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Migration, Citizenship, and Welfare State Reform in Europe: Overcoming marginalization in segregated labour markets

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Summary:

This paper is about changes in work and the labour market due to migration and transnationalization processes in Europe. It explores structural obstacles to and opportunities for the integration of migrant workers into segregated labour markets drawing special attention to migration from the East and its impact on Western European labour markets.

Comparing Dutch and German migration policy, the paper describes current migration patterns and shows the significance of citizenship in a transnational labour market. Furthermore it discusses various patterns of labour market integration of migrants resulting from varieties in recent welfare state reforms. It argues that tax-financed welfare states are better prepared for adjustment to future transnationalization processes in the labour market than welfare states financed by contributions to social insurance. On this basis it discusses the ways in which a basic income could help to prevent social exclusion of ethnic minorities from regular work.

1. Migration and Basic Income

The idea of a basic income for all citizens has been a fascinating idea. In terms of social justice and equality it has been justified philosophically as an income granted unconditionally to all on an individual basis, without means test or work requirement (Parijs 1992; Parijs 1995; Parijs et al. 2001). "It is a form of minimum income guarantee that differs from those that now exist in various European countries through its being paid (1) to individuals rather than households; (2) irrespective of any income from other sources; and (3) without requiring the performance of any work or the willingness to accept a job if offered" ([www.basic-](http://www.basic-income.org)

income.org). In times when full employment has come to an end in advanced welfare states due to the development of technology and the formation of international markets, a basic income seems to be the appropriate solution to bridge the gap between insiders and outsiders, between unemployment and full time work (Pioch 1996). Moreover, the technical feasibility of a basic income has been shown in various convincing ways (Beer 1995; Beer 2000; Mitschke 2000; Parijs et al. 2000).

In many ways the idea of a basic income seems to be the adequate answer for providing social justice in modern welfare states (Pioch 1999; Pioch 2000). Nevertheless the issue of basic income needs to be reconsidered in times when the nation state is being put under increasing international constraints. How do processes of economic integration effect the proposal of a basic income? My thesis is: In times when national welfare states lose control over their national boundaries, the criteria of eligibility for a basic income has become questionable. As long as welfare states have been congruent with national states, one could speak of a basic income as a citizens' income. The basic income was conceived as an universal right of all citizens to receive an income regardless of their work performance. Today we are facing a situation where the basic income proposal has to be reconsidered in two directions. First, in light of international migration can citizenship still be an adequate claiming principle for a basic income? Who deserves a basic income in times of international mobility? In times of increasing international migration a substantial number of people do not fulfill the criteria of citizenship. Should they be eligible for a basic income? Second, in the light of international constraints can national welfare states still be the adequate distribution unit for a basic income? Two alternatives have been discussed: One is the proposal of a global basic income. The other is a Eurostipend, a proposal which designates Europe as the new distribution unit for a basic income (Schmitter 2000). In this paper I will argue that the basic income discussion needs to be aware of on-going and increasing trends of international mobility as one feature in national welfare states (2). I will discuss how welfare states adjust to economic integration and increasing international labour mobility (3). Finally I will argue that national welfare states still serve as a redistribution unit under international economic constraints. The comparative advantage of tax-financed welfare states is that they provide opportunities for future, possibly more radical reforms, like the introduction of a basic income. Moreover, if they took this step, they would be best prepared for avoiding social exclusion of ethnic minorities (4).

2. European Integration, International Mobility, and Basic Income

The process of European Integration goes back to the 1950s and 1960s, when we saw only the six original member states, Germany, France, Italy, the Netherlands, Belgium and Luxembourg participating in the integration enterprise (Falkner/Nentwich 2001). The first doubling of participants occurred between 1973 and 1985. The United Kingdom, Ireland, Denmark and Norway applied for membership in 1961. When the negotiations were completed in 1972, the European Economic Community (EEC) had reached its stage as a Customs Union. Supranational features had hardly come into play, though the European Court of Justice (ECJ) had meanwhile developed its doctrines of direct effect and supremacy of EC law. While the main ambitions of the first additional member states, Great Britain, Ireland, and Denmark (after a negative referendum Norway did not become a member), had been economic, the subsequent three southern applicants, Greece (1975), Spain and Portugal (1977) desired membership for more overtly political reasons.

After the dissolution of East Germany and the Soviet Union changed the international arena, Austria was first among the group to apply officially for membership in 1989. Sweden, Finland, Switzerland, and Norway applied in 1991-2. By the time Austria, Finland and Sweden were fully admitted, the Union itself had developed further. One significant development was the increased stress on correct implementation of EC law, including fines against governments which did not follow an ECJ ruling. Thus, the new members of 1995 had to accept not only more rules, but also more binding ones. The post-Maastricht Union had a strongly increased supranational character.

The Amsterdam treaty once again brought significant policy innovations. In particular, it integrated the Schengen agreement, set up a common visa policy, and it reinforced the foreign and defense policy structures and competencies. In other words: It extended the Union's area of activity beyond anything known so far in economic integration. On the basis of the Amsterdam Treaty the EU has recently developed into a much more political union than before.

