Lesson 7 Welfare state

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Immigration and the welfare state

"It is one thing to have free immigration for jobs, it is another thing to have free immigration to welfare. And you cannot have both." (Mielton Friedman)

"A generous welfare state would be under constant attack by the many immigrants yearning for its benefits. Under such a growing burden, sooner or later a political coalition would be formed which will either curtail the generosity of the state or restrict immigration, or both." (Assaf Razin)

Effects of immigration on the welfare state

- Immigrants increase the working-age population, contribute to the welfare
- Principle 'equal pay for equal work'

but...

- If concentrated in low-paid occupations?
- Higher risk of unemployment?
- Family members?
- Congestion of public services?
- Social cohesion $\rightarrow$ provision of public goods, tax contributions?

Immigration and the welfare state: another snapshot from the UK

- A politician's perspective: Video link 1, from November 2013 — https://www.youtube.com/watch?v=PQ8I_IdJGNI

- A researcher's perspective: Video link 2, from January 2014 — https://www.youtube.com/watch?v=XoYdcS4HKSg&feature=youtu.be

The effect of immigrants on the welfare state

Political issues:

Even if in the long run migrants finance the pay as you go pension system, migrants may be very costly for the destination economy because they use the welfare state more than natives or similar natives.

If this is so, natives finance the welfare services received by the foreigners through the general fiscal system. This create distributive conflicts, reducing the total migration surplus

Policies to implement:

1-Restrict welfare eligibility,

2-revise immigration policies, choosing characteristics (in general skills) to reduce the welfare cost of immigrants,

3-implement policies which favour the assimilation out of welfare of foreigners, i.e. policies which encourage the non-take up of benefits by eligible migrants,

4-implement policies to prevent immigrants from entering the welfare state and avoid state dependency.

Figure 1. The model of geographic sorting of immigrants (fixed costs of immigration assumed)
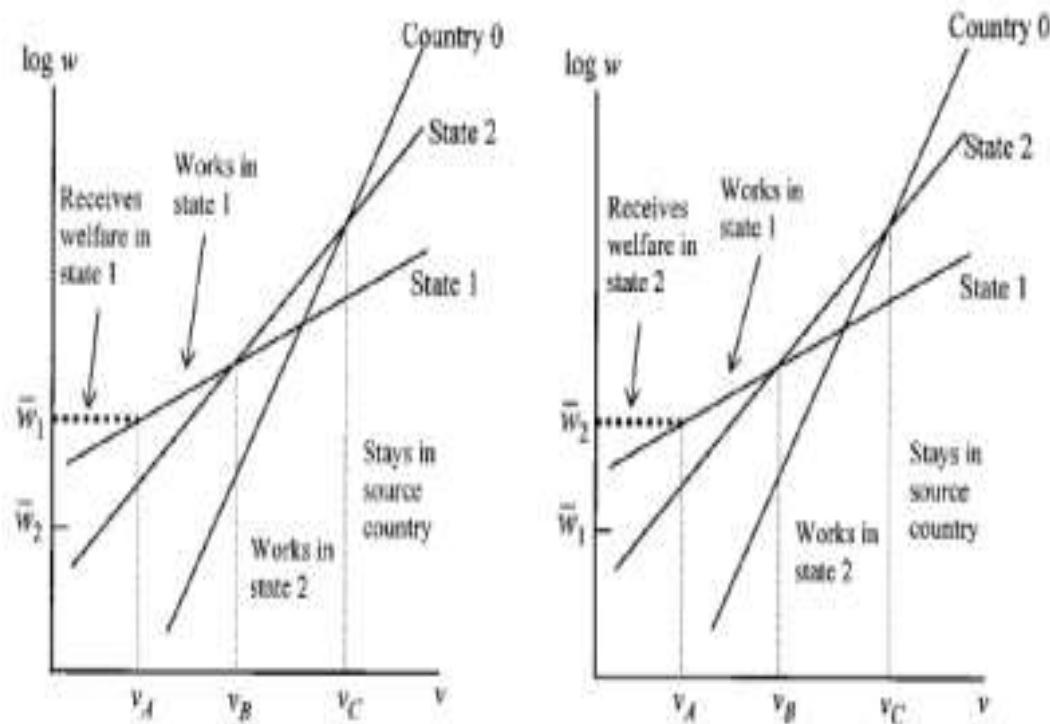
Figure 9. Factors influencing the net fiscal position of immigrants
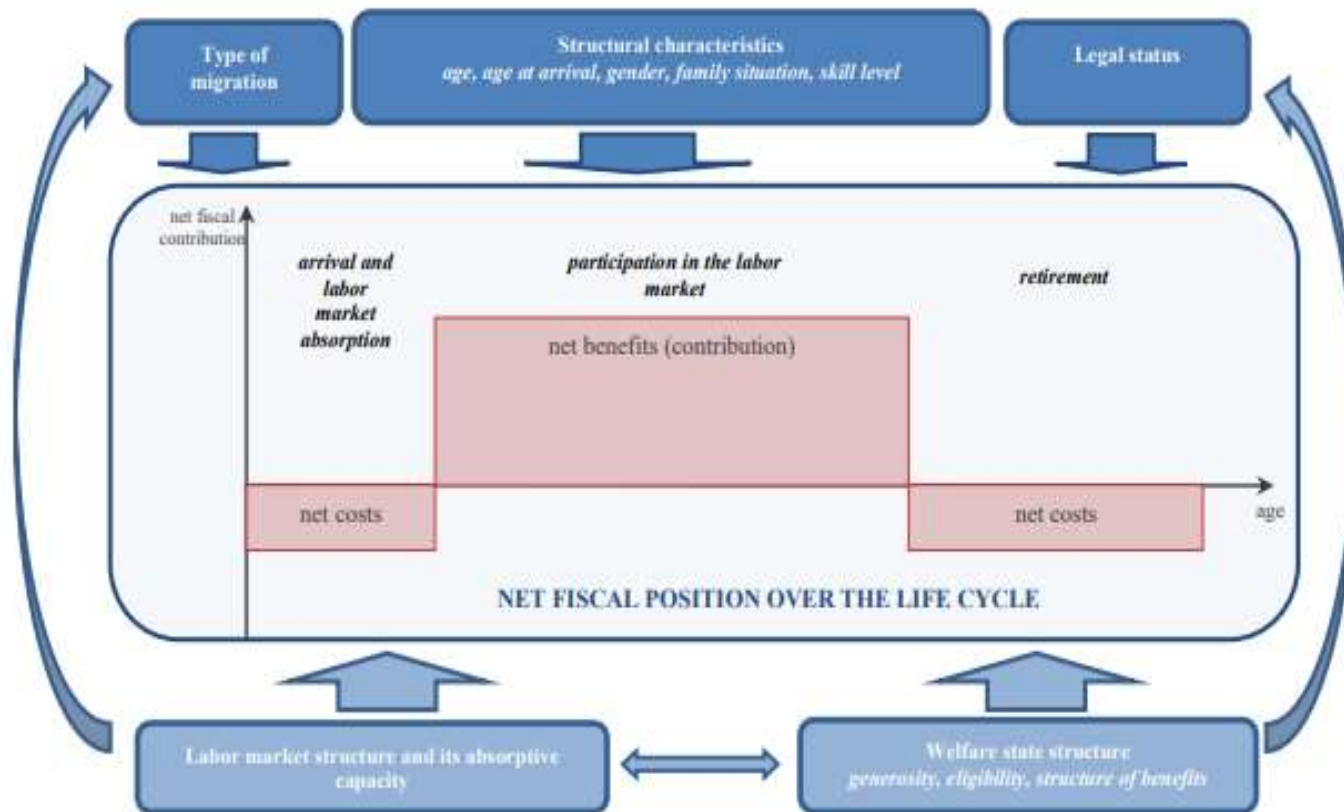
Source: Own elaboration.

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Figure 10. Tax-Consumption profiles by age and birth status – an optimistic case
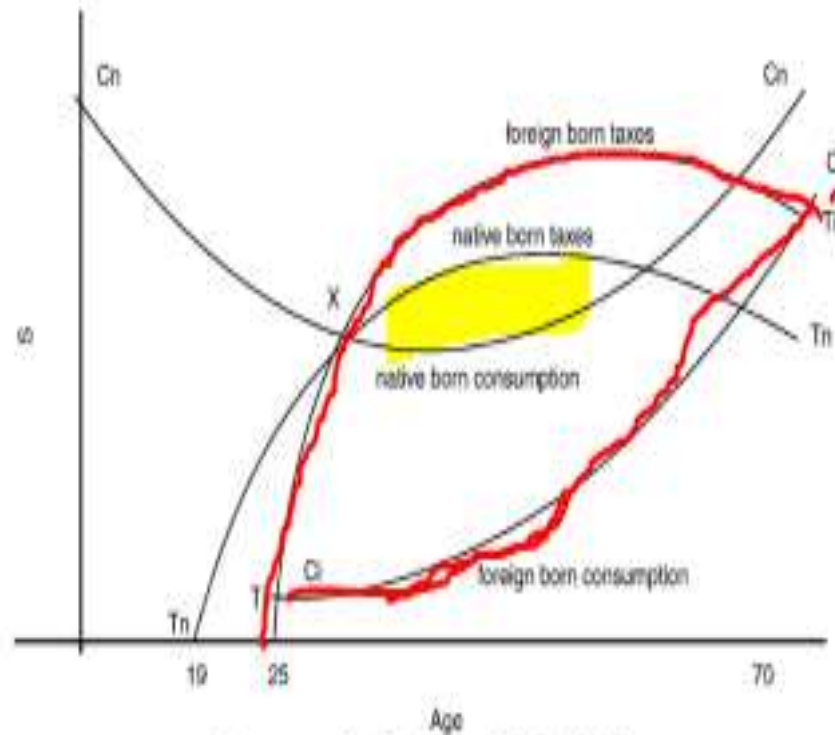
Source: DeVoretz 2006: 393.

Figure 11. Tax-Consumption profiles by age and birth status – a pessimistic case
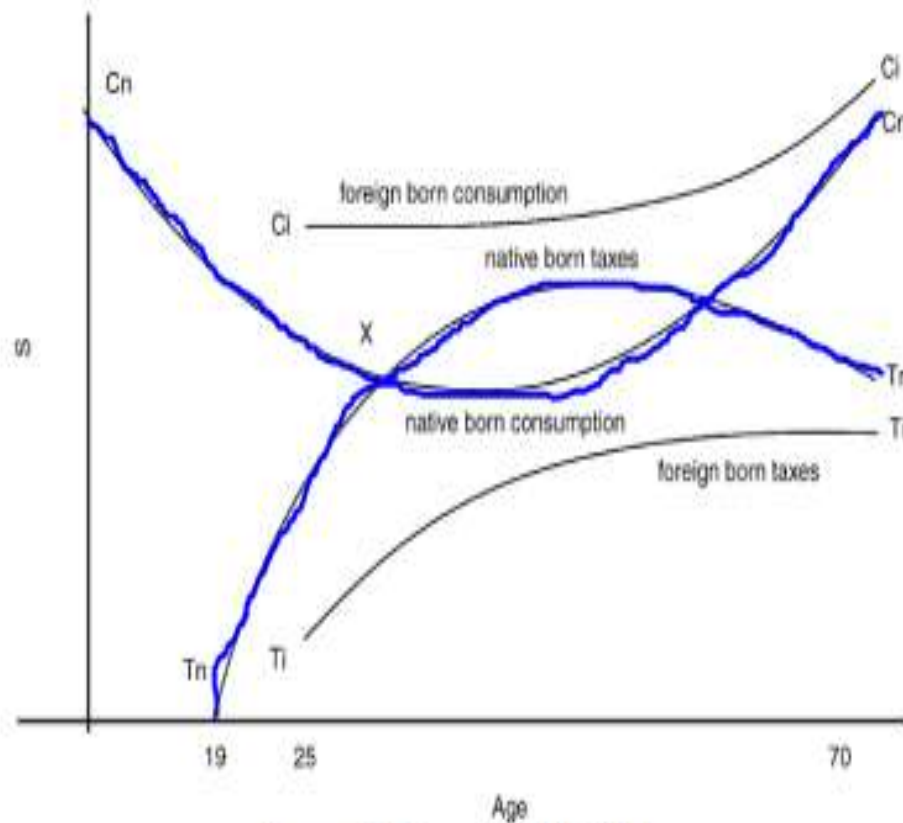
Source: DeVoretz 2006: 394.

