus generous European welfare states *de facto* receive much more immigrants than what is merely driven by labour demand. Also for EU/EEA citizens, the search for better living conditions and social security have been important motivations (Friberg 2013; Friberg *et al.* 2013; Bratsberg *et al.* 2014).

Given high immigration pressure, what are the major theoretical assumptions about the relationship between international migration and the welfare state in contemporary migration research?

Today, one can roughly distinguish four major positions. The first deals with *economic sustainability* in line with Freeman; generous redistribution via the welfare state depends on a restrictive selection of its new members to avoid being overburdened. Seyla Benhabib's concept *bounded universalism* (2002) alludes to the same – internal solidarity is combined with economically motivated access restrictions. The second concerns the interplay between *boundaries and bonds*; the generalized solidarity feeling in the population – seen as necessary to sustain the basic institutions and legitimacy of the welfare state – depends on border control. This 'high fences make good neighbours' argument often lies behind the 'social cohesion' approach, which has become more prominent during the past decade. The cohesion approach assumes that increasing ethnic or cultural diversity weakens Freeman's 'normative consensus', gradually undermining the foundation of generalized trust required to maintain redistributive welfare states (Alesina and Glaser 2004; Goodhart 2004; Wollebæk 2016). A third position seeks to disprove the cohesion approach through empirical research, arguing that good welfare states can serve as a resource in preventing potential negative effects of immigration and diversity (Banting and Kymlicka 2006;

Crepaz 2008). Welfare state institutions contribute to establishing and reproducing generalized trust, which also extends to newcomers. Within this more positive approach, others argue that the fiscal impact – that is, the detrimental effects of immigration on welfare expenditure and funding – is not significant, and that the ailing European welfare states will need extra labour to cope with growing needs for elderly care and shrinking workforces resulting from ageing populations.² Finally, Ruud Koopmans (2010) argues that unfortunate combinations of welfare institutions and multicultural policies are causing poor socio-economic integration. Koopmans claims that easy access to equal rights and maintenance of traditional lifestyles and gender relations, when combined with generous welfare extension, leads to low labour market participation, spatial segregation and overrepresentation in the criminal statistics.

All these perspectives are represented in various welfare state settings, but their significance differs with the institutional and political features of the receiving state.

Varieties of European welfare states

Aiming to combine economic growth with social protection and redistribution – commonly coined the ‘European Social Model’³ – the EU/EEA member states have developed very diverse welfare and labour market regimes (see Chapters 11 and 32). With different institutional tools and conditions for handling immigration, the various national models have differential impacts upon migrants’ opportunities and tend to attract unequal volumes and types of migration (Jurado *et al.* 2013). The challenges that arise in the face of high immigration vary accordingly.

Different typologies have been developed to categorize the diversity of welfare and labour regimes in Europe. While the much-cited Varieties of Capitalism literature only distinguishes between liberal and coordinated market economies (Hall and Soskice 2001), the ‘three worlds of welfare’ developed by Esping-Andersen (1990) distinguished between the liberal Anglo-Saxon, the conservative continental and the social democratic Scandinavian models. Over the years these have been supplemented by layers of hybrid Mediterranean models (Ferrera 1996; Leibfried 1992) and more rudimentary, mixed models in the new member states (Cook 2010). The social democratic *Scandinavian* model funded by taxes has been characterized by high social expenditure and vast public services provided within a universalistic framework, where procyclical economic policies, coordinated wage-setting, well-regulated labour markets and active labour market policies have ensured high employment, compressed wages and limited social inequality (Dølvik *et al.* 2017). The liberal, *Anglo-Saxon* model has been marked by flexible labour markets, liberal employment protection, decentralized wage-setting and work-first-oriented, residual welfare policies associated with relatively favourable employment performance, yet high income gaps (Sapir 2005; Mayhew and Wickham-Jones 2017). The conservative or *Bismarckian continental* model marked by occupational, insurance-based social security schemes aimed at status maintenance, strict statutory employment protection, strong social partners catering to the industrial core and a strong male breadwinner tradition has been associated with stronger insider/outsider divides and lower employment rates than the former models (Palier 2010; Hemerijck 2013). The Mediterranean welfare states have been renowned for their strong familialist and statist elements, high transfers to the elderly and very low employment rates, especially among women (Perez and Rhodes 2017), while the sweeping liberalizations in the CEE countries have left them with minimalist public welfare services supplemented by private market schemes (see Chapter 14).