Yet, within just a few years from today, the EU could actually double again to include thirty member states. Membership negotiations are now under way with twelve applicants: since March 1998 with the first group of countries - Poland, Hungary, Czech Republic, Estonia, Slovenia, Cyprus - and since February 2000 with the second group consisting of Romania, Bulgaria, Lithuania, Latvia, Slovakia and Malta. According to the so-called regatta approach, some countries of the second group may catch up with the first one. This will

depend on the annual country reports about the progress being made in meeting the so-called Copenhagen criteria. According to the latter, membership requires: achieved stability of institutions guaranteeing democracy, a functioning market economy, the ability to take on the obligations of membership, including adherence to the aims of political, economic, and monetary Union.

My first point is: European integration and even more the Eastern enlargement radically changes the conceived redistribution unit of any basic income proposal. A look at the map illustrates the transnational area which in one way or the other is affected when one proposes a basic income these days, regardless of whether we talk about a national, European or global proposal. European integration and Eastern enlargement create a common sphere including drastic welfare gaps. As table 1 indicates the enlarged European Union covers welfare gaps which are among the largest welfare gaps between neighbouring states in the world.

	GNP per capita in % of EU-15	PPP-GNP per capita in % of EU-15	Gross wages and salaries in % of EU-15
Bulgaria	6	21	6
Czech Republic	23	47	18
Estonia	15	28	14
Hungary	20	40	15
Latvia	11	26	10
Lithuania	12	24	13
Poland	16	33	17
Romania	7	20	9
Slovak Republic	17	42	14
Slovenia	42	64	46
CEECs-10	15	32	15
Austria	124	113	102
Belgium	117	116	115
Denmark	154	118	157
Finland	112	100	107
France	115	111	101
Germany	120	103	151
Greece	54	64	51
Ireland	85	91	97
Italy	94	100	75
Luxembourg	202	185	133
Netherlands	115	107	110
Portugal	49	71	39
Spain	65	80	72
Sweden	119	97	145
United Kingdom	99	102	107
EU-15	100	100	100

Table 1: Selected Indicators on GDP Levels and Factor Prices 1998
Source: (Boeri und Brücker 2001)

The table shows the welfare gaps between the Eastern candidate countries and the EU member states measured in Purchasing Power Parities. I assume that in particular these welfare gaps undermine the political viability of a basic income. Why is this so?

Countries that provide generous income support have become vulnerable to welfare migration under the EU's freedom of mobility rules, which do not allow a country to discriminate against the nationals of another welfare state (Regulation EEC No 1408/71). These rules are targeted at workers, but they are extended to their family members, and if a worker becomes unemployed, he is eligible for all tax benefits a state guarantees to his citizens. This means: if a basic income is introduced in any one of the member states of the European Union, it must be offered to nationals of other EU member states as well.

All economic models predict that migration from Eastern to Western Europe in general is highly overestimated (Brücker/ Boeri 2000; European Commission: 6 March 2001, p. 34). Even if this news spread around, people would fear welfare migration and would not support anything like an unconditional basic income. I assume that it is the notion of a tight connection between welfare states and membership which lets people fear welfare migration. And indeed, the freedom of mobility rules would not let us restrict a basic income to citizens. It must be extended to residents. And this leads to the discussion of which status of residency qualifies for a basic income and which not.

Until now, it is a matter of fact that unemployment among migrants is far higher than among non-migrant workers.

Table 2: The Netherlands (see appendix)

Table 2 shows the unemployment rate of ethnic minorities in the Netherlands. One can see that the Dutch employment miracle, which we could observe in the mid-nineties, did not reach ethnic minorities. Their unemployment rate is still very high.

Table 3: Germany (see appendix)

Table 3 shows the unemployment rate of migrant workers in Germany. If one compares the unemployment rates of ethnic minorities in Germany and the Netherlands, one can see that unemployment among ethnic minorities is much higher in the Netherlands than in Germany. The two tables indicate, that at present it is a fact that people with migration background are

less integrated in the labour market than nationals. It is this reality which nourishes the fear of welfare migration.

There are three ways basic income proponents can respond to this: One could argue in favour of a basic income as a global basic income. This is not a realistic option, but it would help to decrease the fear of welfare migration. The second choice is a smaller variation of the same: a European basic income or a national solution. The crucial problem remains the following as Bill Jordan put it: “The central problem for advocates of basic income who take account of boundary issues of equality and justice is therefore the paradox of mobility and membership. Equality and open borders seem to demand a global basis for distribution; justice among members, democracy and pluralism point to a national system, which has rules allowing access after a period of residence. The challenge of justification, and of technical feasibility, therefore shifts towards questions of exit, voice and loyalty, and beyond those of work obligations and feasible funding.” (Jordan 2002, p. 28)

My point is: basic income proponents can no longer be quiet on the issue of international mobility. They need to reconsider their justifications, whether they propose a global basic income, which is politically and economically not realistic, or whether they hold on to national solutions. If they prefer the latter, the notion of citizenship as claiming principle for a basic income needs to be modified. Thomas Hammar, a Swedish researcher in comparative migration policy analysis made the distinction between aliens, denizens and citizens (Hammar 1990). By denizens he meant foreign workers who reside in the host country. One can propose to include residents as eligible claimants of a basic income. Though there are people with various resident status. How about refugees or asylum seekers? Whatever solution basic income proponents may agree on, the dilemma remains: as soon as we open up the eligibility of a basic income to denizens or residents, the welfare state which is strongly based in its normative foundations on national borders will lose moral support among those who have to pay for a basic income. These are the taxpayers.