Welfare Magnet

Migrants attracted by the higher welfare

Migrants unable to secure employment are less likely to out migrate

Migrants settlement follows welfare generosity and induce more welfare burden in the more generosuse regions

Borjas 1999

Regions with different welfare generosity and return to skill

Natives have fixed cost of migration

Foreigners do not have

Prediction: change in benefits level

Higher welfar participation among the migrants

37.6% of the migrants welfare recipients were in California

27.6% of migrants employed in California

California is a high welfare state.

Differential with native very limited

Enchautegui 1999

Women has moved to more generose welfare states

Effect small

Levine Zimmermann 1999

Women with small children

Giulietti (2011) endogeneity

Affect unemloyment spending size and GDP

Change in policy

Razin Wahba (2011) welfare generosity affect the
selection

i-WELFARE MAGNET

The generosity of the welfare state was supposed to be a **magnet** in the localization of the foreigners. While Borjas (1999) for the USA and Bruecker et al. (2002), using the EURO Panel (2001-2004), do not find any evidence, De Giorgi and Pelizzari (2006), again using the EURO Panel find a propensity to settle where the welfare state is more generous. However the wage effect plays a much larger role in attracting migrants, ten times larger than the benefit impact.

In receipt of Welfare payment

Borjas Trejo 1991

More eligible

Assimilation into welfare state

Kaestner and Kausal 2005

Effect of a reform reduce eligibility

reduction of the use of welfare but not less take up benefits only reduced eligibility.

Take up benefits conditional on eligibility remained high

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ii-ON AGGREGATE MIGRANTS ARE MAKING MORE USE OF THE WELFARE SYSTEM

In Germany, Flick (1999) find that migrants are 3.7% more likely than natives to be in receipt of benefits.

In Sweden, Hansen and Lofstrom (2003) reported that in the mid-1990s the expenditure on social assistance for immigrants in Sweden equaled that for natives, but the migrants were only 10% of the total population.

Also in the United Kingdom, Barret and McCarthy (2008) show that 19% of immigrants, but only 12% of natives, receive welfare payments.

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iii-CONDITIONAL TO THE MIGRANTS CHARACTERISTICS, DO THEY USE THE WELFARE MORE THAN THE NATIVES?

In Europe, **Sweden** is very interesting because its welfare system is the most generous.

Hansen and Lofstrom (2003,2006, forthcoming) and Andrén (2007), using administrative longitudinal data, find that migrants use welfare more intensively than natives, but as natives, immigrants assimilate out of welfare – i.e. the longer they stay in the welfare system and in the destination country the less they use welfare benefits - even if at a lower pace than natives.

In **Germany** Castronovo et al.(2001) find that migrants, given their income and household structure, are more likely to be **eligible for welfare benefits**, but even if they are more likely to be eligible they do not **take up welfare benefits** more than similar natives. Thus immigrants' characteristics explain their relatively intense use of welfare, as also Riphan (2004) point out in her analyses, where she also find that in the Swedish case dropping out of the labour market is a much stronger predictor of welfare receipt among immigrants relative to natives.

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Bruecker et al (2002)

G, UK, Sp, Greece similar DK, NL, Fr, Au, Fin higher

Probability of employment

-selfselection

-migration specific effect language

-discrimination

-Network effect

-excluded by legislation portability of Benefit, no in public job

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iv-ARE MIGRANTS MORE PRESENT IN THE FORM OF <u>CONTRIBUTORY BENEFITS</u> OR IN THE FORM OF <u>NON-CONTRIBUTORY BENEFITS</u> TO THE WELFARE STATE?

The Fondazione Rodolfo DeBenedetti proposes in its study for "Labour Mobility within the EU in the context of enlargement and the functioning of the transitional arrangements" by the European Integration Consortium a distinction between contributory benefits and non-contributory benefits.

The former are designed to cover against the risks of unemployment, longevity (pension), sickness, disability and survivor's pension.

The latter are household-related and include housing and family allowances as well as transfers targeted specifically on groups with higher risks of social exclusion.

The dataset used is the European Survey on Income and Living Conditions (EU-SILC) between 2004-2006.

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	Country	EU-25 immigrants	Extra EU-25 immigrants	All immigrants
EU-15	Austria	-0.10 [5.67]***	-0.14 [12.55]***	
	Belgium	-0.02 [2.37]**	-0.13 [9.10]***	
	Denmark	0.04 [1.91]*	0.05 [3.77]***	
	Finland	-0.03 [1.28]	0.08 [4.69]***	
	France	-0.01 [0.44]	-0.09 [8.69]***	
	Germany[+]			-0.08 [5.86]***
	Greece	-0.19 [7.50]***	-0.25 [22.71]***	
	Ireland	-0.14 [11.54]***	-0.25 [13.62]***	
	Italy	-0.17 [7.96]***	-0.19 [24.76]***	
	Luxembourg	-0.18 [34.54]***	-0.24 [18.95]***	
	Netherlands	-0.06 [1.63]	-0.17 [3.65]***	
	Portugal	-0.12 [3.24]***	-0.28 [15.24]***	
	Spain	-0.07 [2.00]**	-0.22 [14.38]***	
	Sweden	-0.08 [5.04]***	-0.17 [10.51]***	
	United Kingdom	-0.01 [0.81]	-0.24 [23.39]***	
New Member States	Cyprus	-0.05 [3.92]***	-0.24 [19.39]***	
	Czech Republic	0.05 [1.05]	-0.37 [9.78]***	
	Estonia[+]			0.06 [8.91]***
	Hungary	-0.25 [6.35]***	-0.34 [5.71]***	
	Latvia[+]			0.11 [13.43]***
	Lithuania	0.06 [0.91]	0.08 [3.01]***	
	Poland	-0.03 [0.38]	-0.19 [3.78]***	
	Slovakia	0.18 [3.68]***	-0.06 [0.65]	
	Slovenia[++]			0.10 [15.40]***
Other Countries	Iceland	-0.09 [3.27]***	-0.04 [7.65]***	
	Norway	-0.07 [4.10]***	-0.13 [7.64]***	

Notes: averages over the available years; t statistics in brackets, ***,** and * denote significance at 1, 5 and 10 percent respectively; [+] the EU-SILC does not distinguish between EU-25 and extra-EU25; [++] migrants identified by country of birth; the EU-SILC does not distinguish between EU-25 and extra EU-25 migrants.

Tab.1   Contributory benefits: Percentage of **recipient immigrants** minus the corresponding percentage for natives Rm/M – Rn/N

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	Country	EU-25 immigrants	Extra EU-25 immigrants	All immigrants
EU-15	Austria	-2,152 [197.29]***	-3,288 [522.39]***	
	Belgium	-520 [105.21]***	-1,833 [279.64]***	
	Denmark	-195 [10.09]***	-1,182 [91.48]***	
	Finalnd	-1,424 [63.97]***	-1,919 [117.02]***	
	France	-1,040 [278.06]***	-2,274 [720.17]***	
	Germany[+]			-1,675 [679.30]***
	Greece	-163 [19.94]***	-1,844 [524.54]***	
	Ireland	-1,426 [173.19]***	-1,922 [165.71]***	
	Italy	-1,967 [245.00]***	-3,254 [1317.72]***	
	Luxembourg	-4,901 [230.47]***	-6,074 [118.46]***	
	Netherlands	-1,831 [65.18]***	-3,723 [123.12]***	
	Portugal	-548 [54.89]***	-1,469 [352.86]***	
	Spain	-304 [31.49]***	-1,865 [457.92]***	
	Sweden	-1,197 [158.50]***	-2,214 [292.27]***	
	United Kingdom	-402 [85.88]***	-2,636 [1026.91]***	
New Member States	Cyprus	-86 [7.19]***	-1,592 [123.65]***	
	Czech Republic	37 [8.83]***	-877 [285.47]***	
	Estonia[+]			92 [89.95]***
	Hungary	-588 [128.04]***	-884 [123.39]***	
	Latvia[+]			141 [199.44]***
	Lithuania	39 [6.30]***	315 [121.18]***	
	Poland	350 [50.43]***	-628 [150.41]***	
	Slovakia	347 [60.44]***	-40 [4.28]***	
	Slovenia[++]			434 [89.41]***
Other Countries	Iceland	-2,455 [33.53]***	-1,366 [74.14]***	
	Norway	-402 [85.88]***	-2,636 [1026.91]***	

Notes: figures are in euros, averages over the available years; t statistics in brackets, ***,** and * denote significance at 1, 5 and 10 percent respectively; [+] the EU-SILC does not distinguish between EU-25 and extra-EU25; [++] migrants identified by country of birth; the EU-SILC does not distinguish between EU-25 and extra EU-25 migrants.

Tab.2 Contributory benefits: Average transfer per immigrants minus average transfer per native $(B_m/M)-(B_n/N)$

Figure 1: Percentage of immigrants across countries

* Notes: EU SILC 2007. *All immigrants for Germany.

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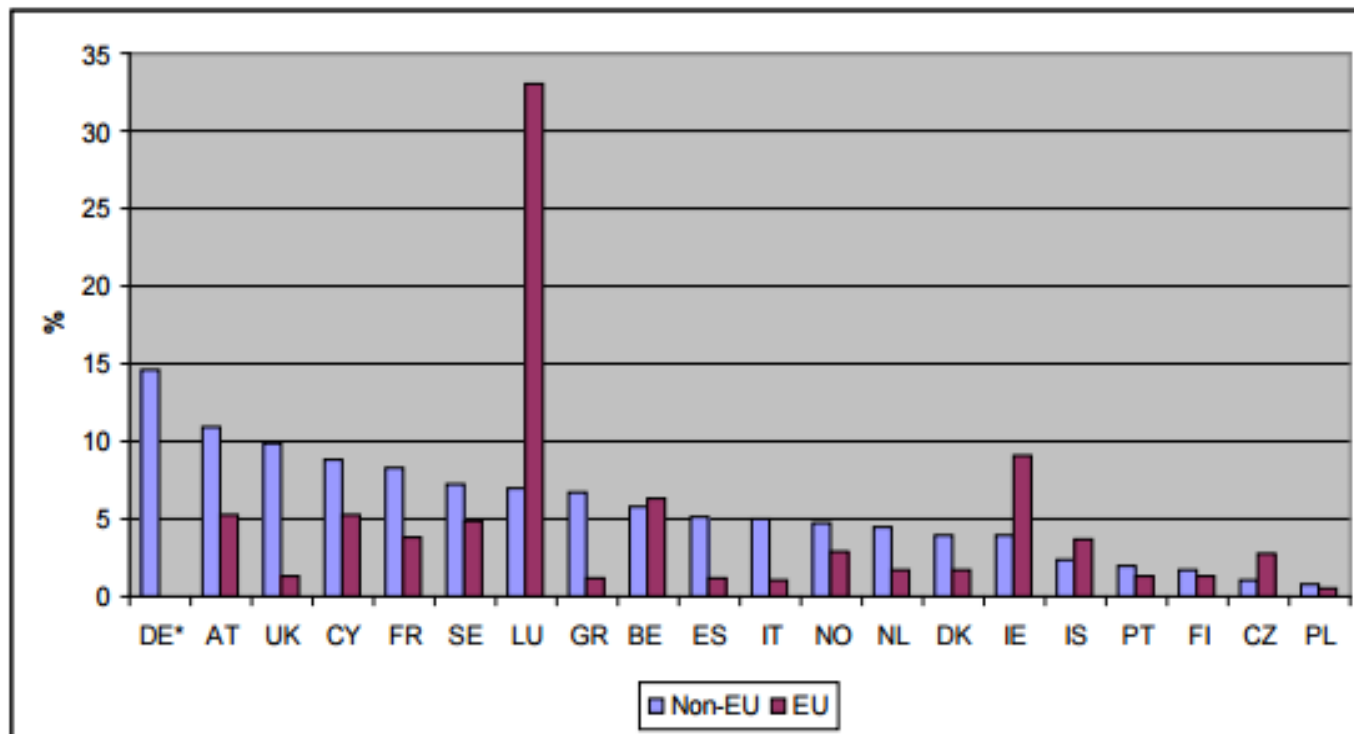Figure 1: Ratio of proportions of immigrants and natives: All types of support
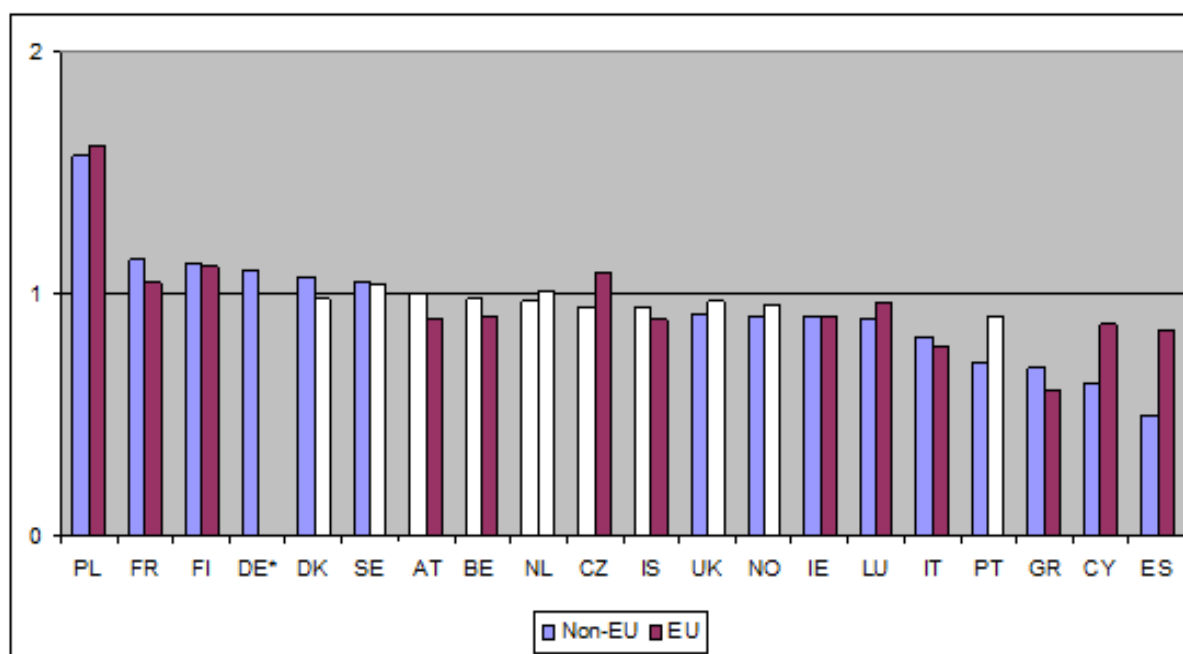
Source: Barrett and Maître (2011), based on calculations using EU-SILC 2007; note: white bars imply statistically insignificant differences; * implies all immigrants for Germany