During the turbulent past decades, the European welfare and labour regimes have undergone substantial revisions to become more ‘employment friendly’ and ‘make work pay’ (OECD 1994; Hemerijck 2013). Since 2008, rising social expenditure and shrinking revenues due to

accelerating unemployment under the euro crisis have reinforced strains on welfare state finances. To curb mounting public deficits and debt, harsh austerity, welfare cuts and structural reforms of social security and labour markets were imposed upon the hardest-hit countries – predominantly in Southern Europe. Complemented by restrictive changes in the EU economic governance regime, especially affecting eurozone countries, the leeway for spending on social support and integration was heavily constrained when the rising refugee flows from Syria and other failed states in the Middle East and Africa began to land on the southern shores of Europe.

International regulations, national immigration and welfare state policies

The EU regime for free movement within the single market

Workers' right to free movement has ever since the Treaty of Rome in 1957 been a central tenet of the European Community. In practice, however, labour migration remained low until the Eastward enlargements between 2004 and 2007 gave workers and service providers from ten CEE accession states opportunities to find work and earn welfare rights in the Western EU/EEA member states. With nominal East–West wage gaps ranging from 1:6 to 1:13, this experiment of unfettered 'globalization in one continent' spawning 520 million inhabitants had no precedent in modern history (Dølvik and Visser 2009). From 2004 to 2010, some 5 million Eastern European citizens moved westward for work. In addition, sizeable flows of short-term, seasonal workers, self-employed, and workers posted by subcontractors and temporary agencies – so-called service providers in EU lingo – arrived (Hollande *et al.* 2011; OECD 2012). Following the financial crisis, the labour flows – increasingly including household members – have continued at somewhat lower levels (European Commission 2017), yet they cannot be expected to halt as long as welfare and wage levels are many times higher in the West than in the East. Further, the resulting drainage of human resources and skills in major sending countries (Poland, the Baltic States, Rumania and Bulgaria), which all experience fast ageing populations (IMF 2017), spur extra-EU labour immigration from further East, especially Ukraine and Belarus (Genelyte 2016).

Since the 1960s, the EC/EU has gradually developed rules to secure migrant EU workers equal treatment in the labour market, and – if obtaining an employment contract – equal access to welfare benefits in the host state. The EU regime for social security coordination⁴ implies that EU/EEA citizens working under a contract of employment in another EU/EEA state largely have the same rights and duties in the welfare and tax system as natives of that country. Most of the cash benefits, typically child allowances, are exportable (Brochmann and Hagelund 2012).⁵ This does not apply to self-employed migrants and the approximately 2 million annually posted workers (Pacolet and Wispelaere 2016). Due to the lower labour costs and workers' rights of such service providers, many Western companies have increasingly outsourced work to Eastern subcontractors, which are not contributing to funding of the welfare state where they are operating.

We will not go into the broader welfare state implications of the EU free movement and social security coordination regime here, except for noting the fact that nation states have ceded control over (1) who and how many of the 520 million EU/EEA residents that can take residence on their territory, as well as (2) over the social benefits to which they are entitled, and (3) the financial contributions they are obliged to provide. Labour migrants' export of social benefits have hitherto been marginal compared to their contribution to public revenues in the host countries (European Commission 2014), but the exportability principle may, in combination with rising remittances and labour demand leakages in the longer term, contribute to a

certain weakening of the welfare state's function as automatic stabilizer and tool for counter-cyclical economic policies (NOU 2013: 155–156).

EU policies and the international regime for immigration from third countries

The European Union's approach to immigration from third countries has been one of incremental expansion of supranational policy instruments. Due to the abolishing of internal border controls within the Schengen area and the free movement of labour and persons, the EU member states are highly inter-dependent in terms of access control with immigration from outside. Even though the supranationalization process of the immigration field gradually moved forward in the 1990s and 2000s, systemic weaknesses and conflicts of interests represented essential stumbling blocks. Member state differences in welfare and labour market regimes formed a central part of this.

