

6th EU-User Conference for EU-Microdata
Mannheim, 7 - 8 March 2019

Who Receives Which Benefits ?
**The Access of EU Citizens to
National Welfare States**

Maria Giulia Montanari (PhD Student, University of Milan)

Márton Medgyesi (Senior Researcher, TARKI Institute Budapest)

ACKNOWLEDGMENT: *The research leading to these results has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 730998, InGRID-2 - Integrating Research Infrastructure for European expertise on Inclusive Growth from data to policy*



Outline of the Presentation

- 1. Introduction to the Topic**
2. Research Hypotheses
3. Methodology and Data
4. Main Results
5. Conclusion and Discussion



Literature of Reference

Economics of Migrations

Instead of **FISCAL IMPACT** and 'WELFARE MAGNET' hypothesis, focus on the less explored stream concerning the **USE OF WELFARE** (Zimmerman et al. 2012; Medgyesi and Poloskei 2013)

→ *Different rates of receipt among EU Citizens VS Natives*

Comparative Welfare Studies

Cross-country analyses on BENEFICIARIES are a novel research frontier, to be combined with more traditional approaches focusing on **SOCIAL RIGHTS** and **SOCIAL EXPENDITURE** data

(Van Oorschot 2013)

→ *Actual recipients of social benefits through Survey Data*



NEW stream: Determinants of Migrants' Gap

(Eugster 2018; Hooijer & Picot 2015)

1. GENEROSITY for all Citizens

Poverty-reducing capacity of the Welfare State

Is there a
TRADE-OFF ?

2. ACCESSIBILITY for EU Citizens in particular

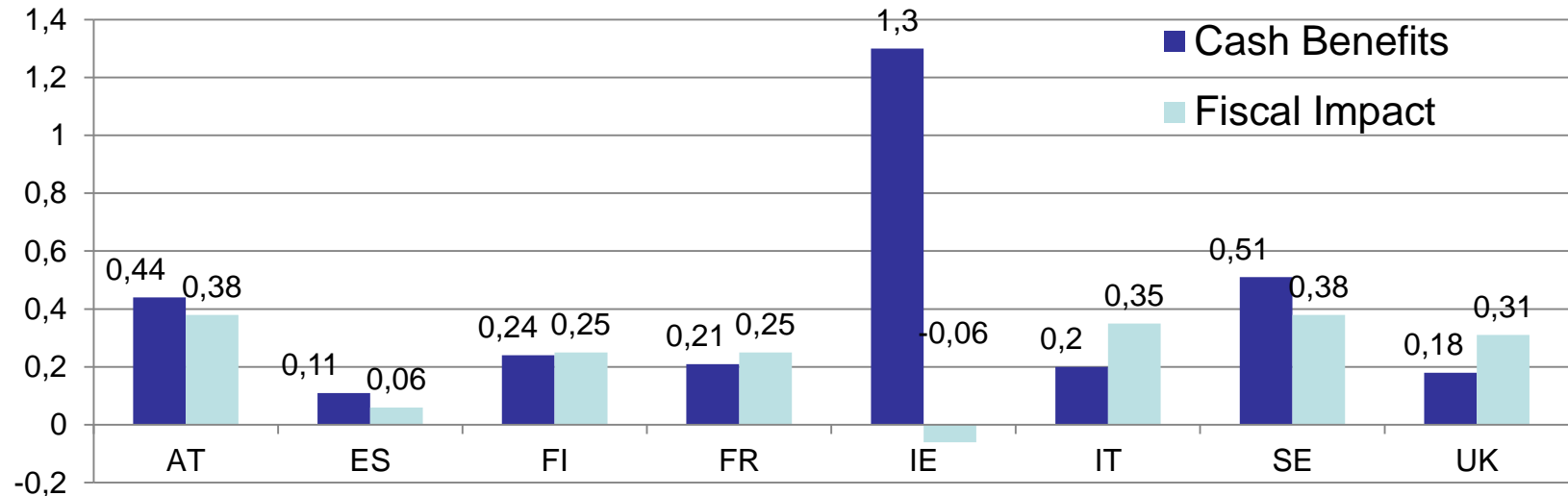
Eligibility Criteria + Migrants' Profiles → *Policy Interplay*:

- Welfare System (Universal, Insurance-based or Means Tested)
- Labour Market Regulation (Employment Protection + Dualization)
- VISA & Integration policies (Humanitarian, Family or Labour Migrants)



Fiscal Impact of EU Citizens

Fiscal Impact = **Revenues** (Taxes, Contributions) – **Benefits** (Family Benefits, ...)