Figure 2: Ratio of proportions of immigrants and natives: Unemployment supports
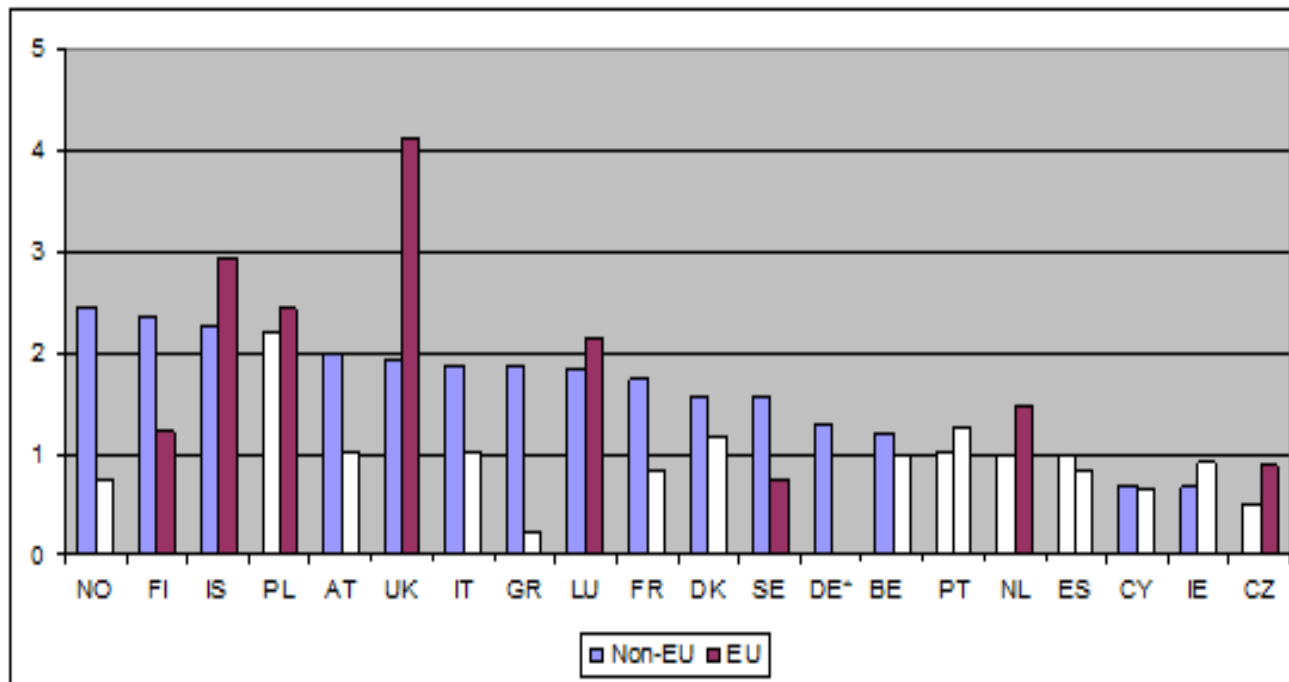
Source: Barrett and Maître (2011), based on calculations using EU-SILC 2007; note: white bars imply statistically insignificant differences; * implies all immigrants for Germany

Figure 4: Ratio of proportions of immigrants and natives: Old-age support
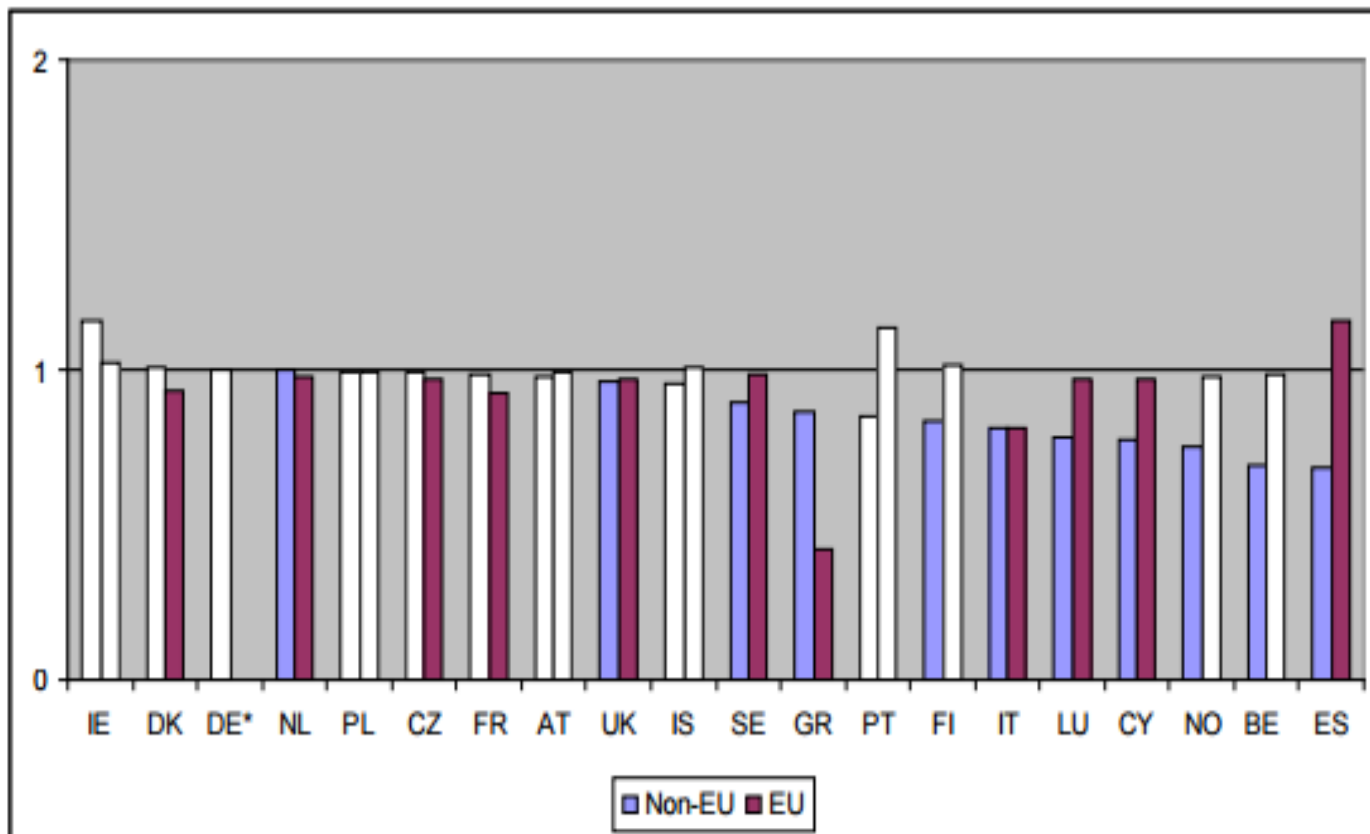
Notes: EU SILC 2007. *All immigrants for Germany

Figure 5: Ratio of proportions of immigrants and natives: Sickness/disability support
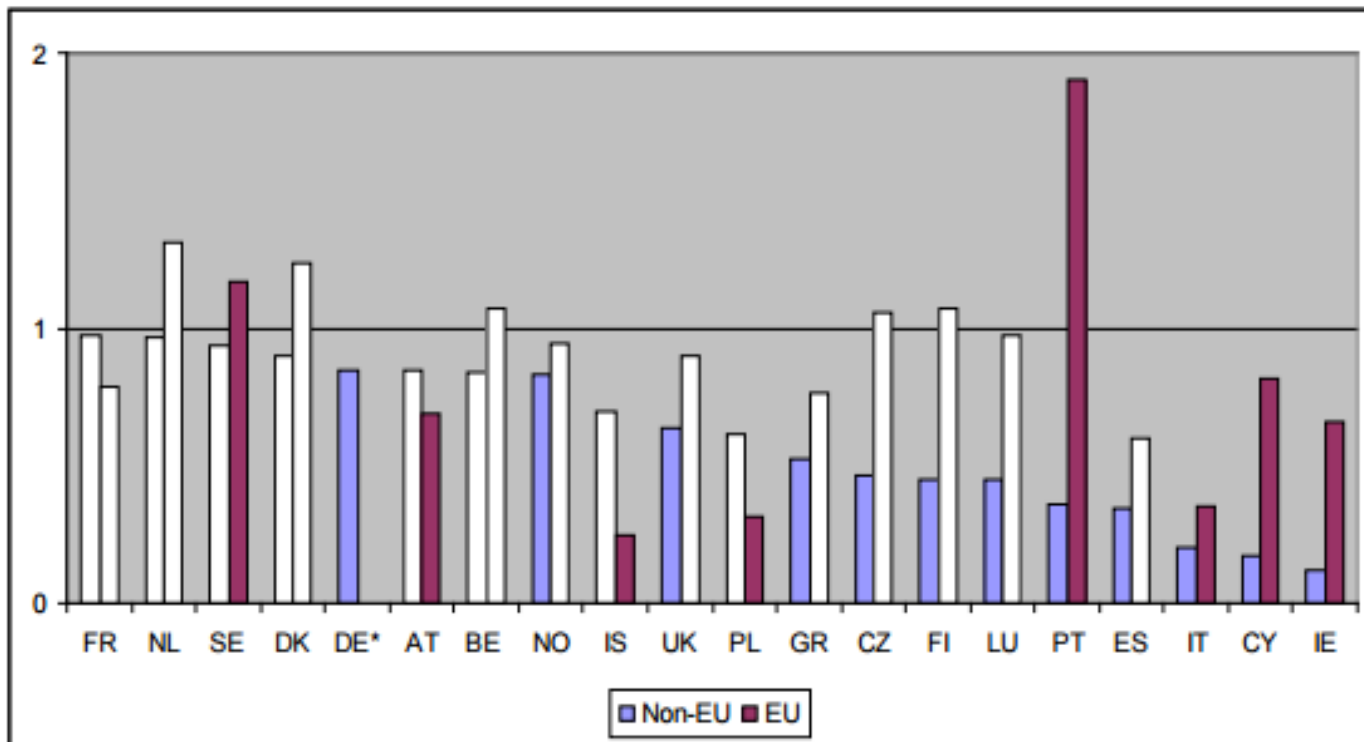
Notes: EU SILC 2007. *All immigrants for Germany.