The UN refugee convention is in practice interpreted and implemented very differently by the various EU countries in terms of processing time for applications, recognition rate, what kind of status is provided to accepted asylum seekers, definition of 'safe third countries', etc. Consequently, despite a number of efforts to harmonize European asylum policies, there is extensive variation in approaches to asylum issues (Dustmann *et al.* 2016). There are also large differences in the rights and benefits awarded to persons granted a residency permit. Thus, the refugee crisis in the 1990s resulting from the Balkan war revealed the need for stronger coordination at the EU level, leading to several attempts at harmonization in the aftermath, the Dublin Conventions deciding which state is responsible for examining the asylum application in 1997, 2003 and 2013; the EURODAC (common EU fingerprint database), adoption of directives defining common (minimum) standards for asylum procedures, and eventually the establishment of the European Refugee fund, aimed to share costs of reception, integration and repatriation (Bordignon and Moriconi 2017). Nevertheless, the individual member states have in practice retained their sovereignty in the field of asylum policies, regardless of transnational spill-over effects and inter-dependencies. Following the refugee crisis in 2015/2016, a process of renationalization was set in motion by the reintroduction of national border control. EU attempts to distribute and resettle refugees according to a burden-sharing key were blocked in the process.

Thus, the crisis highlighted the collective action problems marring attempts to coordinate asylum and refugee policies within the EU/EEA region. Individual states make national interest-based choices disregarding detrimental effects on other member states ('beggar thy neighbour' policies), the result most likely being negative for Europe as a whole, both with respect to aggregate admissions and to the distribution of arrivals, reception costs and integrative burdens. The consequence is that the credibility and effects of coordinating efforts are undermined, fueling distrust and agony among the member states.

As regards third country *labour* immigration, the challenges are of a different kind. In principle, the EU/EEA member states have agreed that they will only recruit labour from outside when they cannot find the labour they need within the EU/EEA area. Yet, several countries have for many years run programmes to incite recruitment of high-skilled Third Country National (TCN) experts, and Sweden in 2008 even opened for employer-driven hiring of TCNs regardless of skill levels (Emilsson 2016). Spurred also by the fact that the EU workforce has already started to shrink – due to population ageing – the EU has in past years developed a more coordinated approach to third country labour migration based on directives defining frameworks and minimum standards for the member states' recruitment of experts as well as of service providers and seasonal labour (Herzfeld Olsson 2014). How much value-added these

efforts have brought is uncertain, since their adoption coincided with the decline in labour demand under the euro crisis and the concomitant surge in refugee inflows from Syria and elsewhere. At any rate, labour migration from third countries has since 2004 been by far outnumbered by intra-EU/EEA movements of labour.

Discussion

While none of the seminal conceptual typologies of European welfare states has taken governance of immigration into account, the four theoretical perspectives presented above addressing the relationship between immigration and the welfare state do not take the diversity – and varying vulnerabilities – of European welfare states into account. Common to both theoretical strands, however, is their concentration on the (presumed) sovereign nation state as the unit of analysis. They do not include the international policy frameworks and inter-dependencies, in which the national immigration/welfare state nexuses are embedded, when analysing national policy-making. In this chapter we have emphasized the shortcomings of this kind of methodological nationalism, highlighting, first, that the challenges immigration currently poses to European welfare state development cannot be adequately understood without bringing the international inter-dependencies and regulations into the analysis. Under the present state of affairs, the nation states are confronted with a host of tensions between conflicting national interests and international regulations to which they have committed themselves. This has imposed new, divergent logics of solidarity upon European governments: global solidarity through the human rights regime; regional solidarity through the European Union, and traditional national solidarity through the distressed welfare states.

In view of the diversity of European social models, we have, second, argued that there is no unitary relationship between immigration and the welfare state. The impact of immigration depends on economic, institutional and political features of the particular welfare and labour regimes. Conversely, variations in welfare states' generosity affect their relative attractiveness – the 'pull factors' – towards potential migrants, and institutional differences influence what kind of instruments are available for policy-makers seeking to limit the detrimental effects of large-scale immigration.

In this final discussion we will first outline how the different categories of welfare states in Europe are affected by high immigration and the dilemmas they face in responding to it. We will then briefly use the Scandinavian case to illustrate that there is no one-to-one relationship between welfare state type and national strategies to cope with high immigration.