3. European integration and national welfare solutions

European integration furthermore constraints national welfare solutions. So far there seems to be wide agreement that social policy choices remain a national issue (Scharpf 1999; Scharpf / Schmidt 2000a; Scharpf 2002). There is so much economical and institutional diversity among the fifteen EU member states which will become even greater after Eastern enlargement, that

policy harmonisation cannot be a realistic goal. The same feature which we find concerning the European harmonization in social policy accounts for migration policy. Besides the Schengen agreement, which is targeted at a common visa and border control policy, integration policies among member states seem too diverse for a harmonisation of migration and integration policy to become very likely.

European economic integration constraints national welfare states in a sense that economic integration increases competition among the welfare states (Leibfried/Pierson 1995; Scharpf 2000). It restricts all national solutions that would add to the cost of production. This means that any increase of social security contributions as well as “green” taxes on energy etc. could be answered by mobility of firms and capital investment. European economic integration has created constraints which tend to reduce the capacity of generous welfare policies. It makes welfare programmes most likely which are financed by taxes on immobile sources, like taxes on income from labour or consumer taxes effecting the less mobile majority of the population. One can observe that several countries like the Netherlands, Sweden, and Germany tried to find political solutions for health care or in pension reforms by adding an individualistic element to the existing solidarity schemes. In short: if we observe on-going reform processes, we find that welfare solutions remain on the national level, they are constrained by increased competition, and therefore - not necessarily for a shift in moral conceptions – it seems to be even more difficult to introduce a basic income. However, if one looks closer at national solutions one finds significant differences regarding political rights and citizenship and in consequence of it in respect to integration of ethnic minorities in political, social and economic life.

If we look at the Netherlands and Germany, we find that the Dutch job miracle of the mid nineties has not reached the ethnic minorities as much as it improved employment among Dutch working people. Nevertheless the political and social integration of ethnic minorities has been institutionalized much further in the Netherlands than in Germany (Thränhardt 2002). In the Netherlands ethnic minorities have had the right to vote at least at the local level since 1985. Because of this, there are more than 10 representatives of ethnic minority groups among the 120 members of the national parliament (*tweede kamer*). In Germany during the legislation period from 1998-2002 only four out of 666 members of the German *Bundestag* belonged to ethnic minorities. Also, in the Netherlands double citizenship has been introduced incrementally. One had made more and more exceptions to the rule that double citizenship in principle was not allowed. In 1997 when double citizenship officially was not introduced, already 57 % of the Turkish migrants hold double citizenship.

In Germany it was not until 1998 when they succeeded the long-standing CDU government, that the Social Democrats introduced political rights for ethnic minorities. The introduction of double-citizenship is one of the successful reform projects of the Red-Green coalition. One indication of the integration of migrant workers is that today they are proportionally well presented in work councils.

4. Conclusion

Basic income is a fascinating tool to bridge the gap between insiders and outsiders in the labour market. However, in times of international mobility basic income proposals must include not only citizens but migrants who reside in national welfare states. “Dignified work needs basic security, or real freedom is denied. Dignified work only evolves if ordinary people have the capacity to say “No”. (Standing 2002) This must also be true for migrant workers. However, in times of increasing economic competition chances to introduce a basic income have not become greater. “Welfare states remain internationally viable only if their systems of taxation and regulation do not reduce the competitiveness of their economies in open product and capital markets – which implies that, by and large, redistribution must be achieved through public expenditures rather than through the regulation of employment relations, and that the costs of the welfare state have to be collected from the non-capital incomes and the consumption expenditures of the non-mobile population. Within these economic constraints, however, the overall size of the welfare state and the extent of redistribution remain a matter of political choice” (Scharpf/ Schmidt 2000b, p. 336).

Moreover, I would argue that countries like the Netherlands have a better vantage point to introduce a basic income, because they already have some elements of a tax financed universal security scheme and have institutionalized political rights for migrants. However, in times of European integration it seems that a basic income can only be introduced in any one of the countries, if other member states are willing to agree at least on minimum social standards (Offe 2001).

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On the policy level, welfare, labor market, and immigration policies affect the domestic and care sector, and the convergence of national policies leads to the broadening of the informal market for domestic and care work in European societies. In northern and western European countries, policies attempt to control and regularize the demand for domestic and care work through incentives for formal employment, but generally have experienced little success. What's more, the marginalization of migrant women working in difficult, low-paid activities like domestic and care work reduces the appeal of the option of exit for most migrant women in prostitution. Access to legal status and residency thus represents the first step towards exit and social integration.