Figure 6: Ratio of proportions of immigrants and natives: Family/child support
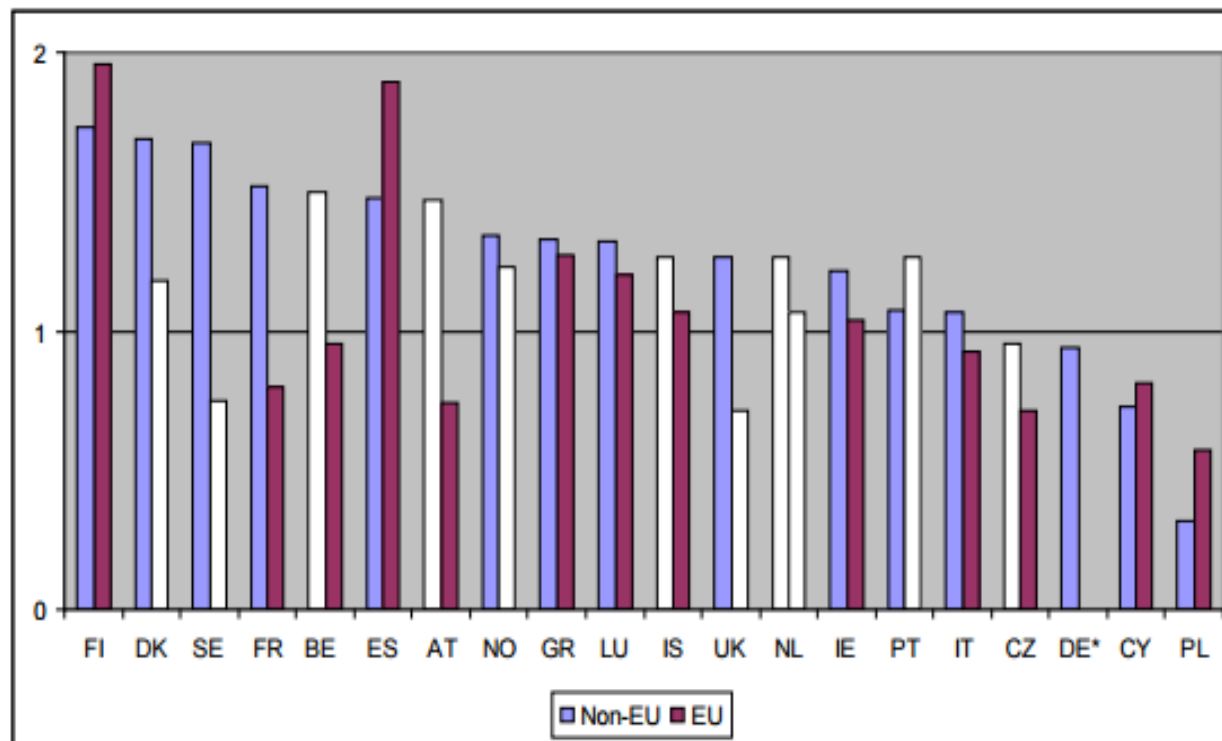
Notes: EU SILC 2007. *All immigrants for Germany.

Figure 7: Ratio of proportions of immigrants and natives at risk of poverty
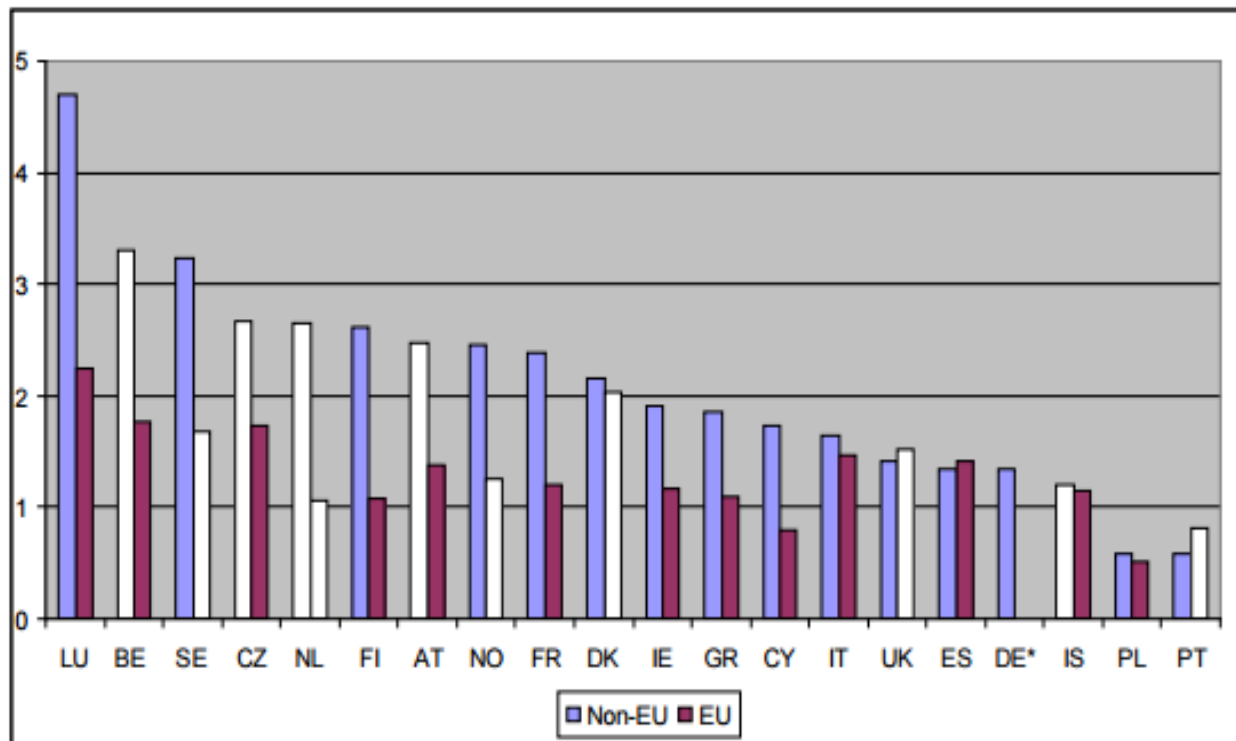
Notes: EU SILC 2007. *All immigrants for Germany.

Figure 8: Ratios of average ages of immigrants and natives

Notes: EU SILC 2007. *All immigrants for Germany.

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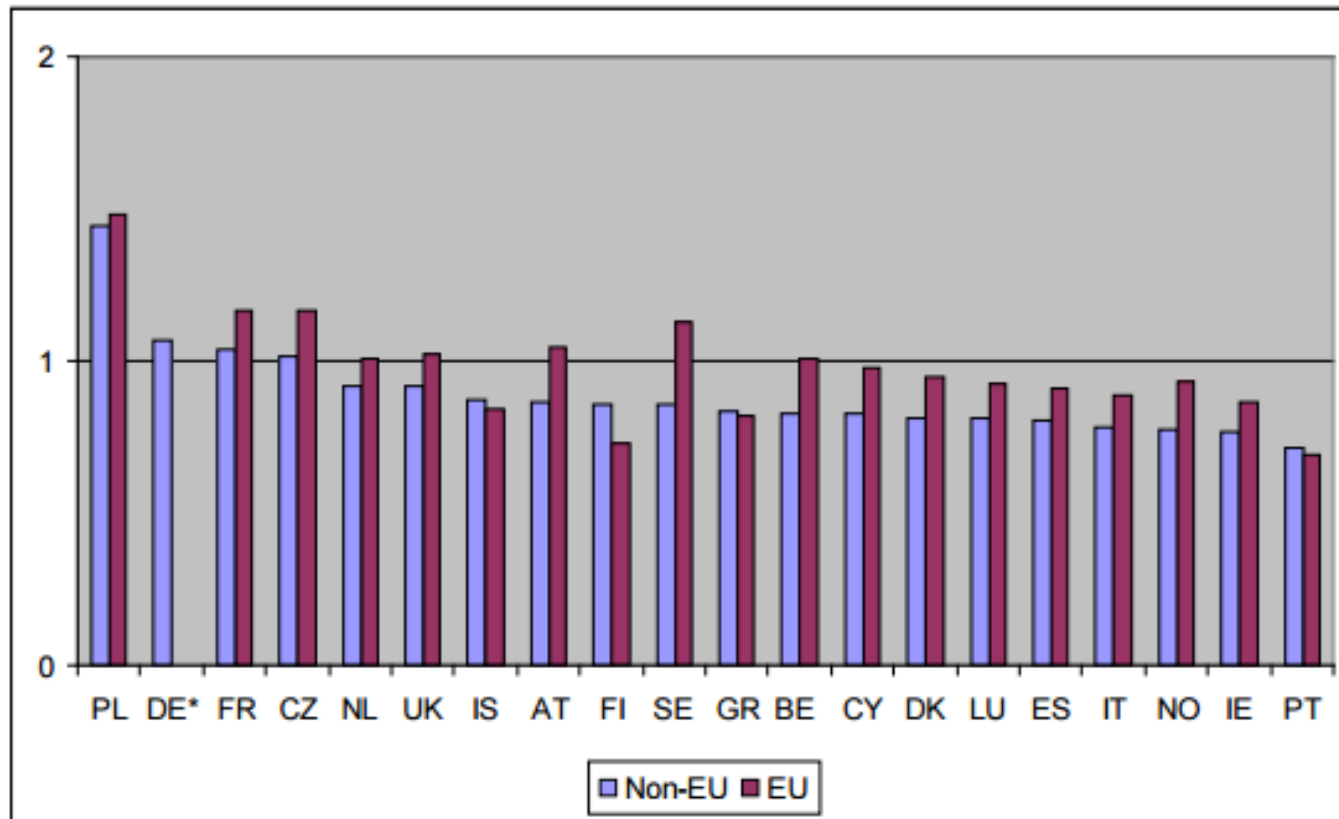
Figure 9: Ratios of proportions of immigrants and natives with post-secondary and tertiary educations

Notes: EU SILC 2007. *All immigrants for Germany.

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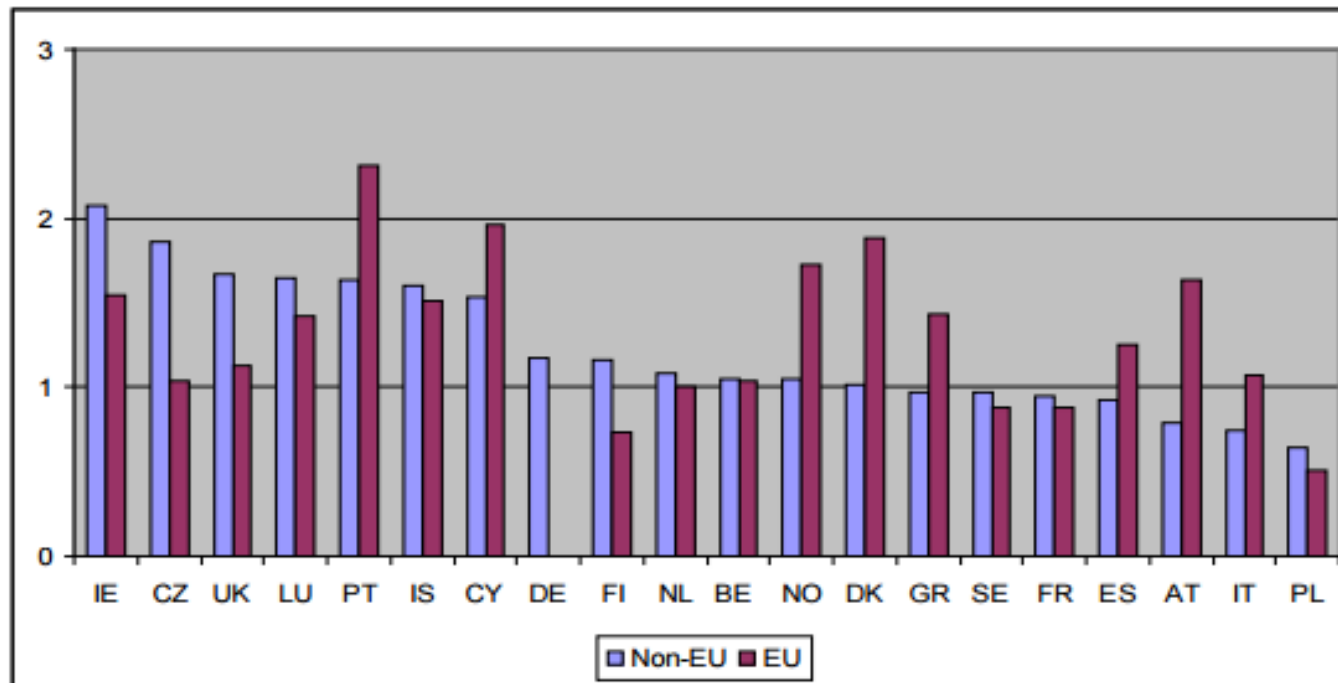
Figure 11: Ratios of average number of children

Notes: EU SILC 2007. *All immigrants for Germany.