The different categories of European welfare states are not only situated in different economic and political contexts but are also associated with different cost and benefit structures, and are disposed with different institutional means, benefits and capacities for handling reception, support and integration of immigrants. To bring the costs and benefits of immigration into the ambit of welfare state analyses, it is necessary to link Esping-Andersen's emphasis on the interaction between labour market structures and the institutional features of the welfare state to other important factors influencing the immigration/welfare state nexus. Apart from variations in the absorptive capacity of the labour market, the impact of immigration upon different welfare state types – and vice versa – varies. First, it varies between different categories of migrants – notably among refugees and different groups of EU/EEA labour migrants – depending on the rights and benefits to which they are entitled. Second, there is variation between immigration regimes with different strictness, priorities and selectivity in admission procedures. Lastly, differences exist between systems relying predominantly on status-preserving insurance principles funded through contributions (premiums) – typically Bismarckian, occupational

pension funds – and more universalist, redistributive systems funded through taxation which are associated with different patterns of interest coalescing and conflicts (Iversen 2005; Estevez-Abe *et al.* 2001).

The *absorptive capacity* of the national labour market is crucial for the impact of immigration upon the welfare state, and tends to influence both the attractiveness of a country as destination and the shares of the arriving immigrants that become economically self-reliant or remain dependent on welfare state support (NOU 2017: 2). The labour market participation and revenue contributions of immigrants vary greatly with economic and demographic conditions in the destination country, and between employment regimes with different working conditions, minimum wages and segmentation, but are also influenced by the work incentive effects of benefit schemes with varying generosity relative to the wages of available jobs (Dølvik 2013).

The liberal, *Anglo-Saxon models'* flexible labour markets with huge wage disparities are in general, *ceteris paribus*, considered most easily accessible for migrant labour – predominantly in low-paid jobs – while the residual welfare system based on strict work-first policies implies that the financial burden of those who cannot find work is limited. The arguments used in the Brexit campaign to call a halt to Eastern labour migration were thus more oriented to strained access to overloaded public services – housing, schools, childcare, etc. – than with the fiscal effects where ample studies have shown that Eastern labour migrants have been net contributors in most Western countries (European Commission 2013).

In the *continental and southern models*, labour markets have traditionally been associated with stricter statutory regulations, higher entry barriers to standard employment, stronger insider/outsider divides and lower employment rates than in the liberal/Anglo-Saxon model, resulting in poorer job opportunities for newcomers (Gallie 2007). Yet, the partial deregulation in recent decades has – especially in the recovering German economy – opened up rapidly growing secondary low-wage markets (Carlin *et al.* 2017; Eichhorst and Marx 2010) employing and attracting rising shares of migrant workers both from Eastern and Southern Europe (Wagner and Hassel 2016). Prior to the euro crisis, the secondary and informal segments of the dualized job markets in Italy and Spain similarly attracted huge inflows of Eastern and third country labour migrants (Pérez and Rhodes 2017).⁶ After the crisis, many of these immigrants moved northward along with scores of native labour searching for work in the UK, Germany and other Northern countries. In the unevenly developed, Southern welfare states, the public costs of immigrants working in the informal sector have been low. After the two-tiered (Harz) reforms in the ailing German welfare state, the same may to some extent be said about the immigrants filling jobs in the expanding low-wage job market there.

Despite higher employment rates, the egalitarian labour markets of the *Scandinavian models* have often been hard to enter for immigrants, due to high productivity and skill requirements resulting from high wage floors set by collective bargaining. Accordingly, the gap in employment rates among TCN and natives is higher in the Scandinavian countries than in most other European countries (NOU 2011: 7). Yet, the Scandinavian labour markets have since 2004 employed high numbers of Eastern European workers and subcontractors, associated with growing low-wage competition, regulatory circumvention and erosion of collective labour market institutions. Despite the positive impact upon growth and welfare state revenues in the short run, the increased supply of labour with modest qualifications and strengthened competition for low-skilled jobs have, *ceteris paribus*, tended to come with increased downward pay inequality, stagnant employment rates and increased welfare dependence among third country immigrants and native groups (Friberg *et al.* 2013; Bratsberg *et al.* 2010, 2014). The unemployment rates among immigrants are around three times as high as in the majority population, and

the growth in the immigrant populations is a major factor behind the rise in relative income poverty in Scandinavia – most pronouncedly among groups from Africa and Asia. Given the Scandinavian models' dependence on high rates of employment and revenues, the much lower employment rates in the rising population of third country immigrants than in the stagnant native working-age population have recently caused political concern about the longer term consequences for the financial viability of the generous Scandinavian welfare states (NOU 2011: 7; Andersen 2012).