Own elaboration from Nyman and Ahlskog (2018: 40 and subsequents) country profiles

General Trend: *Positive Fiscal Impact compared to Natives* (ref.), except IE

- Revenues **lower** than Benefits in IE, less in AT ES SE
- Revenues **higher** than Benefits in IT and UK, equal FI and FR

**focus on
BENEFITS**



Outline of the Presentation

1. Introduction to the Topic
- 2. Research Hypotheses**
3. Methodology and Data
4. Main Results
5. Conclusion and Discussion



First Exploration: Risk of Poverty rates

| Country | Before transfers | | Absolute reduction | | Relative reduction | | GAP |
|---------|------------------|------------|--------------------|------------|--------------------|------------|------|
| | Natives | EUcitizens | Natives | EUcitizens | Natives | EUcitizens | |
| AT | 17% | 38% | 8 | 9 | 46% | 23% | -23% |
| ES | 26% | 45% | 7 | 7 | 29% | 15% | -14% |
| FI | 25% | 37% | 13 | 21 | 54% | 57% | 3% |
| FR | 19% | 26% | 8 | 8 | 43% | 30% | -13% |
| IE | 32% | 35% | 17 | 20 | 52% | 56% | 4% |
| IT | 23% | 40% | 5 | 7 | 20% | 17% | -3% |
| SE | 24% | 32% | 12 | 14 | 50% | 44% | -6% |
| UK | 25% | 23% | 10 | 10 | 40% | 45% | 5% |



EU Citizens' Access to Welfare: Legal Framework

| Category of benefit \ person | WORKER | NOT WORKER / worked less than 1 year |
|---|---|--|
| Social insurance | Gradual access by contributions | Indirect access as family member |
| 'Special benefit' (non-contributory) | Immediate access by residence | <u>Since 2010</u> IMMEDIATE access by residence |
| Social assistance | Immediate access as 'social or tax advantage' | Right to access only AFTER 5 YEARS of residence |

Sources:

The Social Security Coordination System → *Reg. n. 338/2004 (ex Reg. 1408/71)*

The so called 'Residence Directive' → *Dir. n. 2004/38/CE*



The Research Hypotheses

- HP1) **Migrants present Higher Rates of benefits receipt** compared to natives (*Welfare Magnet*), although the take-up of benefits can be lower for language barriers, information asymmetries etc.
- HP2) There is a **wider gap** between natives and the **Newly Arrived** (less than 5 years) EU citizens, since institutions hinder the accessibility to social rights initially (*Progressive Assimilation*)
- HP3) **EU citizens** presents rates of receipts **closer to natives compared to Extra-EU citizens** (*Social Security Coordination*)
- HP4) Variability across types of benefits: **higher receipts for Non-Contributory benefits** (granted on the basis of the *Household*) compared to contributory benefits (*Individual basis*)



Case Selection and Data

Selection of benefits:

- ✓ Unemployment
- ✓ Disability
- ✓ Family-Related
- ✓ Housing
- ✓ Minimum Income

EU Statistics on Income & Living Conditions (EU-SILC wave 2016, RPP 287/18)

- Py090g
- Py130g
- Hy050g
- Hy070g
- Hy060g

Dependent Variables
as dummies:

0 = No access (no amount)

1 = Access (amount > 0)

Selection of countries:

First analyses run for all EU28 countries

Then focus on 8 main countries (2 x 4 EU Welfare Regimes):

Central (AT, FR) Nordic (FI, SE) Southern (ES, IT) Liberal (IE, UK)

Methodology

Loop of Probit Regressions (within each country) on STATA14:

probit BENEFIT + CB + Gender Age Edu EmplStatus Hstructure Hincome

Independent variable: CB (Country of Birth)
at **Individual** or **Household** level

- Natives (*reference*)
- EU Citizens \geq 5 years of residence
- EU Citizens $<$ 5 years of residence
- Extra-EU Immigrants, all years

| Control Variables | Unemployment | Disability | Family | Housing | Minimum Income |
|--------------------------|---------------------------|-------------------|---------------|----------------|-----------------------|
| <i>gender</i> | X | X | X | X | X |
| <i>age</i> | X | X | X | X | X |
| <i>education</i> | X | X | X | X | X |
| <i>employment status</i> | FILTER only unemployed | FILTER health | X | X | X |
| <i>H structure</i> | DUMMY for having children | | X | X | X |
| <i>H income</i> | X | X | X | X | X |