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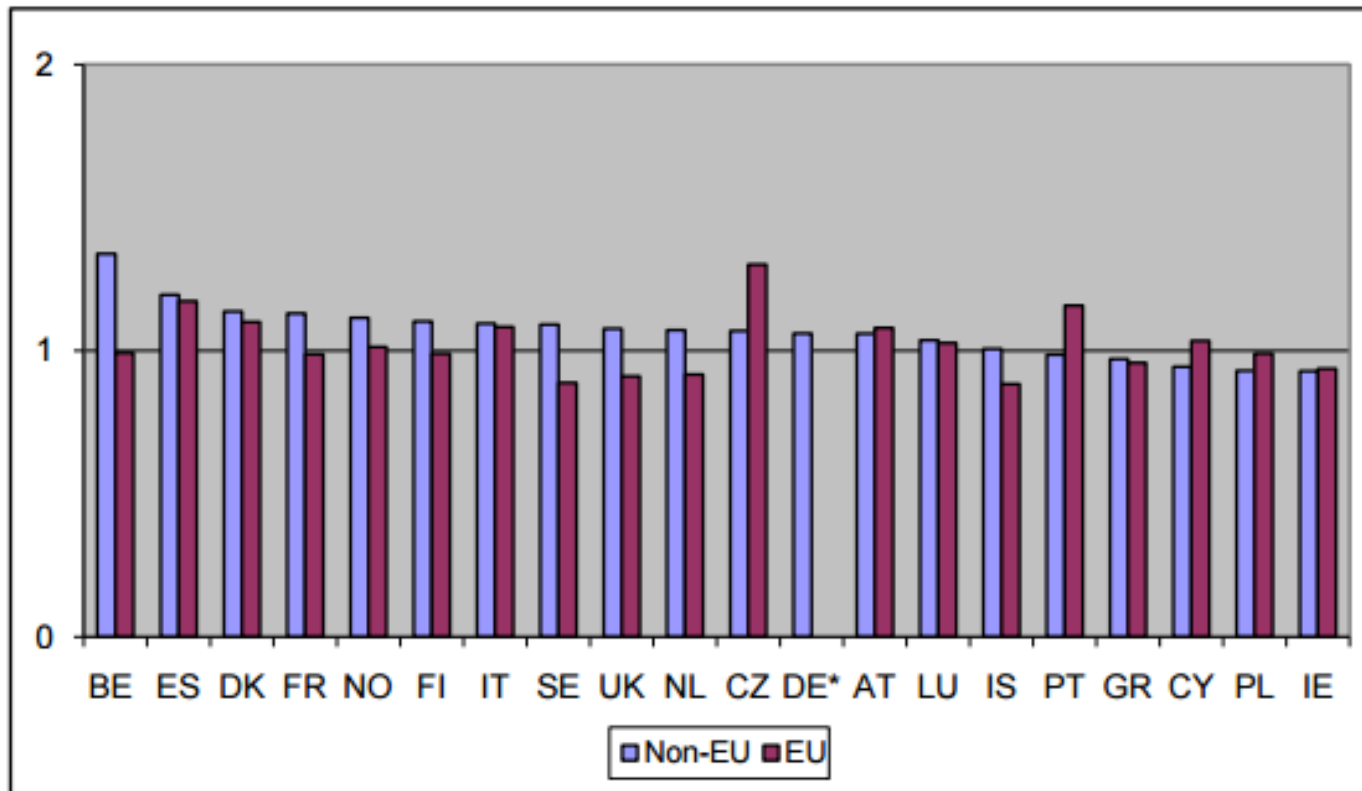
Figure 3: Estimated marginal impact of immigrant status on support receipt: All types of

support
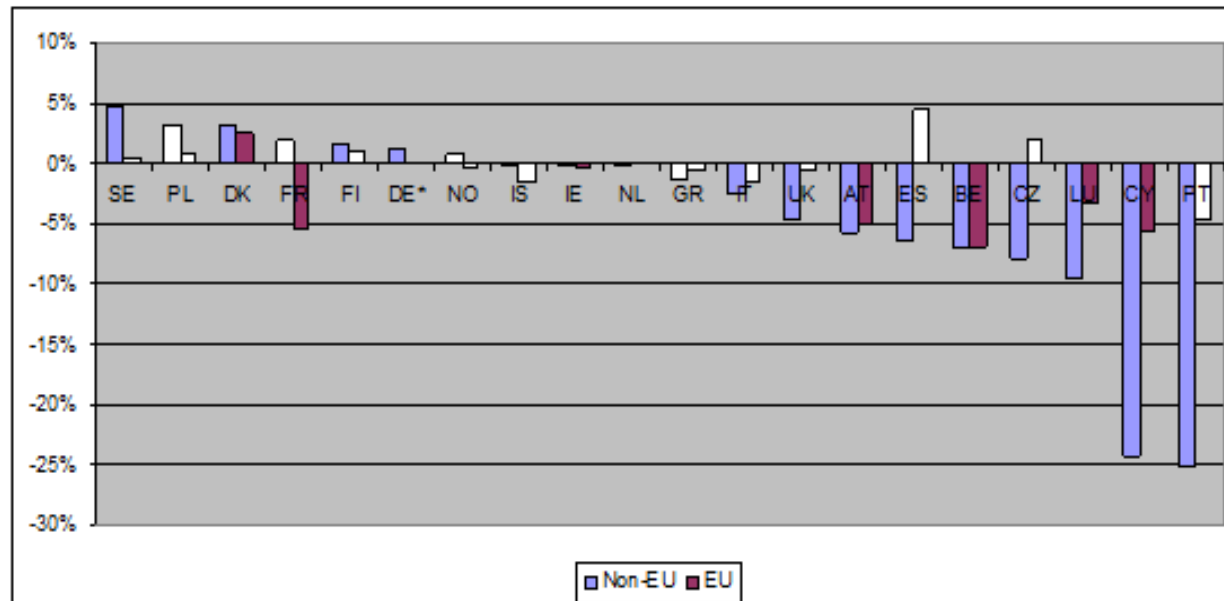
Source: Barrett and Maître (2011), based on calculations using EU-SILC 2007; note: white bars imply
statistically insignificant differences; * implies all immigrants for Germany

Figure 4: Estimated marginal impact of immigrant status on support receipt: unemployment,

sickness and disability
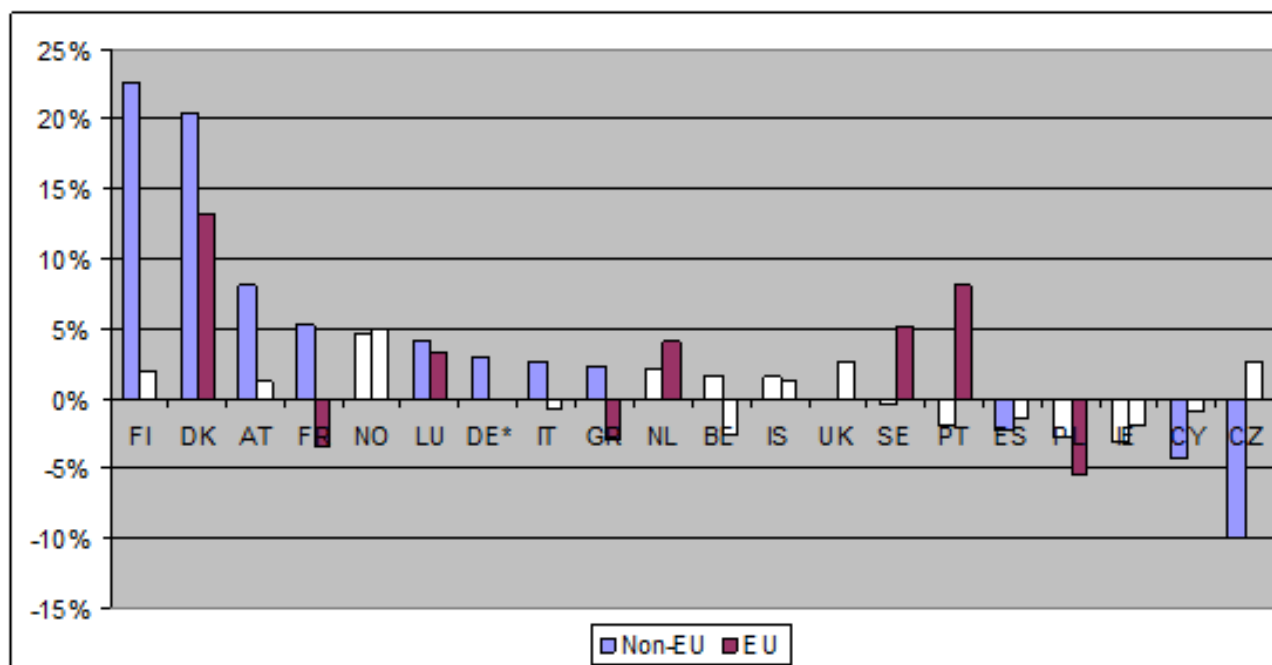
Source: Barrett and Maître (2011), based on calculations using EU-SILC 2007; note: white bars imply
statistically insignificant differences; * implies all immigrants for Germany

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Figure 14: Estimated marginal impact of immigrant status on support receipt: Old age

Notes: EU SILC 2007. *All immigrants for Germany.

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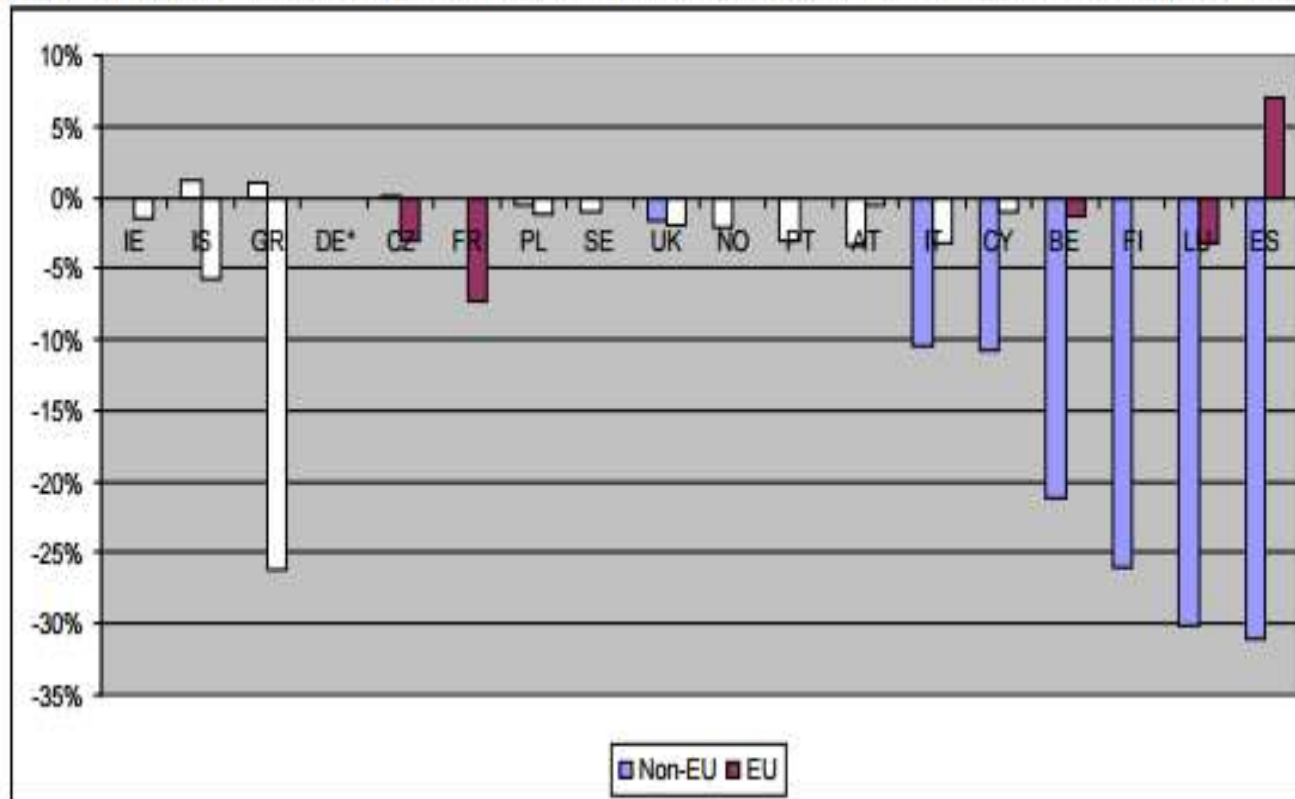
Figure 15: Estimated marginal impact of immigrant status on support receipt: family/child support

Notes: EU SILC 2007. *All immigrants for Germany.