Despite strong institutional and political similarities, the Scandinavian countries have over the past 30 years showed divergent approaches towards immigration. Sweden has stood out internationally with one of the most generous immigration regimes, and has – actively promoting its inclusive 'open border' policy – received more TCN immigrants relative to the national population than most other European countries. Sweden has also applied a very liberal settlement policy, kept introductory programmes voluntary, been a strong advocate of (a version of) multicultural policies, and emphasized equal treatment and rights in all aspects of social policy. This generous approach has been underpinned by a broad political consensus flagging the humanitarian image of Sweden internationally. The share of foreign-born population in Sweden is presently accounting for around 16.4 per cent, compared with 10.5 per cent in neighbouring Denmark and 14.4 per cent in Norway (OECD 2016). By contrast, Denmark has over the past decades stood out in a European context with increasingly restrictive immigration policies. Actively advertised internationally to discourage/divert potential asylum seekers and refugees, this approach has been underpinned by centralized settlement policies, targeted measures to restrict newcomers' access to certain basic benefits, high thresholds for family reunification and strict requirements of participation in work or activation measures to be eligible for social support. This tough approach has been complemented by an active acculturation policy requiring learning of Danish language, culture, history, etc. as prerequisites for achieving Danish citizenship (Mouritsen 2015). Those who are eventually allowed to stay and qualify for citizenship, however, can benefit from a more comprehensive, proactive integration policy, including equal rights to the more generous welfare state benefits in Denmark than in Sweden. The latter applies to an even greater extent to Norway, which traditionally stood in the middle between its Scandinavian neighbours, but has gradually followed Denmark towards a tougher external stance, while retaining a comprehensive integration regime for those who are allowed to stay. Underscoring that there is no one-to-one relation between type of welfare state regime and immigration and integration policies, the Scandinavian experiences illustrate that different policy approaches tend to be associated with different consequences and face different dilemmas when circumstances change.

While the more liberal Swedish approach has persistently attracted many more TCN immigrants than has Denmark and Norway, this discrepancy was amplified by the huge refugee inflows to Sweden in 2015. Employment rates among the immigrants in Sweden have accordingly been lower, unemployment rates higher, and the labour market has been more segmented than in the neighbouring countries (Berglund and Furåker.2010). Tendencies towards housing segregation, social marginalization and occasional unrest among youth minorities have also been more pronounced. Without implying any causal connection, it is further notable that Sweden over the past decades has been subject to much more significant retrenchment in welfare state generosity than Denmark and Norway, while the rise in income inequalities has been stronger (Fløtten 2014: 15). This pattern of policy divergence among otherwise similar welfare states has – partly as a consequence, partly as a cause – been associated with a striking political contrast; while Denmark and Norway early on developed fairly strong right-wing, immigrant-sceptical parties which were eventually included in parliamentary horse-trading and coalition-building, the

later emerging and more radical, xenophobic Swedish counterpart (Sverigedemokraterna) has so far been actively excluded from policy-making in Sweden. There are, however, indications that this exclusion is not going to last. The refugee crisis in 2015 forced the political establishment in Sweden to revise the liberal approach to immigration, as a consequence bringing about a *de facto* stronger immigration policy convergence within Scandinavia.

With their generous, egalitarian welfare states, the Scandinavian countries may be viewed as a 'strategic case' illuminating the principal challenges which high immigration poses for European welfare states. The dilemmas the Scandinavians have faced in handling the relation between immigration policies – determining the volume of inflows – and integration policies, and the implications of high immigration for welfare state sustainability, labour market participation and social inequality are common to all welfare states, but they may be expected to be less accentuated in countries with less generous welfare states and less regulated, more unequal labour markets. The exception is the ageing CEE states where the combination of minimal immigration and often high emigration may pose challenges of welfare state erosion resulting from shortages of people of working age.