Outline of the Presentation

1. Introduction to the Topic
2. Research Hypotheses
3. Methodology and Data
- 4. Main Results**
5. Conclusion and Discussion



Probit regression

Number of obs = 13,049
 LR chi2(16) = 10319.81
 Prob > chi2 = 0.0000
 Pseudo R2 = 0.5714

Example: Family Benefits in Austria

Log likelihood = -3870.3783

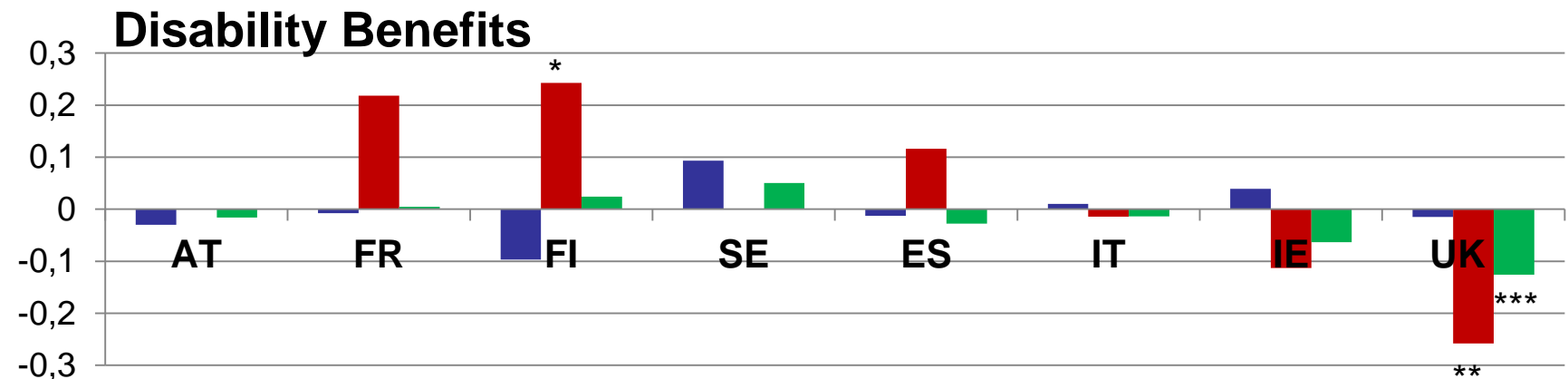
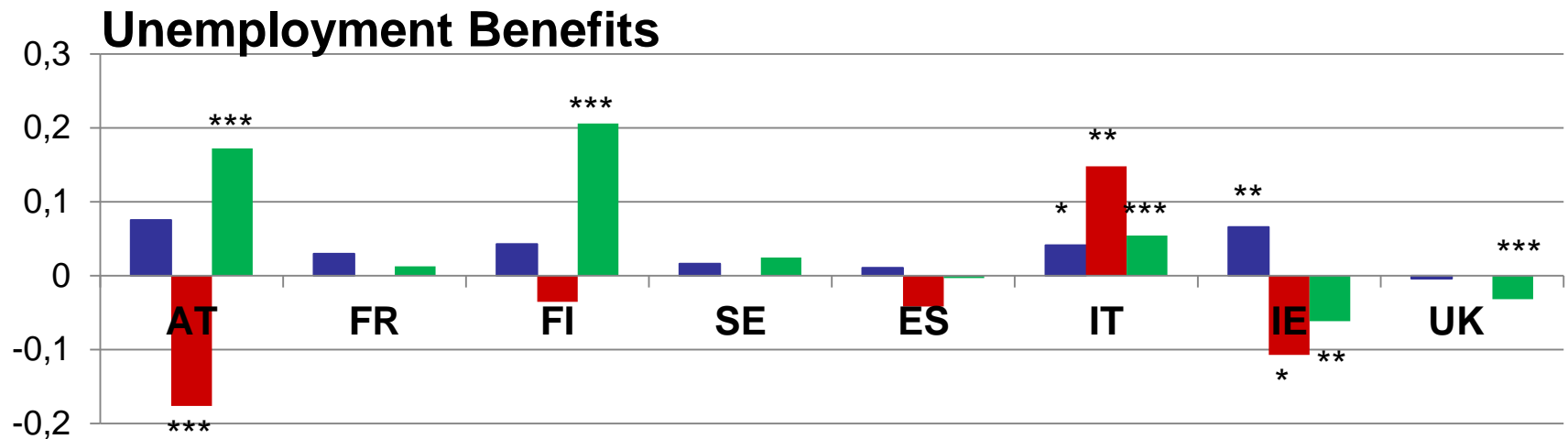
| FB | Coef. | Std. Err. | z | P> z | [95% Conf. Interval] | |
|------------------------------------|-----------|-----------|--------|-------|----------------------|-----------|
| hcb | | | | | | |
| 1+ EU 5+y residence | -.3456286 | .0613075 | -5.64 | 0.000 | -.465789 | -.2254682 |
| 1+ EU <5y residence | -1.103969 | .130599 | -8.45 | 0.000 | -1.359938 | -.8479995 |
| 1+ Extra-EU migrant | -.1898621 | .0501394 | -3.79 | 0.000 | -.2881335 | -.0915906 |
| hhdsex | | | | | | |
| Female | -.3030324 | .0482258 | -6.28 | 0.000 | -.3975532 | -.2085115 |
| hhdageg | | | | | | |
| 36-49 | .1903115 | .0476094 | 4.00 | 0.000 | .0969988 | .2836242 |