Figure 16: Estimated marginal impact of immigrant status on support receipt: At risk of poverty

Notes: EU SILC 2007. *All immigrants for Germany.

Figure 2. Age distribution profile by destination country

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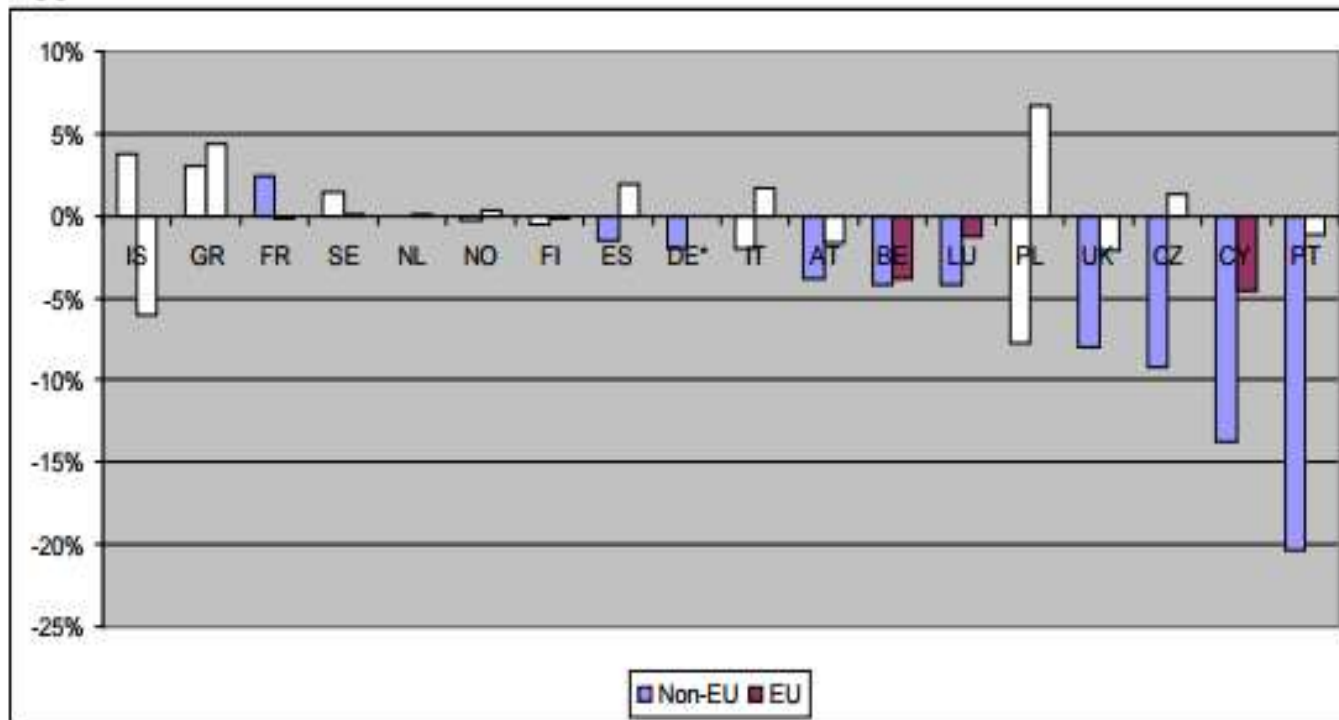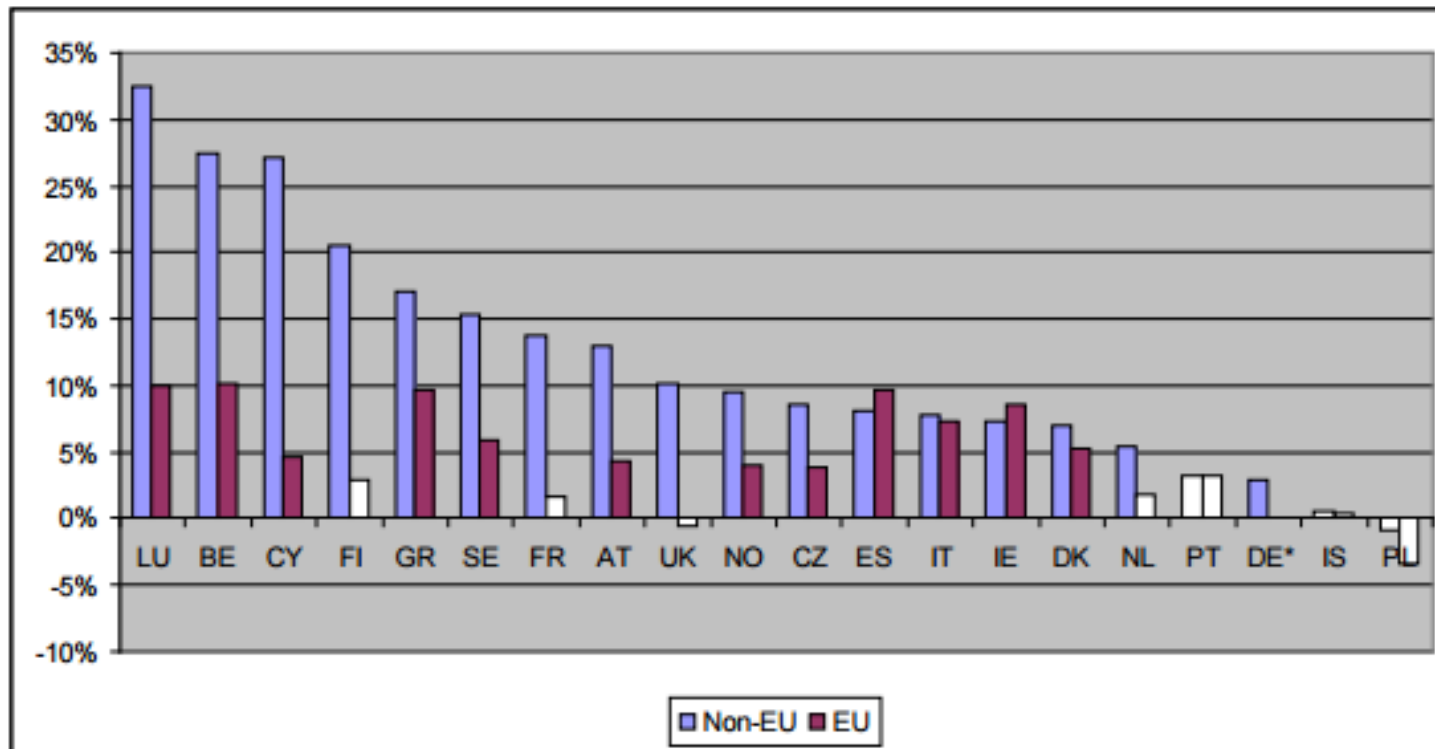European Migration Studies

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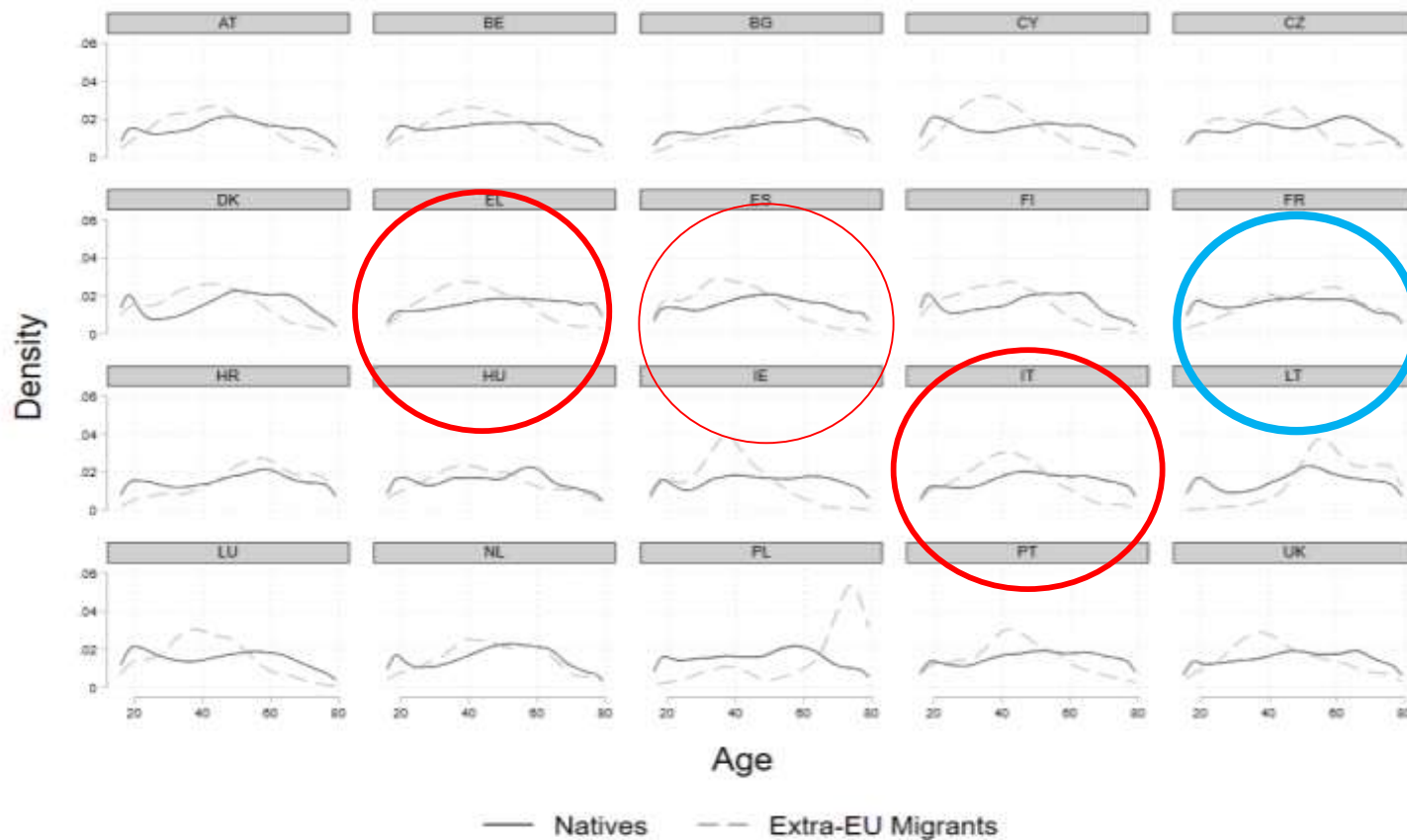
Table 2. Education, gender, and number of children in the family. Descriptive statistics

	Highest educ.			Female			Nr. Children		
	Natives	Extra EU	Difference	Natives	Extra EU	Difference	Natives	Extra EU	Difference
AT	3.431	2.962	0.470***	0.506	0.544	-0.0373***	0.729	1.22	-0.490***
BE	3.545	3.025	0.519***	0.505	0.543	-0.0372***	0.848	1.323	-0.475***
BG	3.108	3.66	-0.552***	0.492	0.6	-0.108**	0.687	0.626	0.0613
CY	3.352	3.295	0.0563**	0.494	0.741	-0.247***	0.916	0.812	0.104***
CZ	3.226	3.602	-0.376***	0.507	0.518	-0.0113	0.724	0.753	-0.0293
DK	3.406	3.301	0.104***	0.51	0.57	-0.0597***	0.968	1.119	-0.151***
EL	3.26	2.842	0.419***	0.502	0.528	-0.0260***	0.684	0.978	-0.294***
ES	3.122	2.758	0.364***	0.503	0.552	-0.0485***	0.72	1.119	-0.398***
FI	3.511	3.88	-0.369***	0.49	0.571	-0.0802***	1.03	1.176	-0.146***
FR	3.424	3.044	0.380***	0.511	0.54	-0.0291***	0.95	1.381	-0.432***
HR	3.089	2.908	0.181***	0.492	0.544	-0.0522***	0.756	0.912	-0.155***
HU	3.165	3.657	-0.492***	0.519	0.506	0.0134	0.825	0.88	-0.0551
IE	3.554	4.097	-0.543***	0.52	0.551	-0.0314**	1.156	1.646	-0.490***
IT	3.024	2.805	0.219***	0.502	0.541	-0.0390***	0.659	0.973	-0.314***
LT	3.567	3.847	-0.279***	0.515	0.535	-0.0197	0.631	0.402	0.229***
LU	3.047	2.951	0.0961***	0.49	0.56	-0.0695***	0.736	1.305	-0.569***
NL	3.493	3.35	0.143***	0.511	0.584	-0.0732***	0.977	1	-0.0234
PL	3.231	3.566	-0.335***	0.52	0.438	0.0825**	0.899	0.848	0.0514
PT	2.383	2.851	-0.469***	0.517	0.551	-0.0336***	0.735	0.903	-0.168***
UK	3.51	3.924	-0.414***	0.525	0.548	-0.0234***	0.926	1.255	-0.329***

Notes: * $p<0.05$, ** $p<0.01$, *** $p<0.001$.