The social cohesion dimension has increasingly been attended directly and indirectly in many places in Europe. Cultural conflicts have been connected to welfare state sustainability, and fuelled discussion on the limits of solidarity. Political support of restrictions on access for refugees, for family reunification, citizenship and on welfare support for newcomers has increased throughout Europe, and the influence from far-right parties has been tangible. Part of this may be read as an indication of Freeman's theorem: a majority not wanting a welfare system as something for 'them' paid for by 'us', yet according to recent European surveys the increased restrictionism has a wider scope. The European Social Survey (ESS) revealed in 2014⁷ – before the refugee crisis – a mixed picture. ESS found considerable variation within Europe as to popular attitudes towards immigrants – along different dimensions. The question asking whether the country in question "was made a better or worse place to live as a result of immigration" showed a relatively neutral view overall, but with a marked split between Southern and Eastern Europe, on the one hand (on the negative side), and between Northern and Western Europe (on the positive side), on the other. Yet populations in Europe to a large extent differentiate between different *kinds* of immigrants: ESS reports that European publics have become slightly more positive towards immigrants from the same racial or ethnic background as the majority, but distinctly less positive towards migrants from poorer countries outside Europe. This last finding was indeed confirmed in a survey undertaken by the British think-tank Chatham House in 2016⁸ – after the refugee crisis. Among the 10,000 respondents in 10 EU countries,⁹ 55 per cent supported the statement "All further immigration from mainly Muslim countries should be stopped" (20 per cent against, 25 per cent neutral). Pew Research Center surveys indicate similar findings.¹⁰

Conclusion

The 2015 refugee crisis represented a turning point in European immigration policy-making. *Absorption capacity* and *willingness* – economically and culturally – proved to be a combustible political issue throughout Europe. The different regions of the continent were variably affected in the first place, and the pull factors of regime generosity quickly proved to be an essential factor in the *de facto* distribution of people. The two most attractive states – Sweden and Germany – stretched their reception capability to the limit, and eventually had to introduce restrictions to cease the uncontrolled inflow. The social cohesion dimension gained new significance in political discourse in most places, and the CEE countries in particular revealed an

extreme position by refusing reception of hardly any refugees at all. Apart from highlighting animosity towards Muslims in particular, the refugee crisis more than anything disclosed profound political and institutional differences within the European continent as to the handling of immigration written large. It also highlighted serious institutional shortcomings in terms of international and supranational governance in the face of common challenges.

Gary Freeman's thesis on the deep-seated tension between inclusive welfare states and comprehensive immigration has gained new attention in this context. The European welfare states are – in different ways and to different degrees – today facing major challenges in relation to international migration and welfare state adjustment. This chapter has briefly mapped and discussed immigration policy-making in the different, interrelated parts of the European scenery. We have (sketchily) shown how the complex of parameters interplay and constitute opposing economic, social and political incentives for the different states to accommodate international migration. Different cost structures as well as varying societal perceptions or attitudes in relation to culturally different newcomers impact upon the economic and political sustainability of the respective immigration regimes. Today, immigration has turned into a central driver for economic, social and political change in the region, where the consequences for the individual states are strongly interconnected. The scope for unilateral national action is not wide, and the need for better coordination and sharing of burdens and benefits is urgent. Systemic premises as well as international regulations and lack of cooperation limit the room of manoeuvre to a large extent. All receiving countries have to balance economic interests, social needs and humanitarian responsibilities in their immigration policies, even though the sincerity of the latter task is variable indeed.

Notes

- 1 See e.g. Nannestad (2007) for a discussion of the pull forces of welfare states.
- 2 See e.g. OECD International Migration Outlook 2017.
- 3 The concept social model includes the constellation of welfare and employment regulation institutions that, together with skill formation institutions, tend to structure labour markets (see Dølvik and Martin 2015), thereby importantly shaping immigrants' opportunities to find work and income.
- 4 Regulation 1408/71, replaced by Regulation 88/2004.
- 5 The potential access to exportable social benefits, often worth more than an average wage in the home country, makes it rational for labour migrants to accept lower pay than natives to land a job (Dølvik and Eldring 2008).
- 6 Spain received some 4 million labour migrants from Eastern Europe, Africa and elsewhere during the boom prior to the 2008 crisis, while Italy was a prime destination of Rumanian and Bulgarian labour migrants along with huge inflows of labour migrants from Africa and refugees from the wider Middle East.
- 7 Published in 2016. ESS: Attitudes towards Immigration and their Antecedents: Topline Results from Round 7 of the European Social Survey. Available at www.europeansocialsurvey.org/.
- 8 www.chathamhouse.org/expert/comment/what-do-europeans-think-about-muslim-immigration.
- 9 Belgium, France, Greece, Hungary, Italy, Poland, Spain, Great Britain, Germany and Austria.
- 10 www.pewglobal.org/2016/07/11/negative-views-of-minorities-refugees-common-in-eu/.

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