| 50-64 | .3451637 | .0470625 | 7.33 | 0.000 | .2529228 | .4374046 |
| 65+ | -.4048281 | .0933525 | -4.34 | 0.000 | -.5877957 | -.2218605 |
| hhdedu | | | | | | |
| Medium - Upper Secondary | -.1314313 | .0535204 | -2.46 | 0.014 | -.2363294 | -.0265333 |
| High - Tertiary | -.1433248 | .0567197 | -2.53 | 0.012 | -.2544935 | -.0321562 |
| hhdempg | | | | | | |
| unempl., inactive | .1453496 | .0522759 | 2.78 | 0.005 | .0428907 | .2478085 |
| retired | -.7276693 | .0621134 | -11.72 | 0.000 | -.8494095 | -.6059292 |
| hdstr | | | | | | |
| single adult, children | 2.58552 | .1033125 | 25.03 | 0.000 | 2.383032 | 2.788009 |
| 2 or more adults, 1 or 2 children | 2.505893 | .0450662 | 55.60 | 0.000 | 2.417565 | 2.594222 |
| 2 or more adults, 3+ more children | 2.638025 | .0865824 | 30.47 | 0.000 | 2.468326 | 2.807723 |
| elderly hhd head, 1+ adult | 0 | (omitted) | | | | |
| hinc | | | | | | |
| Medium | .5901495 | .0525335 | 11.23 | 0.000 | .4871858 | .6931133 |
| High | .4985568 | .0579379 | 8.61 | 0.000 | .3850006 | .612113 |
| _cons | -1.245482 | .0787374 | -15.82 | 0.000 | -1.399805 | -1.09116 |