CONTRIBUTORY

NON CONTRIBUTORY

UNCONDITIONAL

CONDITIONAL

Figure 3. Access to contributory benefits for natives and migrants

Unconditional

41

Figure 5. Contributory benefits Natives vs. Extra-EU immigrants, estimated coefficients

Conditional

Figure 4. Access to non-contributory benefits for natives and migrants

Unconditional

Figure 6. Non-contributory benefits Natives vs. Extra EU migrants, estimated coefficients

Conditional

Unconditional Dependency

BE	BG	CY	CZ	DK	EL	ES	
.004	-0.299**	-0.027*	0.026	-0.018	-0.165***	-0.059***	
.768)	(0.001)	(0.032)	(0.216)	(0.474)	(0.000)	(0.000)	
108***	-0.095	-0.152***	-0.247***	-0.140***	-0.175***	-0.146***	
.000)	(0.113)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	
79***	0.525***	0.292***	0.388***	0.365***	0.283***	0.318***	
.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	
.004	0.001	0.010	0.003	0.004	0.011	0.008	
1,037	24,136	18,405	29,536	22,515	77,768	77,486	

HU	IE	IT	LT	LU	NL	PL	
.072*	0.002	-0.034**	-0.028	-0.050***	-0.014	0.302***	
.027)	(0.863)	(0.005)	(0.657)	(0.000)	(0.459)	(0.000)	
163***	-0.127***	-0.019*	0.065***	-0.168***	-0.060***	0.234***	
.001)	(0.000)	(0.028)	(0.000)	(0.000)	(0.000)	(0.000)	
06***	0.314***	0.539***	0.421***	0.294***	0.339***	0.325***	
.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	
.001	0.003	0.000	0.001	0.014	0.001	0.002	
9,804	29,440	109,081	27,697	14,948	59,542	22,991	

respondent's survey sampling weight. All regressions include year fixed effects. P-values i
5, ** p<0.01 and *** p<0.001.

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Dependency

BE	BG	CY	CZ	DK	EL	ES
-0.012	-0.205***	0.018	-0.021	0.054*	-0.027*	0.016
(0.382)	(0.000)	(0.122)	(0.168)	(0.041)	(0.011)	(0.258
-0.043***	-0.107*	-0.046***	-0.120***	0.041*	-0.037***	-0.038*
(0.001)	(0.014)	(0.000)	(0.000)	(0.050)	(0.000)	(0.000
-0.002	0.055***	-0.019	-0.449***	-0.075***	-0.001	-0.003
(0.889)	(0.000)	(0.165)	(0.000)	(0.000)	(0.812)	(0.606
-0.026*	0.144***	0.009	-0.449***	0.016	0.029***	-0.025*
(0.038)	(0.000)	(0.372)	(0.000)	(0.181)	(0.000)	(0.000
-0.035	0.143***	0.026		0.053	0.071***	-0.060
(0.230)	(0.000)	(0.198)		(0.502)	(0.000)	(0.092
-0.073***	0.128***	0.054***	-0.484***	0.035**	0.050***	-0.023*
(0.000)	(0.000)	(0.000)	(0.000)	(0.006)	(0.000)	(0.000
-0.011***	-0.012***	-0.021***	-0.024***	-0.037***	-0.031***	-0.020*
(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000
0.000***	0.000***	0.000***	0.000***	0.001***	0.000***	0.000*
(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000
-0.018**	0.054***	-0.036***	0.061***	0.039***	-0.036***	-0.085*
(0.005)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000
0.020***	0.035***	0.046***	0.014***	0.009*	-0.009***	-0.005
(0.000)	(0.000)	(0.000)	(0.000)	(0.030)	(0.000)	(0.034
0.270***	0.756***	0.366***	0.838***	0.711***	0.472***	0.499*
(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000
20594	24136	18405	29536	22157	77768	77459
0.283	0.295	0.255	0.441	0.361	0.486	0.217

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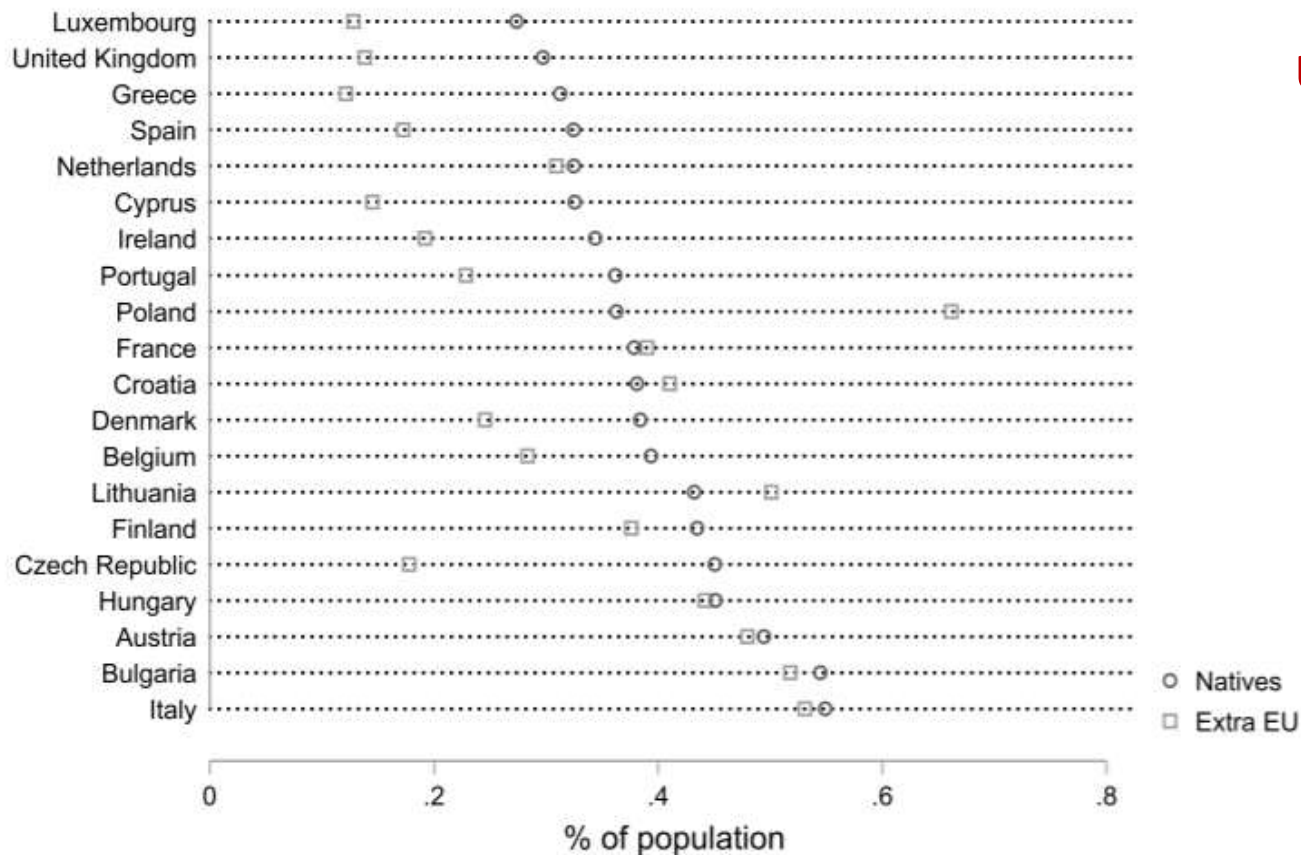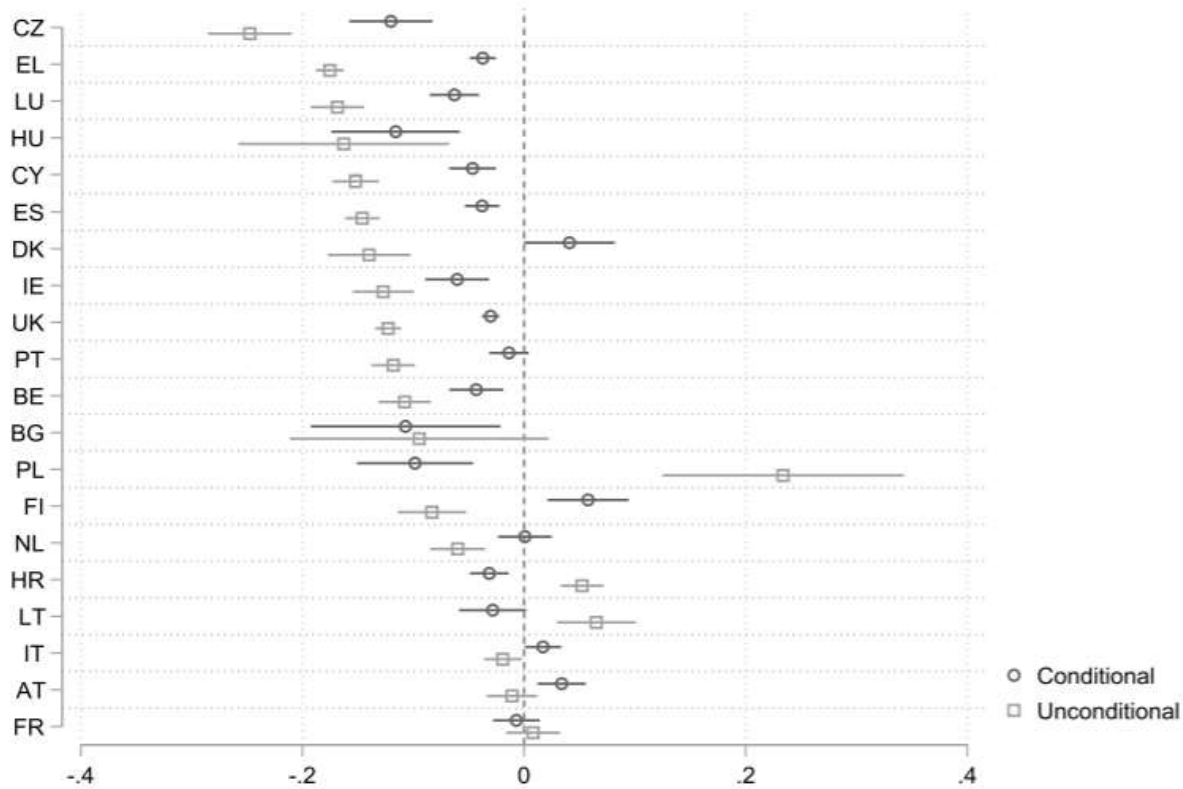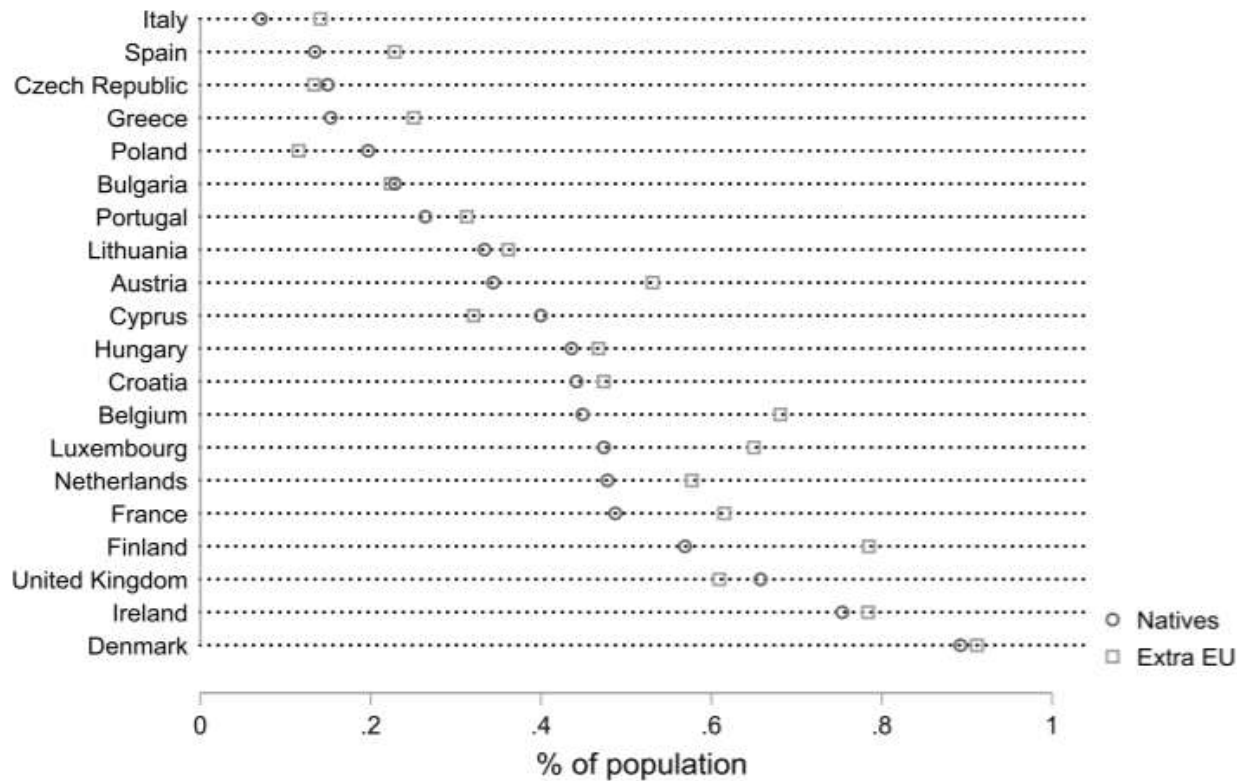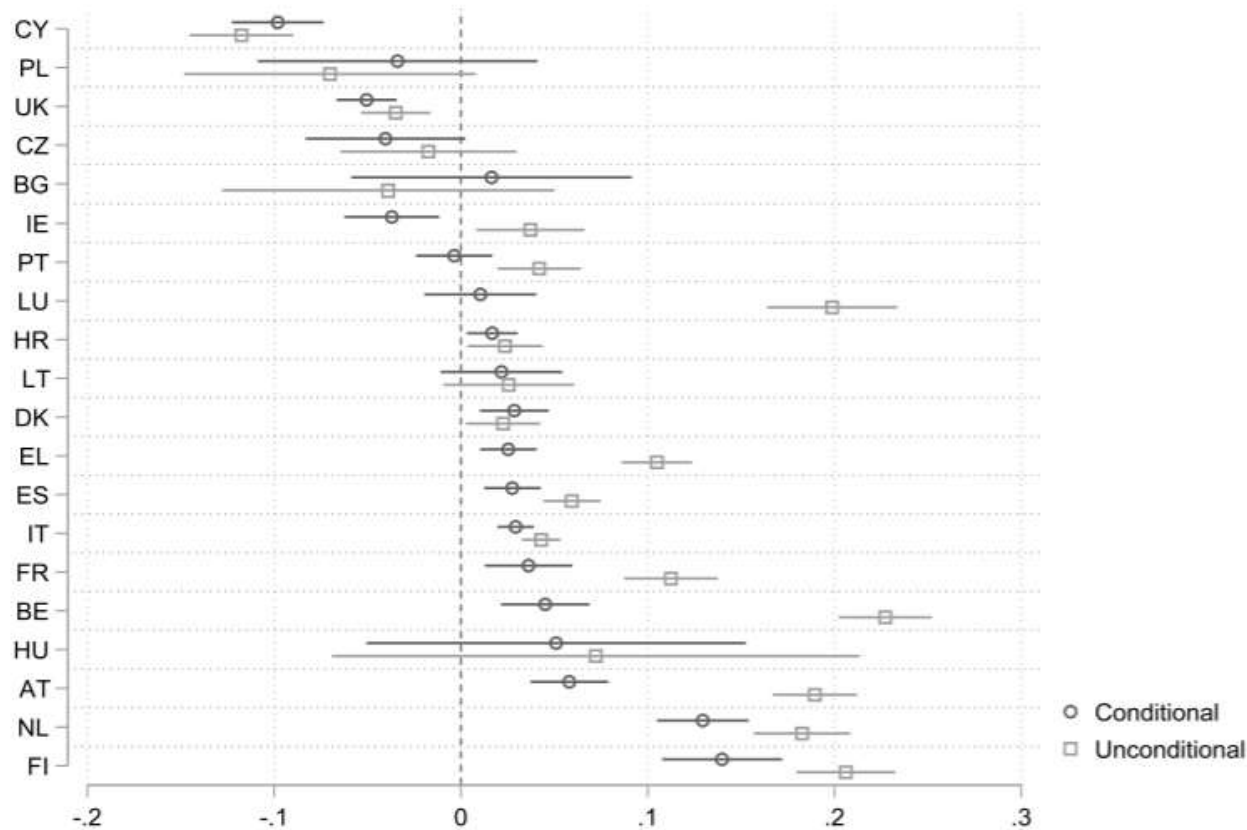
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A.2: Non-contributory benefits