Long-term VS newly arrived EU citizens

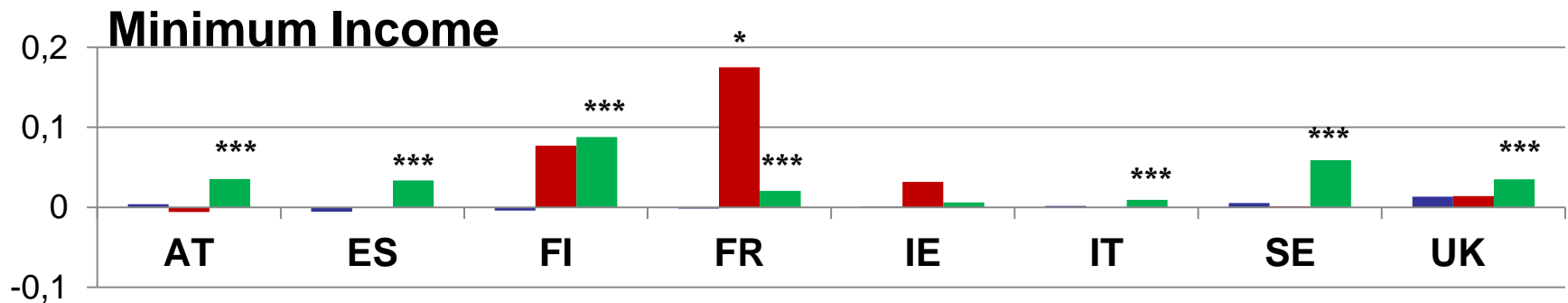
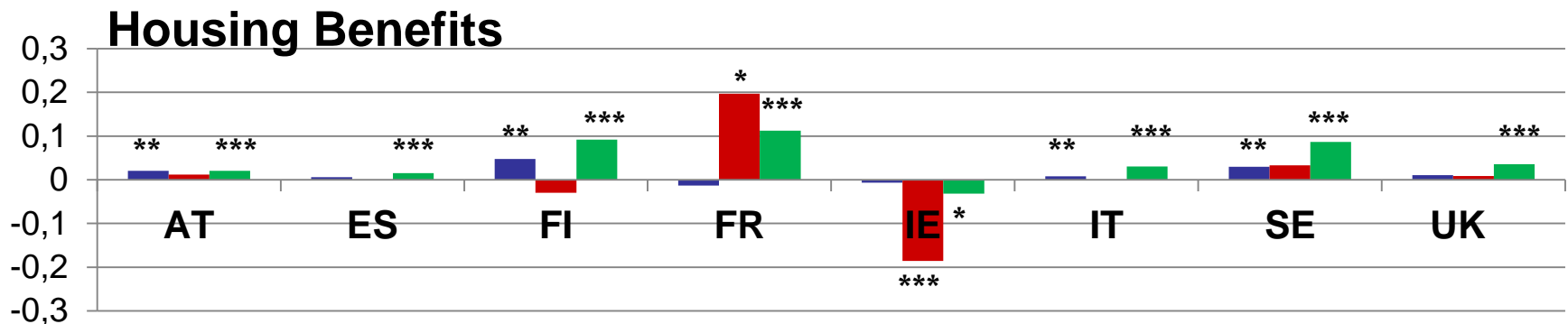
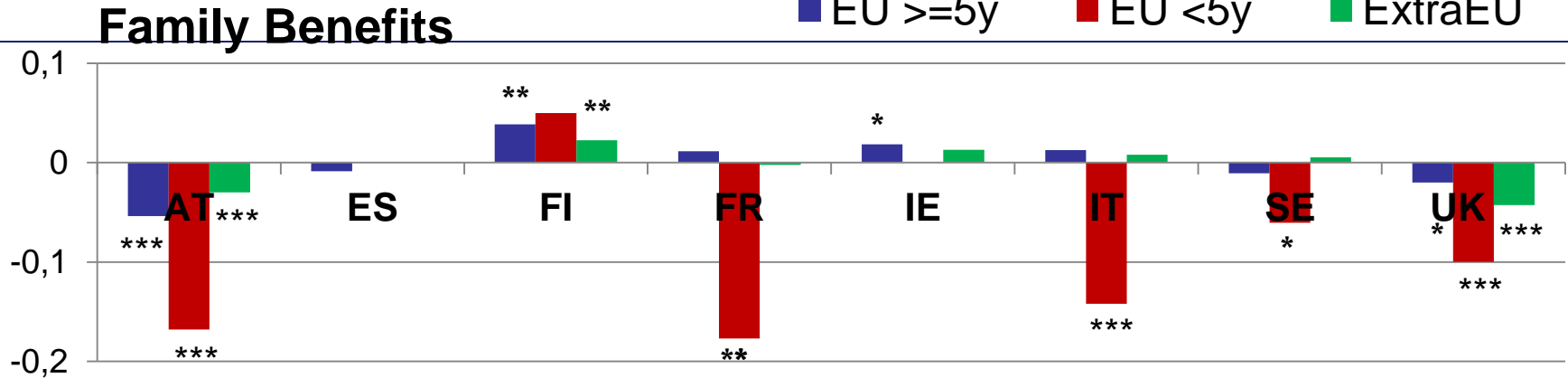
Contributory Benefits

■ EU ≥5y ■ EU <5y ■ ExtraEU



Non-Contributory Benefits

■ EU ≥5y ■ EU <5y ■ ExtraEU



Outline of the Presentation

1. Introduction to the Topic
2. Research Hypotheses
3. Methodology and Data
4. Main Results
- 5. Conclusion and Discussion**



Conclusion

X HP1) **The Welfare Magnet Hypothesis has not been verified**

There is *no general trend of higher receipt rates* across country, nor within country (across benefits types)

✓ HP2) **A process of Progressive Assimilation is in place**

The *newly-arrived EU Citizens (< 5 years)* generally present *wider gaps with natives* compared to Long-Term Residents

✓ HP3) **EU Citizenship matters in accessing Social Rights**

Compared to EU Citizens (≥ 5 years), *Extra-EU migrants present wider gaps with natives*, regardless the years of residence

✓ HP4) **Statistically Different Access to Non-Contributory Benefits**

Migrants mostly differs on the basis of the *Household characteristics*



Discussion

Further Research might explore:

- Longitudinal Dynamics (Along years of Residence; Pre & Post 2008 Crisis)
- Role of different National Institutions (Welfare regimes; Labour Market)
- Migration trajectories (Specific combinations of Origin & Destination)

Limited data availability:

- Anonymization Procedure (country of origin, years since arrival)
- Small Sample Size (especially among beneficiaries)



Sample Size: Individuals in EU-SILC wave 2016

| Country | Nat | EU \geq 5 | EU $<$ 5 | Extra | Total |
|--------------|----------------|--------------|--------------|---------------|----------------|
| AT | 9,197 | 654 | 103 | 894 | 10,848 |
| ES | 27,731 | 511 | 148 | 2,042 | 30,432 |
| FI | 19,830 | 204 | 157 | 551 | 20,742 |
| FR | 19,279 | 637 | 22 | 1,387 | 21,325 |
| IE | 8,458 | 1,100 | 125 | 436 | 10,119 |
| IT | 37,750 | 1,040 | 173 | 2,500 | 41,463 |
| SE | 9,483 | 494 | 67 | 1,128 | 11,172 |
| UK | 15,269 | 691 | 217 | 1,463 | 17,640 |
| Total | 146,997 | 5,331 | 1,012 | 10,401 | 163,741 |



Sample Size: Households in EU-SILC wave 2016

| Country | Nat | EU \geq 5 | EU $<$ 5 | Extra | Total |
|--------------|----------------|--------------|--------------|---------------|----------------|
| AT | 10,159 | 1,089 | 173 | 1,628 | 13,049 |
| ES | 31,444 | 906 | 63 | 3,711 | 36,124 |
| FI | 23,971 | 500 | 93 | 1,135 | 25,699 |
| FR | 22,382 | 1,225 | 30 | 3,003 | 26,640 |
| IE | 9,905 | 2,069 | 225 | 973 | 13,172 |
| IT | 41,832 | 1,850 | 72 | 4,312 | 48,066 |
| SE | 10,906 | 872 | 107 | 2,153 | 14,038 |
| UK | 17,893 | 1,120 | 303 | 2,887 | 22,203 |
| Total | 168,492 | 9,631 | 1,066 | 19,802 | 198,991 |



Thank for Your Attention !

Any comment or suggestion
is welcome 😊

Our e-mail contacts:

mariagiulia.montanari@unimi.it

medgyesi@tarki.hu



Main References

- Eugster B. (2018), *Immigrants and Poverty, and Conditionality on Immigrants' Social Rights*, Journal of European Social Policy, Vol. 00(0) pp. 1-19
- Huber P. & Oberdabernig A. (2016), *Decomposing Welfare Wedges: An Analysis of Welfare Dependence of Immigrants and Natives in Europe*, KYKLOS, Vol. 69(1) pp. 82-107
- Medgyesi M. and Poloskei P. (2013), *Access of mobile EU citizens to social protection*, TÁRKI Social Research Institute, Research note n. 10 by EU Commission, Employment, Social Affairs & Inclusion
- Nyman P. and Ahlskog R. (2018), *Fiscal Effects of Intra-EEA Migration*, Uppsala University, REMINDER Project WP March 18
- Hooijer G. & Picot G. (2015), *European Welfare States and Migrant Poverty: The Institutional Determinants of Disadvantage*, Comparative Political Studies, Vol. 48(14) pp. 1879-1904
- Van Oorschot W. (2013), *Comparative Welfare State Analysis with Survey-Based Benefit: Reciprocity Data: The 'Dependent Variable Problem' Revisited*, European Journal of Social Security, Vol. 15 n.3
- Zimmermann K. et al. (2012), *Study on Active Inclusion of Migrants: Final report*, Economic and Social Research Institute, IZA Research Report n. 43