A 3. Coefficients of Unconditional Dependency

	AT	BE	BG	CY	CZ	DK	EL	ES	FI	FR
Origin:				-						
European	-0.043***	-0.010	-0.205***	0.147***	0.067***	-0.007	0.066***	-0.004	0.068***	-0.054**
	(0.001)	(0.501)	(0.000)	(0.000)	(0.001)	(0.719)	(0.001)	(0.760)	(0.001)	(0.006)
			-							
Extra-EU	0.189***	0.227***	-0.039	0.118***	-0.017	0.023*	0.105***	0.059***	0.206***	0.112***
	(0.000)	(0.000)	(0.391)	(0.000)	(0.469)	(0.027)	(0.000)	(0.000)	(0.000)	(0.000)
Constant	0.360***	0.446***	0.244***	0.419***	0.177***	0.912***	0.156***	0.139***	0.572***	0.495***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Observations	30851	21037	24151	18405	29536	22515	77768	77486	61485	40090
R-squared	0.017	0.017	0.000	0.012	0.001	0.000	0.005	0.002	0.005	0.004

	HR	HU	IE	IT	LT	LU	NL	PL	PT	UK
Origin:										-
European	-0.010	0.091*	0.031***	0.001	0.062	0.117***	0.081***	-0.097*	0.122***	0.112***
	(0.718)	(0.014)	(0.001)	(0.911)	(0.353)	(0.000)	(0.000)	(0.040)	(0.000)	(0.000)
										-
Extra-EU	0.024*	0.072	0.037*	0.043***	0.026	0.199***	0.183***	-0.070	0.042***	0.035***
	(0.021)	(0.317)	(0.012)	(0.000)	(0.152)	(0.000)	(0.000)	(0.078)	(0.000)	(0.000)
Constant	0.499***	0.416***	0.748***	0.074***	0.343***	0.448***	0.479***	0.193***	0.268***	0.602***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Observations	41183	29804	29440	109081	27697	14948	59542	22991	52198	49254
R-squared	0.000	0.000	0.001	0.002	0.000	0.021	0.012	0.000	0.002	0.003

Note: Data are weighted by respondent's survey sampling weight. All regressions include year fixed effects. P-values in parentheses.
Significance levels: * $p<0.05$, ** $p<0.01$ and *** $p<0.001$.

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A 4. Coefficients of Conditional Dependency

	AT	BE	BG	CY	CZ	DK	EL	ES	FI	FR
Origin:										
European	-0.053***	-0.023*	-0.148**	-0.114***	0.060***	0.004	0.002	-0.014	0.021	0.006
	(0.000)	(0.044)	(0.002)	(0.000)	(0.000)	(0.868)	(0.897)	(0.278)	(0.315)	(0.723)
Extra-EU	0.058***	0.045***	0.016	-0.098***	-0.040	0.029**	0.025**	0.028***	0.140***	0.036**
	(0.000)	(0.000)	(0.669)	(0.000)	(0.064)	(0.002)	(0.001)	(0.000)	(0.000)	(0.003)
Highest educ.:										
Lower sec.	-0.142***	-0.016	-0.092***	-0.169***	-0.268***	-0.031***	-0.015*	-0.050***		-0.093***
	(0.000)	(0.176)	(0.000)	(0.000)	(0.001)	(0.000)	(0.020)	(0.000)		(0.000)
Upper Sec.	-0.207***	0.001	-0.173***	-0.183***	-0.350***	-0.013*	-0.035***	-0.119***	-0.034***	-0.138***
	(0.000)	(0.961)	(0.000)	(0.000)	(0.000)	(0.025)	(0.000)	(0.000)	(0.000)	(0.000)
Post-sec.	-0.233***	-0.071**	-0.219***	-0.206***		-0.098*	-0.061***	-0.134***	-0.119***	-0.037
	(0.000)	(0.003)	(0.000)	(0.000)		(0.020)	(0.000)	(0.000)	(0.000)	(0.685)
Tertiary	-0.242***	-0.027*	-0.259***	-0.319***	-0.353***	-0.088***	-0.104***	-0.163***	-0.116***	-0.193***
	(0.000)	(0.020)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Age	-0.003**	-0.004***	0.004***	-0.011***	0.001	-0.019***	-0.002***	0.015***	-0.016***	-0.003***
	(0.002)	(0.000)	(0.000)	(0.000)	(0.573)	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)
Age sq.	-0.000	-0.000***	-0.000***	0.000***	-0.000	0.000***	0.000	-0.000***	0.000***	-0.000**
	(0.638)	(0.000)	(0.000)	(0.000)	(0.136)	(0.000)	(0.559)	(0.000)	(0.000)	(0.008)
Female	0.022***	0.041***	0.023***	0.023**	0.015**	0.062***	0.003	0.010**	0.049***	0.017**
	(0.000)	(0.000)	(0.000)	(0.002)	(0.001)	(0.000)	(0.394)	(0.002)	(0.000)	(0.002)
Nr. of Children	0.177***	0.265***	0.201***	0.219***	0.189***	0.073***	0.155***	0.038***	0.186***	0.251***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Constant	0.331***	0.613***	0.597***	0.718***	0.422***	1.265***	0.252***	-0.071***	0.985***	0.690***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Observations	30841	20594	24151	18405	29536	22157	77768	77459	60593	38786
R-squared	0.328	0.480	0.320	0.233	0.197	0.108	0.262	0.049	0.269	0.334

V BALANCE BETWEEN COSTS AND TAXES

Straubhaar and Weber (1994) try to estimate the impact of foreigners on the Swiss fiscal system using a special survey on consumption conducted in 1990.

They are able to include, on the income side, payments to the public budget in the form of **direct and indirect taxes and social payments, and the contributions for the use of public goods and of club goods (that is to say, education, public health, protection of the environment etc.) and, on the expenditure side, direct transfers to firms and the use of public goods and club goods**.

The budget turns out to be largely positive for the Swiss government, which received a net transfer per family of about $1743 in the year examined.

Given the number of foreign resident families, there is a net gain of about $464 million for the Swiss Government.

Conclusion

This issue is much more addressed in the political debate, probably because the choice of more selective immigration policies or selective eligibility policies are easier to discuss.

This approach, however, relies on the idea that migration is a permanent phenomenon, whereas in the recent years many studies have pointed out the importance of returns, and their frequencies.

If the European Union pursues the policy of circular migration, the theoretical and empirical debate will have to be revised.

Table 2.1
Transitional regulations in the EU-15

	Access to labour market	Access to welfare benefits
Austria	Access to labour markets restricted at least for 2 years, quotas for work permits.	Restricted.
Belgium	Access to labour markets restricted at least for 2 years.	Restricted.
Denmark	General access to labour market, but obligations for work and residence permits. Work permits issued only for 1 year (EU-nationals: 5 years).	Restricted, residence and work permits can be withdrawn in case of unemployment.
Finland	Access to labour markets restricted at least for 2 years.	
France	Access to labour markets restricted at least for 2 years.	Restricted.
Germany	Access to labour markets restricted at least for 2 years, prolongation for further 3 years under discussion.	Restricted.
Greece	Access to labour markets restricted at least for 2 years.	
Ireland	General access to labour market, but obligation to register for work and residence permits. Work permits issued first for limited time. Safeguard clause applies.	Restricted, income support etc. is granted only to individuals which have a right for a residence permit.
Italy	Access to labour markets restricted at least for 2 years, quotas for work permits.	Restricted.
Luxembourg	Access to labour markets restricted at least for 2 years.	Restricted.
Portugal	Access to labour markets restricted at least for 2 years, quotas for work permits.	Restricted.
Spain	Access to labour markets restricted at least for 2 years, bilateral agreement with Poland which permits limited number of Polish nationals to work.	Restricted.
Sweden	Community rule for free labour mobility applies.	Equal treatment.
United Kingdom	General access to labour market, but obligation to register for work and residence permits. Work permits issued first for limited time. Safeguard clause applies.	Restricted, income support etc. is granted only to individuals which have a right for a residence permit.

Sources: Collection by the authors, based on Home Office (2004); Kvist (2004) and national information.